INTERRA COPPER CORP.

Consolidated Financial Statements

For the years ended December 31, 2022 and 2021

(Expressed in Canadian dollars)

D&H Group LLP
Chartered Professional Accountants
10th Floor, 1333 West Broadway
Vancouver, BC V6H 4C1

dhgroup.ca
t 604.731.5881
f 604.731.9923

Independent Auditor's Report

To the Shareholders of Interra Copper Corp.

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

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2022 and December 31, 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 Consolidated Financial Statements* section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters
Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements for the year ended December 31, 2022. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Assessment of Impairment Indicators of Exploration and Evaluation Assets
Description
Management assesses whether there are indicators of impairment to exploration and evaluation assets when facts and circumstances suggest that the carrying amount of an exploration and evaluation asset may exceed the recoverable amount. Management applies judgement in assessing whether impairment indicators are present. No impairment indicators were identified by management as of December 31, 2022.

This matter was significant to our audit because the carrying value of the Company's exploration and evaluation assets at December 31, 2022, was $ 5,966,547, which represents a significant portion of the Company's total assets and management applies significant judgement in assessing whether impairment indicators are present. See Note 3 and Note 5 to the consolidated financial statements.

How the Key Audit Matter Was Addressed in the Audit
Our approach to addressing the matter included the following procedures, among others:
Evaluated management's assessment as to whether there were any indicators of exploration and evaluation assets, which included the following:

- Obtained the option agreement, confirmed the details of the option agreement with counterparties and confirmed exploration claim listings included in the option agreement with the related mining authorities.
- Obtained the mineral claim and permit listings held by the Company and confirmed the mineral claims held with the related mining authorities.
- Considered the Company's intentions to carry out future exploration and evaluation expenditures which included reading Board of Director's meeting minutes and enquiring as to the intentions and strategy of the Company.
- Assessed whether there were other changes in circumstances indicating that the exploration and evaluation expenditures may not be recoverable, based on the evidence obtained in other areas of the audit.

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

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

We obtained Management's Discussion and Analysis prior to the date of this auditor's report. If, based on the work we have performed on this other information, we conclude that there is a material misstatement of this other information, we are required to report that fact in this auditor's report. We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements
Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

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

D&H

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

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

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

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

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

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

"D&H Group LLP"

Vancouver, B.C.
April 19, 2023

Chartered Professional Accountants

INTERRA COPPER CORP.
Consolidated Statements of Financial Position
(Expressed in Canadian dollars)

	Note	**December 31, 2022**	December 31, 2021
		$	$
ASSETS			
Current			
Cash		**58,252**	490,825
GST receivable		**16,876**	123,762
Prepaid expenses and deposits	4	**16,130**	67,916
		91,258	682,503
Reclamation bond		**25,000**	25,000
Exploration and evaluation assets	5	**5,966,547**	5,817,265
Total assets		**6,082,805**	6,524,768
LIABILITIES			
Current			
Accounts payable and accrued liabilities	8	**41,066**	100,810
Total liabilities		**41,066**	100,810
SHAREHOLDERS' EQUITY			
Share capital	7(b)	**7,616,158**	7,487,958
Reserve		**4,207,821**	4,357,265
Accumulated deficit		**(5,782,240)**	(5,421,265)
Total shareholders' equity		**6,041,739**	6,423,958
Total liabilities and shareholders' equity		**6,082,805**	6,524,768

Nature of operations and going concern (Note 1)
Subsequent events (Note 13)

Approved and authorized for issue on behalf of the Board of Directors:

"/s/ DW J. McAdam	*"/s/ Scott Young*
Director	Director

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

INTERRA COPPER CORP.
Consolidated Statements of Loss and Comprehensive Loss
(Expressed in Canadian dollars, except number of shares)

	Note	Years ended December 31, 2022	2021
		$	$
Operating expenses			
Advertising and marketing		**68,916**	472,126
Consulting fees		**21,700**	25,000
Director fees	8	**34,951**	43,175
Filing fees		**47,675**	56,524
General and administrative	8	**16,462**	64,838
Investor relations		**62,271**	100,021
Management fees	8	**168,694**	245,612
Professional fees		**89,750**	65,394
Share-based payments (recovery)	8	**(149,444)**	750,993
Total operating expenses		**(360,975)**	(1,823,683)
Other income (expenses)			
Amortization of flow-through premium liability	6	**-**	489,937
Foreign exchange loss		**-**	(18)
Impairment of exploration and evaluation assets	5	**-**	(317,596)
Interest expense		**-**	(2,652)
Net loss and comprehensive loss		**(360,975)**	(1,654,012)
Net loss per share:			
Basic and diluted		**(0.04)**	(0.21)
Weighted average number of common shares: (1)			
Basic and diluted		**8,500,191**	7,704,026

(1) The weighted average number of common shares was adjusted for the Share Consolidation (Note 7(a)).

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

INTERRA COPPER CORP.
Consolidated Statements of Cash Flows
(Expressed in Canadian dollars)

	Years ended December 31, 2022	2021
	$	$
Operating activities:		
Net loss for the year	**(360,975)**	(1,654,012)
Items not affecting cash:		
Share-based (recovery) payments	**(149,444)**	750,993
Amortization of flow-through premium liability	**-**	(489,937)
Impairment of exploration and evaluation assets	**-**	317,596
Changes in non-cash working capital items:		
GST receivable	**106,886**	(51,002)
Prepaid expenses and deposits	**51,786**	114,813
Accounts payable and accrued liabilities	**(59,744)**	86,896
Cash used in operating activities	**(411,491)**	(924,653)
Investing activities:		
Purchase of reclamation bond	**-**	(15,000)
Expenditures on exploration and evaluation assets	**(131,082)**	(2,330,666)
Cash used in investing activities	**(131,082)**	(2,345,666)
Financing activities:		
Proceeds from private placements	**110,000**	2,902,953
Proceeds from exercise of warrants	**-**	60,000
Share issuance costs	**-**	(109,467)
Cash provided by financing activities	**110,000**	2,853,486
Net change in cash	**(432,573)**	(416,833)
Cash, beginning of year	**490,825**	907,658
Cash, end of year	**58,252**	490,825
Supplemental cash flow information:		
Shares issued for exploration and evaluation assets	**18,200**	-
Non-cash share issuance costs	**-**	59,472
Cash interest paid	**-**	2,652
Cash income taxes paid	**-**	-

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

INTERRA COPPER CORP.
Consolidated Statements of Changes in Shareholders' Equity
(Expressed in Canadian dollars, except number of shares)

	Common shares (1)	Share capital	Reserve	Accumulated deficit	Total shareholders' equity
	#	$	$	$	$
Balance, December 31, 2020	6,467,671	6,155,449	2,575,232	(3,767,253)	4,963,428
Flow-through units issued	1,088,750	1,303,572	656,176	-	1,959,748
Shares issued through private placements	698,670	626,299	316,906	-	943,205
Warrants exercised	133,333	68,496	(8,496)	-	60,000
Flow-through premium liability	-	(489,937)	-	-	(489,937)
Share-based payments	-	-	750,993	-	750,993
Share issuance costs	-	(175,921)	66,454	-	(109,467)
Net loss and comprehensive loss for the year	-	-	-	(1,654,012)	(1,654,012)
Balance, December 31, 2021	8,388,424	7,487,958	4,357,265	(5,421,265)	6,423,958
Shares issued for exploration and evaluation assets	35,000	18,200	-	-	18,200
Shares issued through private placements	220,000	110,000	-	-	110,000
Share-based recovery	-	-	(149,444)	-	(149,444)
Net loss and comprehensive loss for the year	-	-	-	(360,975)	(360,975)
Balance, December 31, 2022	**8,643,424**	**7,616,158**	**4,207,821**	**(5,782,240)**	**6,041,739**

(1) The number of common shares was adjusted for the Share Consolidation (Note 7(a)).

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

1. NATURE OF OPERATIONS AND GOING CONCERN

Interra Copper Corp. (the "Company" or "Interra") was incorporated under the laws of British Columbia on August 30, 2018, for the purposes of a plan of arrangement with Chemesis International Inc., a publicly traded company.

The Company is a junior mineral exploration company engaged in the acquisition, exploration, and evaluation of natural resource properties in British Columbia, Canada. The Company currently has two mineral exploration properties, which are the Thane Property located in north-central British Columbia, and the Chuck Creek Property located in central British Columbia (Note 5).

The Company's registered and records office is located at 1008 - 550 Burrard Street, Bentall 5, Vancouver, British Columbia, V6C 2B5. On September 23, 2019, the common shares of the Company were approved for listing on the Canadian Securities Exchange (the "CSE") and commenced trading on September 24, 2019, under the symbol "IMCX". On March 3, 2020, the common shares of the Company were listed on the Frankfurt Stock Exchange under the symbol "3MX". On February 26, 2021, the common shares of the Company were quoted on the OTCQB Marketplace under the symbol "IMIMF" in the United States.

On May 2, 2022, the Company consolidated its issued share capital on a ratio of nine old common shares for every one new post-consolidated common share. All current and comparative references to the number of common shares, weighted average number of common shares, loss per share, stock options and warrants have been restated to give effect to this share consolidation (the "Share Consolidation").

These consolidated financial statements (the "financial statements") have been prepared on the assumption that the Company will continue as a going concern, meaning it will continue in operation for the foreseeable future and will be able to realize its assets and discharge its liabilities in the ordinary course of operations. Different basis of measurement may be appropriate if the Company is not expected to continue operations for the foreseeable future.

As at December 31, 2022, the Company had working capital of $50,192 (December 31, 2021 - $581,693) and an accumulated deficit of $5,782,240 (December 31, 2021 - $5,421,265). During the year ended December 31, 2022, the Company incurred a net loss and comprehensive loss of $360,975 (2021 - $1,654,012) and expects to incur further losses in the development of its business. To date, the Company has not earned any revenue and is considered to be in the exploration stage. The Company's operations are funded from equity financing which are dependent upon many external factors. The Company recognizes that it will be required to obtain additional financing to maintain its core operations and planned exploration programs on its existing exploration and evaluation assets for the next twelve months. While the Company has been successful in securing financing, as outlined in Note 13, there can be no assurance that it will be able to do so again in the future.

There is material uncertainty about whether the Company will be able to obtain the required financing and complete or develop a business. This material uncertainty may cast significant doubt on the Company's ability to continue as a going concern. These financial statements do not give effect to adjustments that would be necessary to reported carrying values and classifications of assets and liabilities should the Company be unable to continue as a going concern.

2. BASIS OF PREPARATION

a) Statement of compliance

These financial statements were approved by the Board of Directors and authorized for issue on April 19, 2023.

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

b) Basis of presentation

These financial statements have been prepared on a historical cost basis except for those financial instruments which have been classified at fair value through profit or loss. In addition, except for cash flow information, these financial statements have been prepared using the accrual method of accounting. All dollar amounts presented are in Canadian dollars unless otherwise specified.

2. BASIS OF PREPARATION (continued)

c) Functional and presentation currency

These financial statements are presented in Canadian dollars, which is the Company's and its subsidiaries' functional and presentation currency.

d) Basis of consolidation

These financial statements include the accounts of the Company and its wholly owned subsidiaries (collectively, the "Company"). Control exists where the parent entity has power over the investee and is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Subsidiaries are included in the financial statements from the date control commences until the date control ceases. Intercompany balances and transactions are eliminated upon consolidation.

A summary of the Company's subsidiary included in these financial statements as at December 31, 2022 is as follows:

	Country of incorporation	Holding	Functional currency
Thane Minerals Inc.	Canada	100%	Canadian dollar

e) Reclassification of prior amounts

The Company has reclassified certain comparative information on the consolidated statements of loss and comprehensive loss to conform with the current period presentation.

3. SIGNIFICANT ACCOUNTING POLICIES

a) Exploration and evaluation assets

Pre-license costs

Costs incurred before the Company has obtained the legal right to explore are expensed as incurred.

Exploration and evaluation costs

Once the legal right to explore has been acquired, exploration and evaluation expenditures are capitalized as incurred, unless future economic benefit is not expected to be realized. The Company capitalizes, on a property by property basis, the costs of acquiring, maintaining its interest in, and exploring and evaluating mineral properties until such time as the lease expires, it is abandoned, sold, or considered impaired in value. Indirect administrative costs are expensed as incurred. Exploration and evaluation assets are not depreciated during the exploration and evaluation stage.

Recovery of capitalized costs is dependent on successful development of economic mining operations or the disposition of the related mineral property.

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 titles. Such properties may be subject to prior agreements or transfers, non-compliance with regulatory requirements or title may be affected by undetected defects.

b) Decommissioning and restoration

The Company is subject to various governmental laws and regulations relating to the protection of the environment. The environmental regulations are continually changing and are generally becoming more restrictive.

Decommissioning and restoration obligations encompass legal, statutory, contractual, or constructive obligations associated with the retirement of a long-lived tangible asset (for example, mine reclamation costs) that results from the acquisition, construction, development and/or normal operation of a long-lived asset. The retirement of a long-lived asset is reflected by an other-than temporary removal from service, including sale of the asset, abandonment, or disposal in some other manner.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

The fair value of a liability for decommissioning and restoration is recorded in the period in which the obligation first arises. The Company records the estimated present value of future cash flows associated with site closure and reclamation as a long-term liability and increases the carrying value of the related assets for that amount. Over time, the liability is increased to reflect an interest element in the estimated future cash flows (accretion expense) considered in the initial measurement of fair value. The capitalized cost is depreciated on either the unit-of-production basis or the straight-line basis, as appropriate.

The Company's estimates of its provision for decommissioning and restoration obligations could change as a result of changes in regulations, changes to the current market-based discount rate, the extent of environmental remediation required, and the means of reclamation or cost estimates. Changes in estimates are accounted for in the period in which these estimates are revised.

c) Impairment of exploration and evaluation assets

Management reviews the carrying values of its exploration and evaluation assets on an annual basis, or when an impairment indicator exists, to determine whether an impairment should be recognized. In making its assessment, management considers, among other things, exploration results to date and future exploration plans for a particular property. In addition, acquisition costs related to relinquished property rights are written off in the period of relinquishment. Capitalized acquisition costs in respect of the Company’s exploration and evaluation assets may not be recoverable and there is a risk that these costs may be written down in future periods. Impairment is charged through the statement of loss and comprehensive loss.

The recoverability of amounts shown as exploration and evaluation assets is dependent upon the discovery of economically recoverable reserves, the Company’s ability to obtain financing to develop the properties, and the ultimate realization of profits through future production or sale of the properties. 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 the statements of loss and comprehensive loss.

d) Functional currency

The functional currency is the currency of the primary economic environment in which an entity operates and may differ from the currency in which the entity enters transactions. The functional currency of the Company and its subsidiaries is the Canadian dollar.

Transactions in currencies other than the functional currency are translated to the functional currency at exchange rates prevailing on the dates of the transactions. Monetary assets and liabilities that are denominated in currencies other than the functional currency are translated to the functional currency using the exchange rate prevailing on the date of the statement of financial position, while non-monetary assets and liabilities are translated at historical rates.

Exchange gains and losses arising from the translation of foreign currency-denominated transactions or balances are recorded as a component of net loss in the period in which they occur.

e) Provisions

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

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 the current market assessments of the time value of money and the risk specific to the obligation. The increase in the provision due to the passage of time is recognized as a financing expense.

f) Income taxes

Tax expense recognized in profit or loss comprises the sum of deferred tax and current tax not recognized in other comprehensive income or directly in equity.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Current tax assets and liabilities comprise those obligations to, or claims from, fiscal authorities relating to the current or prior reporting periods, that are unpaid at the reporting date. Current tax is payable on taxable profit which differs from profit or loss in the financial statements. Calculation of current tax is based on tax rates and tax laws that have been enacted or substantively enacted by the end of the reporting period.

Deferred taxes are calculated using the liability method on temporary differences between the carrying amounts of assets and liabilities and their tax bases. Deferred tax is not provided on the initial recognition of goodwill or on the initial recognition of an asset or liability unless the related transaction is a business combination or affects taxable profit or accounting profit. Deferred tax liabilities on temporary differences associated with shares in subsidiaries and joint ventures is not provided for if reversal of these temporary differences can be controlled by the Company and it is probable that reversal will not occur in the foreseeable future.

Deferred tax assets and liabilities are measured using substantively enacted tax rates expected to apply to taxable income in the years in which those temporary differences are likely to reverse. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in profit or loss in the period that includes the substantive enactment date. Deferred tax assets are recognized for all temporary differences, carry-forward of unused tax credits and unused tax losses to the extent that it is probable that future taxable profits will be available against which they can be utilized.

Deferred tax assets and liabilities are calculated, without discounting, at tax rates that are expected to apply to their respective period of realization, provided they are enacted or substantively enacted by the end of the reporting period.

Deferred tax assets and liabilities are offset only when the Company has a right and intention to offset current tax assets and liabilities from the same taxation authority and the deferred tax assets and liabilities relate to income taxes levied by the same taxation authority on either the same entity or different entities which intend to settle current tax assets and liabilities on a net basis or simultaneously in each future period in which significant amounts of deferred tax assets or liabilities are expected to be recovered or settled.

Changes in deferred tax assets or liabilities are recognized as a component of income or expense in profit or loss, except where they relate to items that are recognized in other comprehensive income or directly in equity, in which case the related deferred tax is also recognized in other comprehensive income or equity, respectively.

g) Share capital

The Company records proceeds from share issuances net of issue costs and any tax effects in shareholders' equity. Common shares issued for consideration other than cash are valued based on their market value at the date the shares were granted. Common shares held by the Company are classified as treasury stock and recorded as a reduction to shareholders' equity. The Company uses the relative fair value method with respect to the measurement of shares and warrants issued as private placement units. The Company considers the fair value of common shares to be the closing quoted bid price on the issuance date and the fair value of share purchase warrants are estimated by the Black-Scholes option pricing model at the date of issuance. The proportionate value attributed to warrants is recorded as reserves.

h) Share issuance costs

Share issuance costs, which include commissions, facilitation payments, professional fees, and regulatory fees, are charged directly to share capital. Share issue costs incurred from the issuance of flow-through shares are charged directly to share capital and expense in proportion to the value of the Company's shares at time of issue and any flow-through share premium.

i) Share-based payments

Share-based payment arrangements in which the Company receives goods or services as consideration for its own equity instruments are accounted for as equity-settled transactions and, when determinable, are recorded at the value of the goods and services received. If the value of the goods and services received is not determinable, then the fair value of the share-based payment is used.

The Company uses a fair value-based method (Black-Scholes Option Pricing Model) for all share options granted to directors, employees, and certain non-employees. For directors and employees, the fair value of the share options is measured at the date of grant. For grants to non-employees where the fair value of the goods or services is not determinable, the fair value of the share options is measured on the date the services are received.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

The fair value of share-based payments is charged either to profit or loss or exploration and evaluation assets, with the offsetting credit to reserves. For directors, employees, and consultants, the share options are recognized over the vesting period based on the best available estimate of the number of share options expected to vest. If options vest immediately, the expense is recognized when the options are issued. Estimates are subsequently revised if there is any indication that the number of share options expected to vest differs from previous estimates.

Any cumulative adjustment prior to vesting is recognized in the applicable period. No adjustment is made to any expense recognized in prior periods where vested. For non-employees, the share options are recognized over the related service period. When share options are exercised, the amounts previously recognized in reserves are transferred to share capital.

In the event share options are forfeited prior to vesting, the associated fair value recorded to date is reversed. The fair value of any vested share options that expire remain in reserves.

j) 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. Related party transactions that are in the normal course of business and have commercial substance are measured at the exchange amount.

k) Loss per share

Basic loss per share is computed by dividing net loss (the numerator) by the weighted average number of outstanding common shares for the period (denominator). In computing diluted loss per share, an adjustment is made for the dilutive effect of outstanding share options, warrants and other convertible instruments. In the periods when the Company reports a net loss, the effect of potential issuances of shares under share options and other convertible instruments is anti-dilutive. Therefore, basic and diluted loss per share are the same. When diluted earnings per share is calculated, only those share options and other convertible instruments with exercise prices below the average trading price of the Company’s common shares for the period will be dilutive.

l) Comprehensive loss

Total comprehensive loss comprises all components of profit or loss and other comprehensive income (loss). Other comprehensive income includes items such as gains and losses on re-measuring available-for-sale financial assets and the effective portion of gains and losses on hedging instruments in a cash flow hedge.

m) Financial instruments

The following is the Company’s accounting policy for financial instruments under IFRS 9 *Financial Instruments*:

<u>Classification</u>

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

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Measurement

Financial assets and liabilities are initially recognized at fair value plus or minus transaction costs, respectively, and subsequently carried at amortized cost less any impairment. Financial assets and liabilities carried at FVTPL are initially recorded at fair value and transaction costs are expensed in the statements of loss. Realized and unrealized gains and losses arising from changes in the fair value of the financial assets and liabilities held at FVTPL are included in the statements of loss in the period in which they arise. Financial assets and liabilities carried at FVTOCI are initially recorded at fair value. Unrealized gains and losses arising from changes in the fair value of the financial assets and liabilities held at FVOCI are included in comprehensive income or loss in the period in which they arise.

Impairment of financial assets at amortized cost

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

Derecognition

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

n) Significant judgements, estimates, and assumptions

The preparation of the Company's financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of expenses during the reporting period. Estimates and assumptions are continually evaluated and are based on management's experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Actual results could differ from these estimates.

Critical accounting judgments

Information about critical judgments in applying accounting policies that have the most significant effect on the amounts recognized in the financial statements include, but are not limited to, the following:

Going concern

The assessment of the Company's ongoing viability as an operating entity and determination of the related disclosures requires significant judgment. The assumption that the Company will be able to continue as a going concern is subject to critical judgments by management with respect to assumptions surrounding the short and long-term operating budget, expected profitability, investing and financing activities and management's strategic planning. Should those judgments prove to be inaccurate, management's continued use of the going concern assumption could be inappropriate.

Determination of functional currency

The functional currency for each of the Company's subsidiaries is the currency of the primary economic environment in which the entity operates. Determination of functional currency involves certain judgements to determine the primary economic environment of an entity. The Company re-evaluates the functional currency of its entities when there is a change in events and conditions which previously determined the primary economic environment of an entity.

(Expressed in Canadian dollars, except where noted)

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Impairment of exploration and evaluation assets

The Company is required to make significant judgments regarding the capitalization of the costs incurred in respect to its exploration and evaluation assets. In addition, the Company is required to make significant judgments on the ongoing feasibility of mineral exploration, and whether there are indicators that the development of a specific area is unlikely, and exploration and evaluation assets should be impaired.

Critical accounting estimates

Critical accounting estimates are estimates and assumptions made by management that may result in a material adjustment to the carrying amount of assets and liabilities within the next financial year and include, but are not limited to, the following:

Share-based payments

The Company determines the fair value of stock options granted using the Black Scholes option pricing model. This model requires the input of highly subjective assumptions, including share price volatility, which can materially affect the fair value estimate of stock options.

Completeness of reclamation liabilities

Management determines the future costs the Company will incur to complete the rehabilitation work that is required to comply with existing laws, regulations, and agreements in place at each exploration site. Actual costs incurred may differ from those amounts estimated. Future changes to environmental laws and regulations could increase the extent of rehabilitation work required by the Company. Management determined at the date of the Statement of Financial Position that no material rehabilitation provisions were required under International Accounting Standards 37 *Provisions, Contingent Liabilities, and Contingent Assets*.

4. PREPAID EXPENSES AND DEPOSITS

A summary of the Company's prepaid expenses and deposits is as follows:

	December 31, 2022	December 31, 2021
	$	$
Prepaid marketing services	**5,000**	67,916
Insurance	**11,130**	-
	16,130	67,916

5. EXPLORATION AND EVALUATION ASSETS

A summary of the Company's exploration and evaluation assets is as follows:

	December 31, 2022			December 31, 2021		
	Bullard Pass	**Chuck Creek Property**	**Thane Project**	Bullard Pass	Chuck Creek Property	Thane Project
	$	**$**	**$**	$	$	$
Acquisition costs (Note 8)	**-**	**28,700**	**2,708,166**	74,435	-	2,674,728
Deferred exploration costs	**-**	**20,504**	**3,209,177**	243,161	-	3,142,537
Impairment	**-**	**-**	**-**	(317,596)	-	-
	-	**49,204**	**5,917,343**	**-**	-	5,817,265

(Expressed in Canadian dollars, except where noted)

5. EXPLORATION AND EVALUATION ASSETS (continued)

A summary of the Company's capitalized exploration and evaluation expenses is as follows:

	Bullard Pass	Chuck Creek Property	Thane Project	Total
	$	$	$	$
Balance, December 31, 2020	317,596	-	3,486,599	3,804,195
Exploration costs:				
Aircraft rental	-	-	396,163	396,163
Assaying	-	-	157,973	157,973
Camp costs	-	-	337,551	337,551
Drilling expenditures	-	-	789,633	789,633
Prospecting	-	-	528,719	528,719
Geological consulting	-	-	76,225	76,225
Geophysics	-	-	44,402	44,402
Impairment	(317,596)	-	-	(317,596)
Balance, December 31, 2021	-	-	5,817,265	5,817,265
Acquisition costs (1)	-	28,700	33,438	62,138
Exploration costs:				
Assaying	-	2,676	3,332	6,008
Camp costs	-	3,644	17,403	21,047
Geological consulting	-	14,184	45,905	60,089
Balance, December 31, 2022	**-**	**49,204**	**5,917,343**	**5,966,547**

(1) The acquisition costs with respect to the Chuck Creek Property were paid two former directors of the Company (Note 8).

a) Bullard Pass Project

On February 1, 2019, the Company completed a spin out transaction to acquire 171 mineral claims in the vicinity of the Harcuvar and Harquahala Mountains, Yavapai County, Arizona, United States ("Bullard Pass Project"). Effective September 1, 2021, the Company decided not to pursue further work on the Bullard Pass Project in order to focus 100% of its efforts and resources on the Thane Project. As a result, the Company wrote off previously capitalized costs incurred on the property as an impairment of exploration and evaluation assets of $317,596 in the third quarter of the year ended December 31, 2021.

b) Chuck Creek Property

The Chuck Creek Property covers 8,293 acres (33.57 sq. kilometers) and is situated in central British Columbia.

On June 6, 2022 (the "Effective Date"), the Company entered into an option agreement to purchase all rights, title, and interest in the Chuck Creek Property from two former directors of the Company (the "Optionors"). Pursuant to the option agreement, the Company shall issue to the Optionors an aggregate of 35,000 common shares and make cash payments to the Optionors in the amount of $30,000 as follows with 50% as to each Optionor:

Date	Consideration
Within 5 days of the Effective Date	• $10,000 cash (paid on June 15, 2022) • 35,000 common shares (issued on June 29, 2022).
The sooner of: (i) the Company's next equity financing, or (ii) 12 months from the Effective Date	• $20,000 cash

Upon exercise of the option agreement, the Company shall grant a 1% net smelter royalty to the Optionors, of which 0.5% may be repurchased by the Company for $500,000.

(Expressed in Canadian dollars, except where noted)

5. EXPLORATION AND EVALUATION ASSETS (continued)

c) Thane Project

The “Thane Project” comprises 50,904 acres (206 sq. kilometers) of contiguous claims located in the Quesnel Terrane of north-central British Columbia. The northern part of the Quesnel Terrane extends from south of the Mt. Milligan Mine northward to the Kemess Mine, with the Thane Project located midway between these two copper-gold porphyry deposits. This property includes several highly prospective mineralized areas identified to date, including the “Cathedral Area” on which the Company’s exploration is currently focused.

6. FLOW-THROUGH PREMIUM LIABILITY

On April 16, 2021, the Company completed a private placement for gross proceeds of $1,422,624 through the issuance of 720,764 flow-through units (“FT Units”) at the price of $1.80 per FT Unit and 92,778 standard equity units (the “Units”) at the price of $1.35. Each FT Unit consists of one flow-through share and one warrant. Each Unit consists of one common share and one warrant. A warrant may be exercised for one common share at price of $2.70 for a period of twenty-four months from the closing date of the private placement. The FT Units were issued at a premium of $0.45 per FT Unit.

On May 19, 2021, the Company completed a private placement for gross proceeds of $1,253,829 through the issuance of 265,208 FT Units at a price of $1.80 per FT Unit and 575,152 Units at the price of $1.35 per Unit. The FT Units were issued at a premium of $0.45 per FT Unit.

On October 29, 2021, the Company completed a private placement for gross proceeds of $201,500 through the issuance of 102,778 FT Units at a price of $1.80 per FT Unit and 12,222 Units at the price of $1.35 per Unit. The FT Units were issued at a premium of $0.45 per FT Unit.

Funds raised through the issuance of flow-through units are required to be expended on qualifying Canadian mineral exploration expenditures, as defined pursuant to Canadian income tax legislation. The flow-through gross proceeds less the qualified expenditures made to date represent the funds received from flow-through share issuances that have not been spent and are held by the Company for such expenditures.

A summary of the Company's flow-through financing and related flow-through share premium liability for the year ended December 31, 2021 is as follows:

	FT Units issued (1)	FT Unit price (1)	Premium per FT Unit (1)	Flow-through premium liability
	#	$	$	$
April 16, 2021	720,764	1.80	0.45	324,343
May 19, 2021	265,208	1.80	0.45	119,344
October 29, 2021	102,778	1.80	0.45	46,250
	1,088,750			**489,937**

(1) The number of FT Units, FT Unit price, and premium per FT Unit were adjusted for the Share Consolidation (Note 7(a)).

A summary of the Company's eligible expenditures and flow-through premium liability is as follows:

	Flow-through funding and eligible expenditures	Flow-through premium liability
	$	$
Balance, December 31, 2020	-	-
Flow-through funds raised	1,959,748	489,937
Eligible expenditures renounced	(1,959,748)	(489,937)
Balance, December 31, 2022 and December 31, 2021	**-**	**-**

7. EQUITY

a) Authorized share capital

Authorized share capital is an unlimited number of common shares with no par value.

Pursuant to the Share Consolidation on May 2, 2022, the Company consolidated its issued share capital on a ratio of nine old common shares for every one new post-consolidated common share (Note 1). All current and comparative references to the number of common shares, weighted average number of common shares, loss per share, stock options and warrants have been restated to give effect to this share consolidation.

b) Shares issued

During the year ended December 31, 2022, the Company had the following share transactions:

- On June 29, 2022, the Company issued 35,000 common shares at a fair value of $0.52 per share for an aggregate value of $18,200 for an acquisition payment for the Chuck Creek Property (Note 5(b)).

- On July 28, 2022, the Company closed a non-brokered private placement financing comprising 220,000 common shares for gross proceeds of $110,000.

During the year ended December 31, 2021, the Company had the following share transactions:

- On April 16, 2021, the Company closed a non-brokered private placement financing comprising 720,764 FT Units at a price of $1.80 per FT Unit for gross proceeds of $1,297,374, and 92,778 Units at a price of $1.35 per Unit for gross proceeds of $125,250. Each FT Unit consists of one flow-through share and one warrant. Each Unit consists of one common share and one warrant. A warrant may be exercised for one common share at price of $2.70 for a period of twenty-four months from the closing date of the private placement. As a result, $941,260 was allocated to share capital and $481,364 was allocated to warrants reserve. The fair value of common shares was based on the market close on the date the FT Units and Units were issued, and the fair value of the warrants was determined using the Black-Scholes pricing model.

- On May 19, 2021, the Company closed a non-brokered private placement financing comprising 265,208 FT Units at a price of $1.80 per FT Unit for gross proceeds of $477,374, and 575,152 Units at a price of $1.35 per Unit for gross proceeds of $776,455. Each FT Unit consists of one flow-through share and one warrant. Each Unit consists of one common share and one warrant. A warrant may be exercised for one common share at price of $2.70 for a period of twenty-four months from the closing date of the private placement. As a result, $832,992 was allocated to share capital, and $420,837 was allocated to warrants reserve. The fair value of common shares was based on the market close on the date the FT Units and Units were issued, and the fair value of the warrants was determined using the Black-Scholes pricing model.

- On May 28, 2021, the Company closed a private placement financing comprising 18,518 Units at $1.35 per Unit for gross proceeds of $25,000. Each Unit consists of one common share and one warrant. A warrant may be exercised for one common share at price of $2.70 for a period of twenty-four months from the closing date of the private placement. As a result, $16,165 was allocated to share capital, and $8,835 was allocated to warrants reserve. The fair value of common shares was based on the market close on the date the Units were issued, and the fair value of the warrants was determined using the Black-Scholes pricing model.

- Pursuant to the FT Unit and Unit financings, the Company incurred $175,921 of share issuance costs including $66,454 fair value for 554,778 broker warrants exercisable at $1.80 with a two-year term. The fair value of the warrants was determined using the Black-Scholes pricing model.

- On October 29, 2021, the Company closed a non-brokered private placement financing comprising 102,778 FT Units at a price of $1.80 per FT Unit for gross proceeds of $185,000, and 12,222 Units at a price of $1.35 per Unit for gross proceeds of $16,500. Each FT Unit consists of one flow-through share and one warrant. Each Unit consists of one common share and one warrant. A warrant may be exercised for one common share at price of $2.70 for a period of twenty-four months from the closing date of the private placement. As a result, $139,454 was allocated to share capital, and $62,046 was allocated to warrants reserve. The fair value of common shares was based on the market close on the date the FT Units and Units were issued, and the fair value of the warrants was determined using the Black-Scholes pricing model.

(Expressed in Canadian dollars, except where noted)

7. EQUITY (continued)

c) Warrants

A summary of the Company's warrant activity is as follows:

	Number of warrants (1)	Weighted average exercise price (1)
	#	$
Balance, December 31, 2020	1,607,264	2.88
Exercised	(133,333)	0.45
Issued	1,849,061	2.70
Expired	(552,136)	1.17
Balance, December 31, 2021	2,770,856	3.22
Expired	(921,795)	4.33
Balance, December 31, 2022	**1,849,061**	**2.67**

(1) The number of warrants and weighted average exercise price were adjusted for the Share Consolidation (Note 7(a)).

A summary of the Company's assumptions used in the Black-Scholes option pricing model for warrants granted during the year ended December 31, 2021 is as follows:

Share price	$0.16-$0.26
Expected life	2 years
Expected volatility	113%-120%
Risk-free rate	0.15%-1.08%
Dividend yield	0.00%

A summary of the Company's warrants outstanding at December 31, 2022 is as follows:

Expiry date	Number of warrants (1)	Weighted average exercise price (1)	Weighted average remaining life
	#	$	years
April 16, 2023	813,540	2.70	0.29
April 16, 2023	44,309	1.80	0.29
May 19, 2023	16,037	1.80	0.38
May 19, 2023	840,360	2.70	0.38
May 28, 2023	1,296	1.80	0.41
May 28, 2023	18,519	2.70	0.41
October 28, 2023	115,000	2.70	0.82
	1,849,061	**2.67**	**0.37**

(1) The number of warrants and weighted average exercise price were adjusted for the Share Consolidation (Note 7(a)).

During the year ended December 31, 2021, the Company issued 133,333 common shares on the exercise of 133,333 warrants for gross proceeds of $60,000. As a result, $8,496 was allocated from reserves to share capital.

d) Unit warrants

In connection with the private placement which closed on May 13, 2020, the Company issued 27,939 broker unit warrants (the "Unit Warrants"). Each Unit Warrant is exercisable at $4.32 for a period of two years, and when exercised converts into one common share and one common share purchase warrant exercisable at $5.40 for a period of two years from the date of conversion. On May 13, 2022, 27,939 Unit Warrants expired unexercised.

(Expressed in Canadian dollars, except where noted)

7. EQUITY (continued)

e) Options

On July 12, 2019, the Company adopted an equity incentive plan (the "Plan") whereby up to 20% of the outstanding shares of the Company as of the date of grant have been reserved for the grant and issuance to its employees, officers, directors, and consultants. Awards that may be granted under the Plan to eligible persons include stock options, restricted share rights and deferred share units. With respect to stock options, the exercise price of any stock option may not be set at less than the minimum price permitted by the CSE. The aggregate number of options granted to any one individual during any 12-month period may not exceed 5% of the issued shares of the Company, or 2% in the case of consultants and investor relations representatives.

Stock options are typically exercisable for a period of five years from the date of grant. However, the board of directors of the Company (the "Board") may determine in their discretion any exercise period of up to a maximum of ten years from the date of grant. The Board also determines the vesting period of stock options; however, stock options granted to any person engaged in investor relations activities will vest over a period of not less than 12 months with no more than 25% of the stock options vesting in any three-month period.

During the year ended December 31, 2022, there were no new stock options issued.

During the year ended December 31, 2021, the following stock options were issued under the stock option plan:

- On January 5, 2021, the Company granted 233,333 stock options with an exercise price of $2.25 and expiration date of January 5, 2026, to consultants and an officer/director of the Company. These stock options vest over a period of 18 months.

- On January 13, 2021, the Company announced it has appointed Freeform Communications Inc. ("Freeform") to provide investor relations and on-line marketing services. Under the terms of the agreement, Freeform has been engaged for a 6-month term at $4,000 per month. The Company also granted to Freeform 27,778 stock options that vest over a period of 18 months with an exercise price of $2.25 and an expiration date of January 12, 2023.

- On March 1, 2021, the Company granted 44,444 stock options that vest over a period of 18 months with an exercise price of $2.25 and an expiration date of March 1, 2024 to a consultant.

- On July 6, 2021, the Company granted 200,000 stock options that vest over a period of 18 months with an exercise price of $1.98 and an expiration date of July 6, 2026 to certain officers and/or directors of the Company.

- On July 28, 2021, the Company granted 66,667 stock options that vest over a period of 18 months with an exercise price of $1.98 and an expiration date of July 28, 2026 to a director of the Company.

A summary of the Company's assumptions used in the Black-Scholes option pricing model for options granted during the year ended December 31, 2021 is as follows:

Share price	$0.17-$0.25
Exercise price	$0.25
Expected option life	2-5 years
Expected volatility	115%-120%
Risk-free rate	0.18%-0.66%
Dividend yield	0.00%

(Expressed in Canadian dollars, except where noted)

7. EQUITY (continued)

A summary of the Company's option activity is as follows:

	Number of options outstanding (1)	Weighted average exercise price (1)
	#	$
Balance, December 31, 2020	692,778	2.34
Granted	572,222	2.16
Expired/Cancelled	(184,722)	2.25
Balance, December 31, 2021	1,080,278	2.25
Cancelled	(342,500)	2.49
Expired	(1,667)	2.25
Forfeited	(597,222)	2.09
Balance, December 31, 2022	**138,889**	**2.47**

(1) The number of options and weighted average exercise price were adjusted for the Share Consolidation (Note 7(a)).

A summary of the Company's options outstanding and exercisable at December 31, 2022 is as follows:

Expiry date	Number of options outstanding (1)	Number of options exercisable (1)	Weighted average exercise price (1)	Remaining contractual life
	#	#	$	years
July 22, 2023	5,556	5,556	4.50	0.56
September 24, 2024	33,333	33,333	1.44	1.73
July 3, 2025	100,000	100,000	2.70	2.51
	138,889	**138,889**	**2.47**	**2.24**

(1) The number of options and weighted average exercise price were adjusted for the Share Consolidation (Note 7(a)).

During the year ended December 31, 2022, the Company recognized share-based payments of $149,787 relating to the vesting of options.

During the year ended December 31, 2022, 597,222 options were forfeited and 342,500 options were cancelled. As a result, the Company reversed $299,231 in share-based payments related to the unvested options.

8. RELATED PARTY DISCLOSURES

Key management personnel are the directors and officers of the Company.

A summary of the Company's related party transactions for the years ended December 31, 2022 and 2021 is as follows:

	2022	2021
	$	$
Director fees	**34,951**	43,175
General and administrative	**1,122**	17,150
Management fees	**168,694**	245,612
Share-based payments (recovery)	**(107,866)**	394,441
	96,901	700,378

During the year ended December 31, 2022, $65,530 (2021 - $113,806) was paid as management fees to a company controlled by an officer of the Company for CEO-related services.

During the year ended December 31, 2022, $2,000 (2021 - $25,050) was paid as management fees to a company controlled by a former officer of the Company for COO-related services.

(Expressed in Canadian dollars, except where noted)

8. RELATED PARTY DISCLOSURES (continued)

During year ended December 31, 2022, $58,027 (2021 - $2,328,530) was paid for capitalized exploration expenditures and $1,122 (2021 - $17,150) was paid for general and administrative expenses to a company controlled by the COO of the Company.

During the year ended December 31, 2022, $65,164 (2021 - $60,208) was paid as management fees to a company controlled by an officer of the Company for CFO-related services provided.

During the year ended December 31, 2022, $36,000 (2021 - $47,048) was paid as management fees to a company controlled by an officer of the Company for corporate secretarial-related services provided.

During the year ended December 31, 2022, $34,951 (2021 - $43,175) was paid to non-executive directors of the Company for director fees.

During year ended December 31, 2022, $10,000 (2021 - $nil) was paid and 35,000 common shares at a fair value of $0.52 per share (for a total fair value of $18,200) were issued to two former directors of the Company as part of the acquisition consideration of the Chuck Creek Property (Note 5(b)).

As at December 31, 2022, $nil (December 31, 2021 - $83,270) was included in accounts payable and accrued liabilities for amounts due to related parties.

9. INCOME TAXES

A summary of the Company's reconciliation of income taxes at statutory rates for the years ended December 31, 2022 and 2021, is as follows:

	2022	2021
	$	$
Loss before income taxes	**(360,975)**	(1,654,012)
Canadian combined income tax rate	**27%**	27%
Expected income tax recovery	**(97,000)**	(447,000)
Non-deductible expenditures	**(40,000)**	71,000
Impact of flow through share	**16,000**	629,000
Share issuance costs	**-**	-
Change in statutory, foreign tax rates and other	**(10,000)**	5,000
Change in unrecognized deferred tax assets	**131,000**	(258,000)
Income tax recovery	**-**	-

A summary of the Company's significant components of unrecognized deferred tax assets is as follows:

	2022	2021
	$	$
Deferred tax assets (liabilities)		
Share issuance costs and financing fees	**66,000**	98,000
Non-capital losses	**1,261,000**	1,093,000
Exploration and evaluation assets	**(1,112,000)**	(1,077,000)
Other	**9,000**	-
Flow-through shares	**-**	(21,000)
	224,000	93,000
Unrecognized deferred income tax assets	**(224,000)**	(93,000)
Net deferred income tax assets	**-**	-

(Expressed in Canadian dollars, except where noted)

9. INCOME TAXES (continued)

A summary of the Company's deductible temporary differences for which no deferred tax assets (liabilities) have been recognized is as follows:

	December 31, 2022	Expiry date range
Temporary differences	$	
Share issuance costs and financing fees	**244,000**	**2043 to 2046**
Non-capital losses	**4,671,000**	**2037 to 2042**
Other	**33,000**	**No expiry date**
Exploration and evaluation assets	**(4,094,000)**	**No expiry date**

10. FINANCIAL INSTRUMENTS AND FAIR VALUE MEASUREMENTS

As at December 31, 2022 and 2021, the Company's financial instruments consist of cash and accounts payable and accrued liabilities, all of which are classified as and measured at amortized cost.

The carrying value of cash and accounts payable and accrued liabilities approximate their fair values due to their short term to maturity.

11. FINANCIAL RISK MANAGEMENT

The Company may be exposed to risks of varying degrees of significance which could affect its ability to achieve its strategic objectives. The main objectives of the Company's risk management processes are to ensure that risks are properly identified and that the capital base is adequate in relation to those risks. The principal risks to which the Company is exposed are described below.

a) Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty fails to meet an obligation under contract. The Company's cash and reclamation bond are exposed to credit risk. The Company reduces its credit risk on cash by placing these instruments with institutions of high creditworthiness.

b) Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting obligations associated with its financial liabilities. As the Company's operations do not generate cash, financial liabilities are discharged using funding through the issuance of common stock or debt as required. As at December 31, 2022, the Company had sufficient cash on hand to discharge its financial liabilities as they become due.

c) Foreign currency risk

Foreign currency risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. Foreign currency risk exposure arises with respect to some of the Company's accounts payable and accrued liabilities. Assuming all other variables constant, an increase or a decrease of 10% of the U.S. dollar against the Canadian dollar, the net loss of the Company and the equity for year ended December 31, 2022, would have varied by a negligible amount. The Company had no hedging agreements in place with respect to foreign exchange rates.

12. CAPITAL MANAGEMENT

The Company's capital structure consists of all components of shareholders' equity. The Company's objective when managing capital is to maintain adequate levels of funding to support the current operations. The Company obtains funding primarily through issuing common stock. Future financings are dependent on market conditions and there can be no assurance the Company will be able to raise funds in the future.

12. CAPITAL MANAGEMENT (continued)

There were no changes to the Company's approach to capital management during the period. The Company is not subject to externally imposed capital requirements.

13. SUBSEQUENT EVENTS

On March 10, 2023, the Company announced that it had entered into a definitive agreement dated March 8, 2023 to acquire Alto Verde Copper Inc. (“Alto Verde”) through a newly incorporated wholly owned subsidiary of the Company (1000465623 Ontario Inc.) (the “Transaction”). On March 31, 2023, the Transaction closed. Pursuant to the Transaction, the Company acquired 100% of the issued and outstanding common shares of Alto Verde on a share exchange ratio of approximately 0.2512 of one (1) common share in the Company for one common share of Alto Verde. All outstanding options and warrants to purchase Alto Verde common shares were exchanged on approximately a 0.2512 to one (1) basis, for warrants and options to purchase common shares of the Company.

In relation to the Transaction, the Company issued 5,781,722 subscription receipts at a price of $0.50 per subscription receipt, for gross proceeds of $2,890,861. On March 31, 2023, the subscription receipts automatically converted into units of the Company. Each unit comprises of one common share and one-half share purchase warrant. Each full warrant is convertible into one common share of the Company at an exercise price of $0.75 for a period of thirty-six months following the closure of the Transaction. The warrants will be subject to an acceleration provision allowing the Company to accelerate the expiration date with a 30-day notice period to warrant-holders in the event the common shares trade on the CSE for 10 consecutive days at $1.25 or higher.

On completion of the Transaction, the Company paid finder’s fees of 478,691 common shares, $91,640 in cash and issued 240,800 finder’s warrants entitling the holder thereof to purchase one common share at an exercise price of $0.75 per share for a period of 36 months from the date of issuance.

On March 10, 2023, the Company announced that it had entered into marketing and consulting contracts with various suppliers, with $786,000 and US$168,000 payable in cash and the issuance of 50,000 options. These contracts came into force upon the closing of the Transaction.

On March 31, 2023, the Company granted 465,000 stock options with an exercise price of $0.80 and expiration date of March 31, 2028 to certain directors, officers, and consultants of the Company. These stock options vest over a period of 18 months.

On April 16, 2023, 813,541 warrants with an exercise price of $2.70 and 44,309 warrants with an exercise price of $1.80 expired unexercised.