LOYALIST EXPLORATION LIMITED

(formerly PNG Copper Inc.)

FINANCIAL STATEMENTS

As at and for the years ended December 31, 2023 and 2022

(Expressed in Canadian Dollars)

McGovern Hurley

Audit. Tax. Advisory.

Independent Auditor's Report

To the Shareholders of Loyalist Exploration Limited (formerly PNG Copper Inc.)

Opinion

We have audited the financial statements of Loyalist Exploration Limited (the "Company"), which comprise the statements of financial position as at December 31, 2023 and 2022, and the statements of loss and comprehensive loss, statements of cash flows, and statements of equity for the years then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2023 and 2022, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards ("IFRS").

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. 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 in the financial statements, which indicates that the Company incurred a net loss during the year ended December 31, 2023 and, as of that date, the Company had a working capital deficiency. As stated in Note 1, these events or conditions, along with other matters as set forth in Note 1, indicate that material uncertainties exist that 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 judgement, 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.

Except for the matter described in Material uncertainty related to going concern section, we have determined that there were no additional key audit matters to communicate in our report.

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Other information

Management is responsible for the other information. The other information comprises 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 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 IFRS, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or 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 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 judgement 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 risks 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 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.

McGovern Hurley

The engagement partner of the audit resulting in this independent auditor’s report is Jessica Glendinning.

McGovern Hurley LLP

McGovern Hurley LLP

Chartered Professional Accountants
Licensed Public Accountants

Toronto, Ontario
April 29, 2024

LOYALIST EXPLORATION LIMITED

(formerly PNG Copper Inc.)

Statements of Financial Position

(Expressed in Canadian dollars)

As at	**December 31 2023 $**	December 31 2022 $
ASSETS		
Current		
Cash	**8,190**	3,591
Other receivables	**12,567**	-
Prepaid expenses	**4,925**	846
Total assets	**25,682**	4,437
LIABILITIES		
Current		
Trade and other payables	**178,009**	303,302
Total current liabilities	**178,009**	303,302
SHAREHOLDERS' (DEFICIENCY)		
Common shares, share-based compensation and warrants (note 5)	**12,006,994**	11,913,360
Deficit	**(12,159,321)**	(12,212,225)
Total shareholders' (deficiency)	**(152,327)**	(298,865)
Total liabilities and shareholders' (deficiency)	**25,682**	4,437

Nature of operations and going concern (note 1)
Subsequent events (note 11)

Approved on behalf of the board:

(signed) "Stephen Balch"
Director

(signed) "John O'Donnell"
Director

The accompanying notes are an integral part of these Financial Statements.

Loyalist Exploration Limited

(formerly PNG Copper Inc.)

Statements of Loss and Comprehensive Loss

(Expressed in Canadian dollars)

		Years ended December 31
	2023	2022
	$	$
Expenses		
Exploration and project evaluation (note 3)	**30,000**	1,616,658
Management fees and salaries	**187,998**	4,322
Professional fees	**86,301**	296,234
Insurance	**12,521**	16,061
Office	**6,223**	1,714
Advertising and promotion	**2,484**	4,648
Share based compensation	**36,868**	153,487
Amortization (note 4)	**-**	21,680
Property termination costs (note 3)	**-**	67,584
Gain on settlement of debt	**(78,101)**	(40,347)
Loss on disposal of equipment (note 4)	**-**	92,230
Regulatory costs	**31,314**	31,541
Loss and comprehensive loss for the year	**315,608**	2,265,812
Loss per share	**0.00**	0.02
Basic weighted average shares outstanding	**185,703,697**	121,967,370

The accompanying notes are an integral part of these Financial Statements.

Loyalist Exploration Limited

(formerly PNG Copper Inc.)

Statements of Cash Flows

(Expressed in Canadian dollars)

For the years ended December 31	**2023**	2022
	$	$
Operating activities		
Net loss for the year	**(315,608)**	(2,265,812)
Items not affecting cash		
Gain on settlement of debt	**(78,101)**	(40,347)
Loss on disposal of equipment	**-**	92,230
Share based compensation	**36,868**	153,487
Shares issued for property acquisition	**-**	732,091
Amortization	**-**	21,680
Net change in non-cash working capital balances related to operating activities:		
Other receivables	**(12,567)**	-
Prepaid expenses	**(4,079)**	1,550
Trade and other payables	**(47,192)**	902,381
Cash provided from (used in) operating activities	**(420,679)**	(402,740)
Investing activities		
Additions to equipment	**-**	(1,183)
Cash provided from (used in) investing activities	**-**	(1,183)
Financing activities		
Issuance of common shares for cash	**500,000**	379,000
Issuance costs	**(74,722)**	(58,988)
Cash provided from investing activities	**425,278**	320,012
Net increase (decrease) in cash	**4,599**	(83,911)
Cash, beginning of the year	**3,591**	87,502
Cash, end of the year	**8,190**	3,591
Supplemental information		
Shares issued in settlement of accounts payable	**-**	1,114,639
Finders' warrants issued	**25,556**	33,828

The accompanying notes are an integral part of these Financial Statements.

Loyalist Exploration Limited

(formerly PNG Copper Inc.)

Statements of Equity

(Expressed in Canadian dollars)

	Share Capital		Warrants	Stock options	Sub-total	Deficit	Total
	#	$	$	$	$	$	$
Balance, December 31, 2021	**98,441,027**	**7,934,947**	**1,443,391**	**266,839**	**9,645,177**	**(9,958,113)**	**(312,936)**
Private placement	6,980,000	320,012	-	-	320,012	-	320,012
Warrants issued	-	(163,752)	163,752	-	-	-	-
Shares issued for property	14,805,405	732,091	-	-	732,091	-	732,091
Shares issued in settlement of accounts payable	20,304,936	1,074,293	-	-	1,074,293	-	1,074,293
Warrants issued in settlement of accounts payable	-	(282,310)	282,310	-	-	-	-
Share based compensation	-	-	-	153,487	153,487	-	153,487
Expiry of options	-	-	-	(11,700)	(11,700)	11,700	-
Net loss for the year	-	-	-		-	(2,265,812)	(2,265,812)
Balance, December 31, 2022	**140,531,368**	**9,615,281**	**1,889,453**	**408,626**	**11,913,360**	**(12,212,225)**	**(298,865)**
Private placements	50,000,000	425,278	-	-	425,278	-	425,278
Warrants issued	-	(195,507)	195,507	-	-	-	-
Share based compensation	-	-	-	36,868	36,868	-	36,868
Expiry/forfeiture of stock options	-	-	-	(368,512)	(368,512)	368,512	-
Net loss for the year	-	-	-	-	-	(315,608)	(315,608)
Balance, December 31, 2023	**190,531,368**	**9,845,052**	**2,084,960**	**76,982**	**12,006,994**	**(12,159,321)**	**(152,327)**

The accompanying notes are an integral part of these Financial Statements

1. Nature of operations, basis of presentation and going concern uncertainty

Loyalist Exploration Limited (the "Company" or "Loyalist") was incorporated on October 4, 2017 under the Canada Business Corporations Act (the "Act") as Golden Birch Resources Inc. The name was changed to PNG Copper Inc. on August 12, 2021 and then to Loyalist Exploration Limited on October 19, 2023. The principal business of the Company is the acquisition, exploration and development of mineral property interests in Ontario. The Company is a reporting issuer in the Province of Ontario and is incorporated in Canada with limited liability under the legislation of Canada. The head office is located at 133 Richmond Street West, Suite 204, Toronto, ON M5H 2L3.

The business of mining and exploring for minerals involves a high degree of risk and there can be no assurance that current exploration programs will result in profitable mining operations. The recoverability of amounts expended on exploration and evaluation activities is dependent upon a discovery of economically recoverable reserves, confirmation of the Company's interest in the underlying mineral claims, the ability of the Company to obtain necessary financing to complete the development and future profitable production or, alternatively, upon disposition of such properties at a profit. The Company's property interests may also be subject to increases in taxes and royalties, renegotiation of contracts, expropriation, currency exchange fluctuations and restrictions and political uncertainty.

Although the Company has taken steps to verify title to the properties on which it is conducting exploration and in which it has an interest, in accordance with industry standards for the current stage of exploration of such properties, these procedures do not guarantee the Company's title. Property title may be subject to government licensing requirements, unregistered prior claims and agreements, aboriginal claims, social license requirements and non-compliance with regulatory requirements.

The Company had a net loss of $315,608 for the year ended December 31, 2023 (December 31, 2022 - $2,265,812) and had an accumulated deficit of $12,159,321 (December 31, 2022 - $12,212,225) and working capital deficiency of $152,327 as at December 31, 2022 (December 31, 2021 - $298,865). The Company's ability to continue as a going concern is dependent on the Company being able to satisfy its liabilities as they become due, the Company being able to obtain the necessary financing to complete the development of its mineral properties, the attainment of profitable mining operations, and, or the receipt of proceeds from the disposition of its mineral properties. The outcome of these matters cannot be predicted at this time. There is no assurance that funds will be available on terms acceptable to the Company or at all. Material uncertainties as mentioned above cast significant doubt upon the Company's ability to continue as a going concern. These financial statements do not include any adjustments to the carrying values and classification of assets and liabilities that would be necessary if the Company were unable to realize its assets or discharge its liabilities in anything other than the ordinary course of operations. Such adjustments could be material.

2. Significant accounting policies

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

Basis of preparation
These financial statements have been prepared on a historical cost basis. In addition, the financial statements have been prepared on an accrual basis except for cash flow information.

These financial statements were authorized for issuance by the Board of Directors on April 29, 2024.

During the year ended December 31, 2023, the Company adopted a number of amendments and improvements of existing standards. These included amendments to IAS 8. These new standards and changes did not have any material impact on the Company's financial statements.

Certain pronouncements were issued by the IASB or the IFRIC that are mandatory for accounting periods commencing on or after January 1, 2024. Many are not applicable or do not have a significant impact to the Company and have been excluded. The following have not yet been adopted and are being evaluated to determine their impact on the financial statements.

Classification of Liabilities as Current or Non-current (Amendments to IAS 1)
IAS 1 – Presentation of Financial Statements ("IAS 1") was amended in January 2020 to provide a more general approach to the classification of liabilities under IAS 1 based on the contractual arrangements in place at the reporting date. The amendments clarify that the classification of liabilities as current or noncurrent is based solely on a company's right to defer settlement at the reporting date. The right needs to be unconditional and must have substance. The amendments also clarify that the transfer of a company's own equity instruments is regarded as settlement of a liability, unless it results from the exercise of a conversion option meeting the definition of an equity instrument. The amendments are effective for annual periods beginning on January 1, 2024.

Currency translation
The functional and reporting currency of the Company is the Canadian dollar. Transactions in currencies other than the functional currency are recorded at the rates of exchange prevailing on the dates of transactions. Monetary assets and liabilities that are denominated in foreign currencies are translated at the rates prevailing at each reporting date. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated. Foreign currency translation differences are recognized in profit or loss. In 2022, the Company incurred costs in US dollars ("US$"), Australian dollars ("AU$") and Papua New Guinea kinas ("K").

Critical judgments and estimation uncertainties
The preparation of financial statements in conformity with IFRS requires the Company's management to make judgments, estimates and assumptions about future events that affect the amounts reported in the financial statements and related notes to the financial statements. Although these estimates are based on management's best knowledge of the amount, event or actions, actual results may differ from those estimates and these differences could be material.

The areas which require management to make significant judgments, estimates and assumptions in determining carrying values include, but are not limited to:

Estimation of closure and reclamation costs and the timing of expenditure
The cost estimates are updated annually during the life of a mine to reflect known developments, (e.g. revisions to cost estimates and to the estimated lives of operations) and are subject to review at regular intervals. Closure, reclamation and similar liabilities are estimated based on the Company's interpretation of current regulatory requirements, constructive obligations and are measured at fair value. Fair value is determined based on the net present value of estimated future cash expenditures for the settlement of closure, reclamation or similar liabilities that may occur upon closure of the mine. Such estimates are subject to change based on changes in laws and regulations and negotiations with regulatory authorities.

Income, value added, withholding and other taxes
The Company is subject to income, value added, withholding and other taxes. Significant judgment is required in determining the Company's provisions for taxes. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The Company recognizes liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be

due. The determination of the Company's income, value added, withholding and other tax liabilities requires interpretation of complex laws and regulations. The Company's interpretation of taxation law as applied to transactions and activities may not coincide with the interpretation of the tax authorities. All tax related filings are subject to government audit and potential reassessment subsequent to the financial statement reporting period. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the tax related accruals and deferred income tax provisions in the period in which such determination is made.

Share-based payments
Management determines costs for share-based payments using market-based valuation techniques. The fair value of the market-based and performance-based share awards are determined at the date of grant using generally accepted valuation techniques. Assumptions are made and judgment used in applying valuation techniques. These assumptions and judgments include estimating the future volatility of the stock price, expected dividend yield, future employee turnover rates and future employee stock option exercise behaviours and corporate performance. Such judgments and assumptions are inherently uncertain. Changes in these assumptions affect the fair value estimates.

Contingencies
Refer to Note 9.

Cash and term deposits
Cash and term deposits consist of bank balances and short-term deposits in redeemable guaranteed certificate investments.

As at December 31, 2023 and 2022, the Company did not have any term deposits.

Exploration and evaluation costs
Exploration and evaluation costs are expensed as incurred and included in the statement of operations and comprehensive loss until technical feasibility and commercial viability of extraction of reserves are demonstrable. Once a mine development decision has been made by the Company, subsequent expenditures incurred to develop the mine are capitalized to mineral properties. Exploration costs include an allocation of administration and salary costs as determined by management.

Equipment
Equipment is carried at cost, less accumulated depreciation and accumulated impairment losses. Cost comprises the fair value of consideration given to acquire or construct an asset and includes the direct charges associated with bringing the asset to the location and condition necessary for putting it into use.

When parts of an item of equipment have different useful lives, they are accounted for as separate items (major components) of equipment
Equipment is depreciated over the estimated useful lives of the assets on the declining balance basis using the following annual rates:

Computer hardware - 55%, Furniture and equipment - 20%

Provision for closure and reclamation
The Company records a liability based on the best estimate of costs for site closure and reclamation activities that the Company is legally or constructively required to remediate and the liability is recognized at the time environmental disturbance occurs.

The Company does not currently have any significant legal or constructive obligations relating to reclamation or closure of its exploration and evaluation property interests and therefore, no closure and reclamation liabilities have been recorded as at December 31, 2023 and 2022.

Income taxes
Deferred tax assets and liabilities are recognized for the future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases. Deferred tax assets and liabilities are measured using substantively enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. Deferred income tax assets also result from unused loss carry forwards, resource related pools and other deductions. A deferred tax asset is recognized for unused tax losses, tax credits and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

Share capital
The Company records proceeds from share issuances net of issue costs and any tax effects.

Financial instruments
Financial assets
Initial recognition and measurement
Non-derivative financial assets within the scope of IFRS 9 are classified and measured as “financial assets at fair value”, as either fair value through profit or loss ("FVPL") or fair value through other comprehensive income ("FVOCI"), and “financial assets at amortized costs”, as appropriate. The Company determines the classification of financial assets at the time of initial recognition based on the Company’s business model and the contractual terms of the cash flows.

All financial assets are recognized initially at fair value plus, in the case of financial assets not at FVPL, directly attributable transaction costs on the trade date at which the Company becomes a party to the contractual provisions of the instrument.

Financial assets with embedded derivatives are considered in their entirety when determining their classification at FVPL or at amortized cost. Amounts receivable held for collection of contractual cash flows are measured at amortized cost.

Subsequent measurement – financial assets at amortized cost
After initial recognition, financial assets measured at amortized cost are subsequently measured at the end of each reporting period at amortized cost using the Effective Interest Rate (“EIR”) method. Amortized cost is calculated by taking into account any discount or premium on acquisition and any fees or costs that are an integral part of the EIR. Cash was held at amortized cost.

Subsequent measurement – financial assets at FVPL
Financial assets measured at FVPL include financial assets management intends to sell in the short term and any derivative financial instrument that is not designated as a hedging instrument in a hedge relationship. Financial assets measured at FVPL are carried at fair value in the balance sheets with changes in fair value recognized in other income or expense in the statements of operations. The Company does not measure any financial assets at FVPL.

Subsequent measurement – financial assets at FVOCI
Financial assets measured at FVOCI are non-derivative financial assets that are not held for trading and the Company has made an irrevocable election at the time of initial recognition to measure the assets at FVOCI. The Company does not measure any financial assets at FVOCI.

After initial measurement, investments measured at FVOCI are subsequently measured at fair value with unrealized gains or losses recognized in other comprehensive income or loss in the statements of comprehensive loss. When the investment is sold, the cumulative gain or loss remains in accumulated other comprehensive income or loss and is not reclassified to profit or loss.

Dividends from such investments are recognized in other income in the statements of operations when the right to receive payments is established.

Derecognition
A financial asset is derecognized when the contractual rights to the cash flows from the asset expire, or the Company no longer retains substantially all the risks and rewards of ownership.

Impairment of financial assets
The Company has elected to apply the simplified approach to impairment as permitted by IFRS 9, which requires the expected lifetime loss to be recognized at the time of initial recognition of the receivable. To measure estimated credit losses, amounts receivable have been grouped based on shared credit risk characteristics, including the number of days past due. An impairment loss is reversed in subsequent periods if the amount of the expected loss decreases and the decrease can be objectively related to an event occurring after the initial impairment was recognized.

Financial liabilities
Initial recognition and measurement
Financial liabilities are measured at amortized cost, unless they are required to be measured at FVPL as is the case for held for trading or derivative instruments, or the Company has opted to measure the financial liability at FVPL. The Company’s financial liabilities include accounts payable and accrued liabilities, which are measured at amortized cost. All financial liabilities are recognized initially at fair value.

Subsequent measurement – financial liabilities at amortized cost
After initial recognition, financial liabilities measured at amortized cost are subsequently measured at the end of each reporting period at amortized cost using the EIR method. Amortized cost is calculated by taking into account any discount or premium on acquisition and any fees or costs that are an integral part of the EIR.

Derecognition
A financial liability is derecognized when the obligation under the liability is discharged, cancelled or expires with any associated gain or loss recognized in other income or expense in the statements of operations.

Share-based payments
The Company has a share option plan that is described in note 5. Share-based payments to employees are measured at the fair value of the instruments issued and amortized over the vesting periods. Share-based payments to non-employees are measured at the fair value of the goods or services received or the fair value of the equity instruments issued, if it is determined the fair value of the goods or services cannot be reliably measured, and are recorded at the date the goods or services are received. The amount recognized as an expense is adjusted to reflect the number of awards expected to vest. The offset to the recorded cost is to equity reserves. Consideration received on the exercise of stock options is recorded as issued capital and the related equity reserve is transferred to issued capital. Charges for options that are forfeited before vesting are reversed from equity reserves. Upon expiry, the recorded value is transferred to deficit.

Loss per share
Basic loss per share is calculated by dividing the loss available to common shareholders by the weighted average number of common shares outstanding in the period. For all periods presented, the loss available to common shareholders equals the reported loss attributable to owners of the Company. Diluted loss per share is calculated by assuming that the proceeds to be received on the exercise of dilutive share options

(Expressed in Canadian dollars)

and warrants are used to repurchase common shares at the average market price during the period. In the Company's case, diluted loss per share is the same as basic loss per share as the effects of including all outstanding options and warrants would be anti-dilutive.

3. Exploration and evaluation expenses

Transactions for the years ended December 31, 2023 and 2022, are as follows:

	2023 **$**	2022 $
Lost Molly		
Property acquisition	**30,000**	-
	30,000	-
Mount Suckling		
Accommodations	**-**	7,708
Accounting services	**-**	18,771
Administration	**-**	10,664
Assays	**-**	2,933
Communications	**-**	16,791
Community Support	**-**	7,573
Compensation	**-**	285
Drilling	**-**	74,459
Employment services	**-**	26,508
Field supplies	**-**	48,490
Geologists	**-**	146,799
Helicopter chartering	**-**	276,455
In-country logistics	**-**	1,856
Option payments, notes 5 and 7	**-**	734,538
Other	**-**	15,109
Road maintenance	**-**	1,262
Site meal services	**-**	14,290
Storage	**-**	7,018
Travel	**-**	100,201
Wages	**-**	104,948
	-	1,616,658
Total	**30,000**	1,616,658

Lost Molly Property
On February 13, 2023, the Company entered into an option agreement to earn a one hundred per cent (100%) interest in certain mineral claims situated in the Oba area of the Province of Ontario, generally referred to as the "Lost Molly" Property (the "Claims"). During the term of the option in respect of the Lost Molly Property, the Company will have the exclusive and irrevocable right to access, explore and develop the Claims at its sole and absolute discretion.

To earn its 100% interest, the Company must make the following optional cash and share payments and incur the following Exploration Work Expenditures on any of the Claims:

Cash and Share Payments	Exploration Work Expenditures
Initial Payment - $30,000 (paid in February 2023);	Year 1 - $50,000;
1st Anniversary - $80,000;	Year 2 – $100,000;
2nd Anniversary - $120,000; and	Year 3 - $200,000; and
3rd Anniversary - $160,000.	Year 4 - $400,000.

(Expressed in Canadian dollars)

On April 12, 2024, the Company and the vendor entered into an amending agreement to change the date of the first anniversary payment of $80,000 to the earlier of the date which is one week following the first financing after a potential consolidation or August 1, 2024. In addition, $35,000 of the Year 1 Exploration Work Expenditures are required to be completed before August 1, 2024 and the Year 2 Exploration Work Expenditures is amended to $115,000.

Up to 50% of the respective cash payments may, at the option of the Company, be paid in common shares of the Company. If the Company exercises its right and option to make the respective cash payments partially in shares, the number of shares payable shall be determined for each such partial payment by dividing the amount of the partial payment by the 10-trading day average closing trading price of the Company's shares prior to the date of such payments. Such shares will be subject to required regulatory trading restrictions.

The Vendor is entitled to a three per cent (3.0%) Net Smelter Return royalty (the "NSR Royalty") on all minerals or metals extracted from the Claims two-thirds of which (a 2% NSR) may be bought back for $2,000,000.

Mount Suckling Property
On February 14, 2023, the Company gave notice terminating the Mount Suckling option agreement relating to the exploration properties in Papua New Guinea.

4. Equipment

	Computer hardware $	Furniture and equipment $	**Total $**
Cost			
Balance, December 31, 2021	19,045	139,813	**158,858**
Additions	488	695	**1,183**
Disposals	(19,533)	(140,508)	**(160,041)**
Balance, December 31, 2022 and 2023	-	-	**-**
Accumulated depreciation			
Balance, December 31, 2021	16,249	29,883	**46,132**
Charges for the year	1,254	20,426	**21,680**
Disposals	(17,503)	(50,309)	**(67,812)**
Balance December 31, 2022 and 2023	-	-	**-**
Net book value, December 31, 2022 and 2023	-	-	**-**

(Expressed in Canadian dollars)

5. Shareholders' equity

Authorized share capital consists of:
an unlimited number of voting and participating Class A shares without par value; and
an unlimited number of non-voting and non-participating Class B shares without par value, redeemable for the amount paid for such shares. No Class B shares are outstanding.

Share capital
Share capital comprises the following:

	Number of shares	Amount $
Balance, December 31, 2021	**98,441,027**	**7,934,947**
Private placement	6,980,000	320,012
Share issuance costs	-	(163,752)
Shares issued for property	14,805,405	732,091
Shares issued for settlement of accounts payable	20,304,936	1,074,293
Warrants issued in settlement of accounts payable	-	(282,310)
Balance, December 31, 2022	**140,531,368**	**9,615,281**
Private Placements, net of issuance costs	50,000,000	425,278
Share issuance costs	-	(25,556)
Warrants issued	-	(169,951)
Balance, December 31, 2023	**190,531,368**	**9,845,052**

Common shares issued for property
On March 21, 2022, the Company issued 4,703,364 Class A common shares with a stated value of $0.059 per share pursuant to the option on the Mount Suckling property. The value attributed to the shares was based on the quoted market price on the date of issuance.

On September 2, 2022, the Company issued 10,102,041 Class A common shares with a stated value of $0.045 per share pursuant to the option on the Mount Suckling property. The value attributed to the shares was based on the quoted market price on the date of issuance.

Settlement of accounts payable
On January 24, 2022, the Company issued 500,000 Class A common shares to the acting president to settle accounts payable in the amount of $35,000.

On March 7, 2022, the Company settled outstanding obligations in the amount of $108,711 with a director of the Company by the issuance of 1,553,020 Class A common shares of the Company, and warrants to purchase 1,553,020 Class A common shares at a price of $0.10 per share, expiring March 7, 2027.

On March 21, 2022, the Company settled outstanding obligations in the amount of $349,996 with former senior management of the Company by the issuance of 5,833,266 Class A common shares of the Company.

On May 18, 2022, the Company settled outstanding obligations in the amount of $25,000 with the acting president of the Company by the issuance of 500,000 Class A common shares of the Company.

On May 18, 2022, the Company settled outstanding obligations in the amount of $257,768 with a director of the Company by the issuance of 5,155,365 Class A common shares of the Company, and warrants to purchase 5,155,365 Class A common shares at a price of $0.07 per share, expiring May 18, 2027.

On August 16, 2022, the Company settled outstanding obligations in the amount of $25,000 with acting president of the Company by the issuance of 500,000 Class A common shares of the Company.

On August 16, 2022, the Company settled outstanding obligations in the amount of $313,164 with a director of the Company by the issuance of 6,263,285 Class A common shares of the Company, and warrants to purchase 6,263,285 Class A common shares at a price of $0.07 per share, expiring August 16, 2027.

Private placements

On January 24, 2022, the Company completed a non-brokered private placement financing. This consisted of 1,500,000 units at a price of $0.07 per unit for gross proceeds of $105,000 is comprised of one common share and one common share purchase warrant. Each warrant entitles the holder thereof to purchase one common share of the Company at a price of $0.10 per common share until January 24, 2027. The Company paid a finder's fee of $9,450 in cash and 150,000 non-transferable finder's warrants. Each finder's unit warrant entitles the holder to purchase one common share at a price of $0.10 per share until January 24, 2027.

On June 1, 2022, the Company completed a brokered private placement financing. This consisted of 3,480,000 units at a price of $0.05 per unit for gross proceeds of $174,000 is comprised of one common share and one common share purchase warrant. Each warrant entitles the holder thereof to purchase one common share of the Company at a price of $0.07 per common share until June 1, 2027. The Company paid a finder's fee of $15,660 in cash and 348,000 non-transferable finder's warrants. Each finder's unit warrant entitles the holder to purchase one common share at a price of $0.05 per share until June 1, 2027.

On August 16, 2022, the Company completed a brokered private placement financing. This consisted of 2,000,000 units at a price of $0.05 per unit for gross proceeds of $100,000 is comprised of one common share and one common share purchase warrant. Each warrant entitles the holder thereof to purchase one common share of the Company at a price of $0.07 per common share until August 16, 2027. The Company paid a finder's fee of $9,000 in cash and 200,000 non-transferable finder's warrants. Each finder's unit warrant entitles the holder to purchase one common share at a price of $0.07 per common share until August 16, 2027.

On January 27, 2023, the Company completed the first tranche of its private placement financing. This tranche consisted of the sale of 18,300,000 units at a price of $0.01 per unit for gross proceeds of $183,000, with each unit being comprised of one common share and one common share purchase warrant. Each warrant entitles the holder thereof to purchase one common share of the company at a price of $0.05 per common share until January 27, 2028.

On February 9, 2023, the Company completed the second tranche of its private placement financing. This tranche consisted of the sale of 31,700,000 units at a price of $0.01 per unit for gross proceeds of $317,000, with each unit being comprised of one common share and one common share purchase warrant. Each warrant entitles the holder thereof to purchase one common share of the company at a price of $0.05 per common share until February 9, 2028. In connection with the closing of this financing, the Company paid a cash fee of $47,000 and issued 3,170,000 broker warrants, with each one entitling the holder to purchase one Unit at a price of $0.05 until February 9, 2028.

Stock options

As at December 31, 2023, 9,360,575 common shares were reserved for the exercise of common stock options ("options") granted to directors, officers, employees and service providers in connection with the Company's stock option plan (the "Plan").

(Expressed in Canadian dollars)

The following summary sets out the activity in the Plan:

	Options #	Weighted average exercise price $
Outstanding and exercisable, December 31, 2021	**3,255,000**	**0.18**
Granted	3,800,000	0.10
Expired	(300,000)	(0.10)
Outstanding and exercisable, December 31, 2022	**6,755,000**	**0.12**
Granted	6,000,000	0.05
Expired/Forfeited	(3,394,425)	(0.16)
Outstanding and exercisable, December 31, 2023	**9,360,575**	**0.08**

The following share option arrangements were in existence as at December 31, 2023:

Date granted	Options Granted	Options Exercisable	Exercise Price $	Expiry Date
March 2, 2020	280,575	280,575	0.15	March 2, 2024
October 26, 2020	230,000	230,000	0.20	October 26, 2024
June 23, 2021	400,000	400,000	0.20	June 23, 2025
November 25, 2021	350,000	350,000	0.15	November 25, 2025
February 10, 2022	1,100,000	1,100,000	0.10	February 9, 2026
May 30, 2022	300,000	300,000	0.10	October 30, 2024
September 2, 2022	700,000	637,500	0.10	September 1, 2026
May 15, 2023	6,000,000	4,000,000	0.05	May 15, 2028
	9,360,575	**7,298,075**		

The weighted average exercise price of options exercisable at December 31, 2023 was $0.9 (December 31, 2022 - $0.16). The weighted average remaining contractual life of options outstanding at December 31, 2023 is 3.44 years (December 31, 2022 - 2.47 years). The options vest 25% on grant date, 25% after 6 months, 25% after one year and 25% 18 months after grant date. A total of 5,250,000 options were issued to directors and officers of the Company.

The fair value of share options granted has been estimated at the date of the grant using the Black-Scholes option pricing model with the following assumptions:

Grant date	Expected dividend yield %	Risk-free interest rate %	Expected volatility %	Expected life	Estimated grant date fair value $	Share price $
October 21, 2019	0	1.61	134	4 years	89,000	0.150
March 2, 2020	0	1.07	134	4 years	62,000	0.150
October 26, 2020	0	1.07	134	4 years	124,429	0.140
June 23, 2021	0	0.97	134	4 years	48,185	0.145
November 25, 2021	0	1.41	134	4 years	34,180	0.070
February 9, 2022	0	1.60	119	4 years	100,890	0.070
May 30, 2022	0	3.15	141	2.42 years	13,193	0.100
September 2, 2022	0	3.27	129	4 years	38,749	0.100
May 15, 2023	0	1.66	159	5 years	70,734	0.05

(Expressed in Canadian dollars)

Warrants

Certain issuances of common shares include warrants entitling the holder to acquire additional common shares of the Company. A summary of the warrant activity is as follows:

	Warrants #	Weighted average exercise price $
Balance, December 31, 2021	**25,875,770**	**0.17**
Issued	20,649,670	0.07
Balance, December 31, 2022	**46,525,440**	**0.13**
Issued	53,170,000	0.05
Balance, December 31, 2023	**99,695,440**	**0.09**

	Expiry date	**Number**	**Exercise Price $**
Warrants	May 14, 2025	7,500,000	0.15
Warrants – Broker units*	May 14, 2025	750,000	0.15
Warrants	July 30, 2025	3,693,343	0.15
Warrants – Broker units*	July 30, 2025	363,333	0.15
Warrants	August 27, 2025	303,335	0.15
Warrants	January 4, 2026	3,556,666	0.20
Warrants – Broker units*	January 4, 2026	6,000	0.15
Warrants	June 28, 2026	1,666,666	0.20
Warrants – Broker units*	June 28, 2026	166,666	0.15
Warrants	August 12, 2026	3,333,333	0.20
Warrants – Broker units*	August 12, 2026	333,333	0.15
Warrants	September 2, 2026	2,498,333	0.20
Warrants – Broker units*	September 2, 2026	133,333	0.15
Warrants	December 13, 2026	1,428,572	0.10
Warrants – Broker units*	December 13, 2026	142,857	0.07
Warrants	January 24, 2027	1,500,000	0.10
Warrants – Broker units*	January 24, 2027	150,000	0.07
Warrants	March 7, 2027	1,553,020	0.10
Warrants	May 18, 2027	5,155,365	0.07
Warrants	June 1, 2027	3,480,000	0.07
Warrants – Broker units*	June 1, 2027	348,000	0.05
Warrants	August 16, 2027	2,000,000	0.07
Warrants – Broker units*	August 16, 2027	200,000	0.05
Warrants	August 16, 2027	6,263,285	0.07
Warrants	January 27, 2028	18,300,000	0.05
Warrants	February 8, 2028	31,700,000	0.05
Warrants – Broker units*	February 8, 2028	3,170,000	0.05
		99,695,440	
Warrants – Broker warrants *	May 14, 2025	72,560	0.10
Warrants – Broker warrants *	July 30, 2025	160,000	0.10
Warrants – Broker warrants *	January 4, 2026	6,000	0.15
Warrants – Broker warrants *	June 28, 2026	166,666	0.15
Warrants – Broker warrants *	August 12, 2026	333,333	0.15
Warrants – Broker warrants *	September 2, 2026	133,333	0.15
Warrants – Broker warrants *	December 13, 2026	142,857	0.07

(Expressed in Canadian dollars)

Warrants – Broker warrants *	January 24, 2027	150,000	0.07
Warrants – Broker warrants *	June 1, 2027	348,000	0.05
Warrants – Broker warrants *	September 23, 2027	210,000	0.10
Warrants – Broker warrants *	August 16, 2027	200,000	0.05
Warrants – Broker warrants *	February 8, 2028	3,170,000	0.05
		5,092,749	

* Upon exercise of the broker unit, an additional warrant will be issued for each unit exercised

The weighted average remaining contractual life of warrants outstanding at December 31, 2023 is 3.43 years (December 31, 2022 - 3.63 years).

The fair value of warrants granted during the year ended December 31, 2023 has been estimated at the date of the grant using the Black- Scholes option pricing model with the following assumptions:

Grant date	Expected dividend yield %	Risk-free interest %	Expected volatility %	Expected life
February 9, 2022	0	1.60	119	4
May 30, 2022	0	3.15	141	2.42
September 2, 2022	0	3.27	129	4
January 27, 2023 and February 8, 2023	0	1.59	147	5

6. Related party transactions

Compensation of key management and directors
Key management compensation expense includes the Chief Executive Officer, the Chief Financial Officer and directors.

For the year ended December 31	**2023** **$**	2022 $
Salaries and management fees	**193,040**	-
Exploration expenditures	**-**	110,000
Accounting services with a corporation related to an officer	**-**	107,687
Share-based compensation	**36,868**	131,034
	229,908	348,721

Total amount of debts settled with directors/members of management during the year ended December 31, 2023, through issuance of shares and warrants were $nil (December 31, 2022 - $1,114,639). A gain on debt settlement was recognized in the amount of $nil (December 31, 2022 - $40,347).

Total Mount Suckling acquisition payments to a corporation whose directors were directors of the Company during the year ended December 31, 2023 were $nil (December 31, 2022 - $732,091).

Accounts payable and accrued liabilities as at December 31, 2023, include amounts owing to current and former directors and officers in the amount of $68,611 (December 31, 2022 - $28,814). These amounts are unsecured, non-interest bearing and have no fixed terms of repayment.

A total of $75,110 in amounts payable to a former director of the Company was written off during the year ended December 31, 2023 (December 31, 2022 - $nil).

(Expressed in Canadian dollars)

7. Commitments and contingencies

The Company has discontinued mining operations in various jurisdictions. An estimate of the total liability, if any, for which the Company might become obligated as a result of its role as operator, guarantor, or indemnifier is not determinable, nor expected to be material, and no amount has been provided in these financial statements.

The Company's mining and exploration activities are subject to various laws and regulations governing the protection of the environment. These laws and regulations are continually changing and generally becoming more restrictive. The Company believes its operations are materially in compliance with all applicable laws and regulations. The Company has made, and expects to make in the future, expenditures to comply with such laws and regulations.

The Company is party to employment agreements with its employees. These contracts contain clauses requiring additional payments to be made upon the occurrence of certain events such as change of control. The additional commitments total approximately $67,500. As a triggering event has not taken place, the contingent payments have not been reflected in these consolidated financial statements.

8. Income taxes

the reconciliation of combined federal and provincial statutory tax rate of 26.5% to the effective tax rate is as follows:

	2023 **$**	**2022** **$**
Loss before income taxes	**(315,608)**	(2,265,812))
Expected income tax benefit based on statutory rate	**(84,000)**	(586,000)
Adjustment to expected income tax recovery:		
Share based compensation	**10,000**	33,000
Expenses not deductible for tax purposes	**426,000**	-
Change in unrecorded deferred tax asset	**(352,000)**	553,000
Change in benefit of tax assets not recognized	**-**	-
Deferred income tax provision (recovery)	**-**	-

Deferred taxes are a result of temporary differences that arise due to the differences between the income tax values and the carrying amount of assets and liabilities.

	2023 **$**	2022 $
Non-capital losses	**4,463,000**	4,127,000
Share issuance costs	**219,000**	231,000
Resource related deductions	**4,178,000**	5,406,000
Net deferred income tax asset	**8,860,000**	9,764,000

The tax losses expire from 2037 to 2043. Deferred tax assets have not been recognized in respect of these items because it is not probable that future taxable profit will be available against which the Company can use the benefits.

The Company has approximately $4,178,000 of foreign exploration and development expenditures as at December 31, 2023, which under certain circumstances, may be utilized to reduce taxable income of future years.

9. Capital management

The mineral properties of the Company are in the exploration and development stage and, as a result, the Company currently has no source of operating cash flow. The Company intends to raise such funds as and when required to complete its projects. There is no assurance that the Company will be able to raise additional funds on reasonable terms. The only sources of future funds presently available to the Company are through the issuance of share and debt instruments. The ability of the Company to arrange such financing in the future will depend in part upon the prevailing capital market conditions as well as the business performance of the Company. There can be no assurance that the Company will be successful in its efforts to arrange additional financing, if needed.

Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Company, is reasonable. There were no changes in the Company's approach to capital management during the years ended December 31, 2023 and 2022.

10. Financial risk factors

The Company's risk exposures and the impact on the Company's financial instruments are summarized below. There have been no significant changes in the risks, objectives, policies and procedures from the previous period.

Credit Risk
The Company's credit risk is primarily attributable to cash and term deposits. The Company has no significant concentration of credit risk arising from operations. Cash and term deposits have been invested with reputable financial institutions, from which management believes the risk of loss to be remote.

Liquidity risk
The Company's approach to managing liquidity risk is to ensure that it will have sufficient liquidity to meet liabilities when due. As at December 31, 2023, the Company had a cash balance of $8,190 (December 31, 2022 - $3,591) to settle current liabilities of $178,009 (December 31, 2022 - $303,302). The Company's accounts payable and accrued liabilities generally have contractual maturities of less than 30 days and are subject to normal trade terms.

Interest rate risk
The Company has cash balances and no interest-bearing debt. The Company's current policy is to invest excess cash in investment-grade short-term deposit certificates issued by banking institutions. The Company periodically monitors the investments it makes and is satisfied with the credit ratings of its banks. The Company is sensitive to changes in the interest rates through interest income earned on its cash balance.

Price risk
Price risk with respect to commodity prices is remote since the Company is not a producing entity.

Fair value of financial instruments
IFRS require that the Company disclose information about the fair value of its financial assets and liabilities. Fair value estimates are made at the balance sheet date based on relevant market information and information about the financial instrument. These estimates are subjective in nature and involve uncertainties in significant matters of judgement and therefore cannot be determined with precision. Changes in assumptions could significantly affect these estimates.

As at December 31, 2023 and 2022, the carrying and fair value amounts of the Company's financial instruments are approximately the same because of the short-term nature of these instruments.

11. Subsequent events

On March 2, 2024, 280,575 stock options expired unexercised.

On April 12, 2024, the Company and the vendor of the Lost Molly property entered into an amending agreement to change the date of the first anniversary payment of $80,000 to the earlier of the date which is one week following the first financing after a potential consolidation of the shares of the Company or August 1, 2024. In addition, $35,000 of the Year 1 Exploration Work Expenditures are required to be completed before August 1, 2024 and the Year 2 Exploration Work Expenditures is amended to $115,000.