COLLECTIVE METALS INC.

(FORMERLY ARCTIC FOX MINERALS CORP.)

Consolidated Financial Statements

For the years ended December 31, 2023 and 2022

(Expressed in Canadian Dollars)

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INDEPENDENT AUDITOR'S REPORT

To the Shareholders of Collective Metals Inc. (formerly Arctic Fox Minerals Corp.):

Opinion

We have audited the consolidated financial statements of Collective Metals Inc. (formerly Arctic Fox Minerals Corp.) and its subsidiaries (together, the "Company"), which comprise the consolidated statements of financial position as at December 31, 2023 and 2022 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 material accounting policy information.

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

Material Uncertainty Related to Going Concern

We draw attention to Note 1 in the consolidated financial statements, which describes the conditions indicating that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements for the year ended December 31, 2023. 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.

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

Key audit matter	How our audit addressed the key audit matter
Assessment of the existence of impairment indicators for exploration and evaluation assets	
Refer to note 3	Our approach to addressing the matter involved the following procedures, among others:
As at December 31, 2023, the carrying amount of the Company's exploration and evaluation assets was $3,034,494. At each reporting period, management assesses exploration and evaluation assets to determine whether there are any indicators of impairment. If any such indicators exist, the asset's recoverable amount is estimated. An impairment loss is recognized if the carrying amount of an asset exceeds its estimated recoverable amount. Management assesses exploration and evaluation assets for impairment based on, at minimum, the presence of any of the following indicators: (i) the period for which the Company has the right to explore in the specific area has expired during the year or will expire in the near future, and is not expected to be renewed; (ii) substantive expenditure on further exploration for, and evaluation of, mineral resources in the specific area is neither budgeted nor planned; (iii) the Company has decided to discontinue exploration for and evaluation of mineral resources in the specific area; and/or (iv) for areas of likely development, available data indicates that the carrying amount exceeds the recoverable amount. An impairment indicator was identified for the Up Town Mineral Property Assets. The carrying amount exceeds the recoverable amount of the asset and for the year ended December 31, 2023, an impairment of $990,546 was recognized. We considered this a key audit matter due to the significance of the exploration and evaluation assets and the judgments made by management in their assessment of impairment indicators related to the exploration and evaluation assets. These factors have resulted in a high degree of subjectivity in performing audit procedures, related to the judgment applied by management.	Evaluating the judgments made by management in assessing for the presence of impairment indicators, which included the following: • Obtained evidence to support (i) the right to explore the area and (ii) claim expiration dates, by reference to government registries for a sample of claims under the related purchase and option agreements. • Read the board of directors' minutes and resolutions, and budgets and work programs supporting the continued and planned exploration expenditures. • Assessed whether available data indicates the potential for commercially viable mineral resources. • Based on evidence obtained in other areas of the audit, considered whether other facts and circumstances suggest that the carrying amount may exceed the recoverable amount.

Other Information

Management is responsible for the other information. The other information comprises the information included in the Management's Discussion and Analysis filed with the relevant Canadian securities commissions.

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 and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit and remain alert for indications that the other information appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact 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 IFRS Accounting 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.

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.

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

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

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

The engagement partner on the audit resulting in this independent auditor's report is Doris Yingying Cen.

Baker Tilly WM LLP

CHARTERED PROFESSIONAL ACCOUNTANTS

Vancouver, B.C.
April 25, 2024

COLLECTIVE METALS INC. (FORMERLY ARCTIC FOX MINERALS CORP.)
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
(EXPRESSED IN CANADIAN DOLLARS)

	Note	**As at December 31, 2023 $**	As at December 31, 2022 $
ASSETS			
Current assets			
Cash		**771,840**	70,106
Taxes recoverable		**158,338**	75,403
Prepaid expenses	4,10	**152,466**	27,577
Total current assets		**1,082,644**	173,086
Exploration and evaluation assets	3	**3,034,494**	945,048
TOTAL ASSETS		**4,117,138**	1,118,134
LIABILITIES			
Current liabilities			
Accounts payable and accrued liabilities	7	**480,865**	487,005
Promissory note	5,7	**2,050**	2,050
Flow-through liability	6	**135,484**	-
TOTAL LIABILITIES		**618,399**	489,055
SHAREHOLDERS' EQUITY			
Share capital	6	**7,325,069**	2,338,449
Warrant reserve	6	**171,155**	-
Option reserve	6	**228,629**	-
Shares issuable	6	**115,000**	-
Deficit		**(4,341,114)**	(1,709,370)
TOTAL SHAREHOLDERS' EQUITY		**3,498,739**	629,079
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		**4,117,138**	1,118,134

Nature and continuance of operations (Note 1)
Commitments (Note 3, 10)
Subsequent events (Note 12)

Approved on behalf of the Board of Directors on April 25, 2024:

"Milos Masnikosa" — Director

"Paul Chung" — Director

COLLECTIVE METALS INC. (FORMERLY ARCTIC FOX MINERALS CORP.)
CONSOLIDATED STATEMENTS OF LOSS AND COMPREHENSIVE LOSS
(EXPRESSED IN CANADIAN DOLLARS)

	Note	Year ended December 31, 2023 $	December 31, 2022 $
Expenses			
Filing fees		**35,255**	34,640
Investor communications		**1,174,939**	4,413
Management fees	7	**30,000**	88,250
Professional fees		**170,311**	198,206
Consulting fees	7	**152,700**	490,000
Share-based compensation	6,7	**228,629**	-
Office		**27,864**	14,723
Loss before other expenses		**(1,819,698)**	(830,232)
Other income (expense)			
Impairment of exploration and evaluation assets	3	**(990,546)**	-
Gain on settlement of accounts payable	6	**178,500**	20,159
Net loss and comprehensive loss for the year		**(2,631,744)**	(810,073)
Net loss and comprehensive loss per share – basic and diluted		**(0.10)**	(0.11)
Weighted average number of common shares outstanding		**25,873,461**	7,814,661

COLLECTIVE METALS INC. (FORMERLY ARCTIC FOX MINERALS CORP.)
CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY
(EXPRESSED IN CANADIAN DOLLARS)

	Note	Share capital Number of shares #	Share capital Amount $	Warrant Reserve $	Option Reserve $	Shares Issuable $	Deficit $	Total $
Balance at December 31, 2021		**7,035,634**	**2,125,599**	**-**	**-**	**-**	**(899,297)**	**1,226,302**
Shares issued to settle accounts payable	6	473,000	212,850	-	-	-	-	212,850
Net loss and comprehensive loss for the year		-	-	-	-	-	(810,073)	(810,073)
Balance at December 31, 2022		**7,508,634**	**2,338,449**	**-**	**-**	**-**	**(1,709,370)**	**629,079**
Balance at December 31, 2022		7,508,634	2,338,449	-	-	-	(1,709,370)	629,079
Shares issued to settle accounts payable	6	510,000	76,500	-	-	-	-	76,500
Shares issued to former CEO	6	100,000	15,000	-	-	-	-	15,000
Shares issued for private placement	6	15,697,413	2,694,327	-	-	-	-	2,694,327
Share issuance costs	6	-	(379,207)	171,155	-	-	-	(208,052)
Shares issued for Landings Lake and Whitemud Lake acquisitions	3, 6	11,700,000	2,318,000	-	-	-	-	2,318,000
Shares issued under the Princeton option agreement	3, 6	1,000,000	220,000	-	-	-	-	220,000
Share-based compensation	6, 7	-	-	-	228,629	-	-	228,629
Exercise of warrants	6	210,000	42,000	-	-	-	-	42,000
Shares issuable – exercise of warrants	6	-	-	-	-	115,000	-	115,000
Net loss and comprehensive loss for the year		-	-	-	-	-	(2,631,744)	(2,631,744)
Balance at December 31, 2023		**36,726,047**	**7,325,069**	**171,155**	**228,629**	**115,000**	**(4,341,114)**	**3,498,739**

On March 13, 2023, the Company completed a share consolidation on the basis of ten (10) old shares for one (1) new share. For all periods presented, common shares, warrants, stock options and any amounts for those instruments that are stated on a per-unit basis have been adjusted for the 10-for-1 share consolidation.

COLLECTIVE METALS INC. (FORMERLY ARCTIC FOX MINERALS CORP.)
CONSOLIDATED STATEMENTS OF CASH FLOWS
(EXPRESSED IN CANADIAN DOLLARS)

	Year ended	
	December 31, 2023 $	December 31, 2022 $
Operating activities		
Net loss for the year	**(2,631,744)**	(810,073)
Items not affecting cash:		
Consulting fees paid by common shares	**15,000**	-
Gain on settlement of accounts payable	**(178,500)**	(20,159)
Share-based compensation	**228,629**	**-**
Impairment of exploration and evaluation assets	**990,546**	**-**
Changes in non-cash working capital items:		
Taxes recoverable	**(82,935)**	(40,704)
Prepaid expenses	**(124,889)**	26,327
Accounts payable and accrued liabilities	**248,860**	645,929
Net cash used in operating activities	**(1,535,033)**	(198,680)
Investing activities		
Expenditures on exploration and evaluation assets	**(541,992)**	(91,197)
Net cash used in investing activities	**(541,992)**	(91,197)
Financing activities		
Proceeds from exercise of warrants	**42,000**	**-**
Proceeds received for subsequent warrants exercise	**115,000**	**-**
Proceeds from issuance of share capital	**2,829,811**	**-**
Share issuance costs	**(208,052)**	**-**
Net cash provided by financing activities	**2,778,759**	**-**
Change in cash	**701,734**	(289,877)
Cash, beginning of year	**70,106**	359,983
Cash, end of year	**771,840**	70,106
Non-Cash Investing and Financing Activities:		
Share capital issued to settle accounts payable	76,500	212,850
Share capital issued for Landings Lake and Whitemud Lake acquisitions	2,318,000	-
Share capital issued under the Princeton option agreement	220,000	-
Flow through liability for flow through units	135,484	
Fair value of agent’s warrants	171,155	-

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

1. Nature and continuance of operations

Collective Metals Inc. (formerly Arctic Fox Minerals Corp.) ("Collective" or the "Company") was incorporated under the laws of the province of Ontario, Canada, and its principal activity is the acquisition and exploration of exploration and evaluation assets in Canada. On June 27, 2022, the Company listed on the Canadian Securities Exchange ("CSE") under the ticker FOXY. Concurrent with the Company's change of name on March 8, 2023, the Company's ticker was amended to COMT.

On March 13, 2023, the Company completed a share consolidation on the basis of ten (10) old shares for one (1) new share. For all periods presented, common shares, warrants, stock options and any amounts for those instruments that are stated on a per-unit basis have been adjusted for the 10-for-1 share consolidation.
On April 20, 2023, the Company completed the acquisition of all of the issued and outstanding shares of 1335025 B.C. Ltd. On July 20, 2023, the Company completed the acquisition of all of the issued and outstanding shares of 1000587016 Ontario Ltd.

The head office, registered office and principal place of business of the Company is located at 409 – 22 Leader Lane, Toronto, Ontario, Canada, M5E 0B2.

These consolidated 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 assets and discharge liabilities in the ordinary course of business. The Company has not advanced its mining properties to commercial production and has incurred operating losses and negative operating cashflows since inception of its business. Different bases of measurement may be appropriate if the Company is not expected to continue operations for the foreseeable future. As at December 31, 2023, the Company has completed share issuances to finance operations. The Company's continuation as a going concern is dependent upon its ability to seek and acquire exploration properties, and its ability to attain profitable operations and generate funds therefrom and/or raise equity capital or borrowings sufficient to meet current and future obligations. Management intends to finance operating costs and fund its exploration activities over the next twelve months with proceeds from private placement(s) of common shares and/or loans from directors and companies controlled by directors. There is no assurance financing will be available on acceptable terms, or at all.

These conditions give rise to a material uncertainty which may cast significant doubt on the Company's ability to continue as a going concern. These consolidated financial statements do not include any adjustments to the amounts and classification of assets and liabilities that might be necessary should the Company be unable to continue in the normal course of business. Such adjustments could be material.

2. Statement of compliance and material accounting policy information

These consolidated financial statements were authorized for issue on April 25, 2024, by the Board of Directors of the Company.

Statement of compliance with IFRS Accounting Standards

The consolidated financial statements of the Company comply in all material respects with IFRS Accounting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and interpretations of the IFRS Interpretations Committee ("IFRIC").

2. Statement of compliance and material accounting policy information (continued)

Basis of presentation

These consolidated financial statements are based on historical cost, except for financial instruments measured at fair value. The consolidated financial statements are presented in Canadian dollars, unless otherwise noted, which is the functional currency of the Company and its subsidiaries. In addition, the consolidated financial statements have been prepared on the accrual basis, except for cash flow information.

Basis of Consolidation

The consolidated financial statements include the accounts of the Company and its subsidiaries. Details of subsidiaries, all of which are located in Canada, are as follows:

	Percentage Owned	
	December 31, 2023	December 31, 2022
1335025 B.C. Ltd.	100%	-
1000587016 Ontario Ltd.	100%	-

Inter-company balances and transactions are eliminated on consolidation.
Consolidation of an investee begins when the Company obtains control over the subsidiary and ceases when the Company loses control of the subsidiary. Control is achieved when the Company 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. Specifically, the Company controls an investee if and only if the Company has:

- Power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee);
- Exposure, or rights, to variable returns from its involvement with the investee; and
- The ability to use its power over the investee to affect its returns.

Functional and presentation currency

The functional currency is the currency of the primary economic environment in which an entity and its subsidiaries operate in and has been determined to be the Canadian dollar for the Company and its subsidiaries, which is also the Company's presentation currency. Transactions in currencies other than the Canadian dollar are recorded at exchange rates prevailing on the dates of the transactions. At the end of each reporting period, the monetary assets and liabilities of the Company and its subsidiaries that are denominated in a currency other than the Canadian dollar are translated at the exchange rate at the reporting date, while non-monetary assets and liabilities are translated at historical rates. Expenses are translated at the exchange rates approximating those in effect on the date of the transactions. Exchange gains and losses arising on translation are included in profit or loss the period in which they arise.

Exploration and evaluation assets

Acquisition costs incurred prior to an acquisition which management expects will close are capitalized as prepaid deposits. Costs incurred before the Company has obtained the legal rights to explore an area are recognized in profit or loss.

Once the legal rights to explore an area are obtained, the Company capitalizes exploration and evaluation expenditures as intangible assets on a property-by-property basis. Exploration and evaluation expenditures include the costs of acquiring licenses, costs associated with exploration and evaluation activity, and the fair value (at acquisition date) of exploration and evaluation assets acquired in a business combination or asset acquisition.

Once the technical feasibility and commercial viability of the extraction of mineral resources in an area of interest are demonstrable, exploration and evaluation assets attributable to that area of interest are first tested for impairment and then reclassified to mining property and development assets within property, plant and equipment.

2. Statement of compliance and material accounting policy information (continued)

Exploration and evaluation assets (continued)

All capitalized mineral property costs are reviewed at each reporting date, on a property-by-property (cash generating unit) basis, to consider whether there are any conditions that may indicate impairment. When the carrying amount of a property exceeds its net recoverable amount that may be estimated with reference to evidence such as an economic geological resource or reserve, appraisals prepared or arranged by principals to a transaction or the Company's assessment of expected proceeds from the sale of the property less selling costs , the carrying amount is reduced to the recoverable amount by way of an impairment loss recognized in profit or loss. Recoverability of the carrying amount of any exploration and evaluation assets is dependent on successful development and commercial exploitation, or alternatively, sale of the respective areas of interest.

The amounts capitalized for exploration and evaluation assets represent costs incurred to date less impairment.

The recoverable amount is the greater of an asset's fair value, less cost of disposal, and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects the current market assessments of the time value of money and the risks specific to the asset. For an asset that does not generate cash inflows, largely independent of those from other assets, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

An impairment loss is only reversed if there is an indication that the impairment loss may no longer exist and there has been a change in the estimates used to determine the recoverable amount, however, not to an amount higher than the carrying amount that would have been determined had no impairment loss been recognized in previous periods.

Share capital

Financial instruments issued by the Company are classified as equity only to the extent that they do not meet the definition of a financial liability or financial asset. The Company's common shares are classified as equity instruments. Incremental costs directly attributable to the issue of new shares or warrants are shown in equity as a deduction from the proceeds.

Proceeds received on the issuance of units, consisting of common shares and warrants, are allocated first to common shares based on the fair value. The fair value of the shares is based on the trading price of those shares on the applicable stock exchange. If there is a residual value, after deducting the fair value of the common shares issued from the proceeds received, that residual value is allocated to warrants.

Any premium received by the Company on the issuance of flow-through shares is initially recorded as a liability ("flow-through liability"). Upon renouncement by the Company of the tax benefits associated with the related exploration and/or evaluation expenditures, the company derecognizes the flow-through liability and recognizes other income.

Income (loss) per share

Basic income (loss) per share is calculated by dividing the net income or loss attributable to common shareholders by the weighted average number of common shares outstanding in the period. In calculating the diluted income per share, the weighted average number of common shares outstanding assumes that the proceeds to be received on the exercise of dilutive share options and warrants are used to repurchase common shares at the average market price during the period. Diluted loss per share equals basic loss per share, as the effect of dilutive share options and warrants would be anti-dilutive.

2. Statement of compliance and material accounting policy information (continued)

Financial instruments

Classification

The Company classifies its financial instruments in the following categories: at fair value through profit or loss ("FVTPL"), at fair value through other comprehensive income (loss) ("FVTOCI") or at amortized cost. The Company determines the classification of financial assets and financial liabilities at initial recognition, which is when the Company becomes party to the contractual provisions of the financial instrument. 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. The Company reclassifies financial assets when and only when its business model for managing those assets changes. Financial liabilities are not reclassified.

Measurement

Financial assets and liabilities at amortized cost

Financial assets and liabilities at amortized cost are initially recognized at fair value plus or minus transaction costs, respectively, and subsequently carried at amortized cost less any impairment using the effective interest method. Financial assets held within a business model with the objective of collecting contractual cash flows, for which the contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding, are measured at amortized cost. The effective interest rate is the rate that discounts estimated future cash flows over the expected life of the financial instrument, or where appropriate, a shorter period.

Financial assets and liabilities at FVTPL

Financial assets and liabilities carried at FVTPL are initially recorded at fair value and transaction costs are expensed in profit or 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 profit or loss in the period in which they arise. Where management has opted to recognize a financial liability at FVTPL, any changes attributable to changes in the credit risk of that liability are recognized in other comprehensive income (loss).

Financial assets at FVTOCI

Financial assets held within a business model where the objective is achieved by both collecting contractual cash flows and selling financial assets are measured at FVTOCI.

The Company does not currently hold any financial instruments designated as FVTOCI.

2. Statement of compliance and material accounting policy information (continued)

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 credit risk on 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. To assess whether there is a significant increase in credit risk, the Company compares the risk of a default occurring on the asset as the reporting date with the risk of default as at the date of initial recognition based on all information available, and reasonable and supportive forward-looking information. The Company shall recognize in profit or 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. A write-off of a financial asset (or a portion thereof) constitutes a derecognition event. Write-off occurs when the Company has no reasonable expectations of recovering the contractual cash flows on a financial asset.

Derecognition

Financial assets

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

Financial liabilities

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

Share-based payments

From time to time, the Company may issue common shares or share purchase warrants or grant options to purchase common shares to directors, officers, employees and non-employees. The Company accounts for share-based payments, for its employees at the fair value on the grant date and recognizes the cost as a compensation expense over the period that the employees become entitled to the award. Share-based payments issued or granted to non-employees are measured at the fair value of goods or services received unless that cannot be reasonably estimated in which case the fair value of the equity instrument is used. The fair value of stock options on the grant date and of share purchase warrants issued for transaction costs in common share placements is determined using the Black-Scholes option pricing model. The amount recognized as an expense is adjusted to reflect the number of awards for which the employee's service conditions are expected to be met such that the amount ultimately recognized as an expense is based on the number of awards that do meet the related service conditions at the vesting date. A corresponding increase is recognized in warrant reserve or option reserve, as applicable for these costs.

The use of the Black-Scholes option pricing model requires management to make various estimates and assumptions that impact the fair value of the stock options including the forecast future volatility of the stock price, the risk-free interest rate, dividend yield and the expected life of the stock options. Any changes in these assumptions could have a material impact on the fair value. The Company estimates volatility based on historic share prices and historical volatilities of similar entities for a comparable period in their lives. Historical volatility is not necessarily indicative of future volatility. The expected life of stock options or warrants is determined based on their contractual life. There was no recent history of stock option exercises available to consider in the estimate of expected life at the time of grant.

2. Statement of compliance and material accounting policy information (continued)

Income taxes

Current income tax

Current income tax assets and liabilities for the period are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date

Current income tax relating to items recognized directly in other comprehensive income (loss) ("OCI") or equity is recognized in OCI or equity and not in profit or loss.

Deferred tax

Deferred tax is provided using the liability method on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and recognized only to the extent that it is probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilized.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

Tax assets and tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current tax liabilities, the income taxes relate to the same taxable entity and the same taxation authority, and the Company intends to settle its current tax assets and liabilities on a net basis.

Restoration and environmental obligations

The Company recognizes liabilities for statutory, contractual, constructive or legal obligations associated with the retirement of exploration and evaluation assets, when those obligations result from the acquisition, development or normal operation of the assets. The present value of future restoration cost estimates arising from the decommissioning of plant and other site preparation work is capitalized to exploration and evaluation assets along with a corresponding increase in the restoration provision in the period incurred. Discount rates using a pre-tax rate that reflect the time value of money are used to calculate the present value. The resulting asset is depreciated or depleted, as applicable, on the same basis as mining property and development assets.

The Company's estimates of restoration costs could change as a result of changes in regulatory requirements, discount rates and assumptions regarding the amount and timing of the future expenditures. These changes are recorded directly to exploration and evaluation assets with a corresponding entry to the restoration provision. The Company's estimates are reviewed annually for changes in regulatory requirements, discount rates, effects of inflation and changes in estimates.

Changes in the present value, excluding changes in the Company's estimates of reclamation costs, are charged to profit or loss.

The present value of restoration costs arising from subsequent site damage that is incurred on an ongoing basis during production are charged to profit or loss in the period incurred.

The costs of restoration projects that were included in the provision are recorded against the provision as incurred.

2. Statement of compliance and material accounting policy information (continued)

New standards and interpretations adopted January 1, 2023:

Adoption of amendments to IAS 1 Presentation of Financial Statements

Effective January 1, 2023, amendments to IAS 1 Presentation of Financial Statements were adopted with respect to disclosure of the Company’s accounting policies. The adoption of the amendments did not result in any changes to the Company's accounting policies, the only impact was to the accounting policy information disclosed in the consolidated financial statements. As a result of the adoption of the amendments, ”material accounting policy information” replaced “significant accounting policies” which had been used in all previous periods. Where management determined necessary, clarifying language was applied in order to enhance focus on the materiality of a policy, and immaterial policy language was deleted.

Adoption of amendments to IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors

Effective January 1, 2023, the Company adopted the amendments to IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors with respect to the new definition of "accounting estimates". The amendments clarify how measurement techniques and inputs are used to develop accounting estimates, and further define the recognition and disclosure for changes in accounting policies, correction of prior period errors, and changes to accounting estimates. The definition of a change in accounting estimate was deleted. . The adoption of the amendments did not result in any impact to the Company's consolidated financial statements.

Accounting standards issued but not yet effective

There are no new IFRS or Interpretations that are issued but not yet effective that would be expected to have a material impact on the Company’s consolidated financial statements.

Significant estimates and assumptions

The preparation of consolidated financial statements in accordance with IFRS requires the Company to make estimates and assumptions concerning the future. The Company’s management reviews these estimates and underlying assumptions on an ongoing basis, based on experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Revisions to estimates are adjusted for prospectively in the period in which the estimates are revised.

Estimates and assumptions include, but are not limited to, the following:

- the inputs used in measuring share-based compensation.
- Fair value of common shares issued for acquisitions of exploration and evaluation assets.

Significant judgments

The preparation of consolidated financial statements in accordance with IFRS requires the Company to make judgments, apart from those described above involving estimates, in applying accounting policies. The most significant judgments applied to the Company’s consolidated financial statements are:

- judgment is required in assessing whether certain factors would be considered an indicator of impairment for exploration and evaluation assets. The Company considers both internal and external information to determine whether there is an indicator of impairment present and accordingly, whether it is necessary to estimate the recoverable amounts.
- judgment is required in the determination of asset acquisition or business combination with reference to presence of inputs, processes, and outputs of the entity over which the Company obtains control.

(EXPRESSED IN CANADIAN DOLLARS)

3. Exploration and evaluation assets

Summary of exploration and evaluation assets for the year ended December 31, 2023 and December 31, 2022:

	Whitemud Lake $	**Landings Lake $**	**Princeton $**	**Up Town $**	**Total $**
Balance December 31, 2021	-	-	-	853,851	853,851
Geological/Geophysical	-	-	-	91,197	91,197
Balance December 31, 2022	-	-	-	945,048	945,048
Acquisition Costs - Cash	40,000	50,000	75,000	-	165,000
Acquisition Costs - Shares	1,240,000	1,059,793	220,000	-	2,519,793
Geological/Geophysical	6,353	11,445	272,897	45,498	336,193
Field Expenses	-	-	59,006	-	59,006
Impairment	-	-	-	(990,546)	(990,546)
Balance December 31, 2023	**1,286,353**	**1,121,238**	**626,903**	**-**	**3,034,494**

Landings Lake Property

The Landings Lake property is a lithium property in Ontario consisting of 154 cells comprising 3,147 hectares. The property is located 53 kilometres east of Ear Falls, Ontario.

On April 20, 2023, the Company completed the acquisition of all of the issued and outstanding shares of 1335025 B.C. Ltd. The Company issued 7,700,000 common shares to the shareholders of 1335025 B.C. Ltd. at a fair value of $0.14 per share, representing aggregate share consideration of $1,078,000, in exchange for all of the outstanding common shares of 1335025 B.C. Ltd. In addition to the issuance of the Company's common shares, the Company incurred $50,000 as transaction costs. The acquisition did not meet the definition of a business combination under IFRS 3 and as such was recorded as an asset acquisition. As of April 20, 2023, the Company owns 100% of 1335025 B.C. Ltd. 1335025 B.C. Ltd. was consolidated as a subsidiary from the date of acquisition. The net assets acquired consisted of the Landings Lake property which was the sole asset and there were no liabilities.

Princeton Project

On May 9, 2023, the Company signed an option agreement to acquire 70% of the Princeton Project, a copper-gold project located in south-central BC covering 70,570 acres (the "Princeton Project") from Tulmeen Resources Corporation ("Tulmeen"). The terms of the agreement are as follows:

a) paying Tulmeen an aggregate of $500,000 in cash as follows:
   i. $50,000 on or before the date that is ten (10) calendar days after May 9, 2023 (the Effective Date") (paid);
   ii. $25,000 on or before: (A) the date that the Company consummates an equity investor financing providing not less than $200,000 in gross cash proceeds to the Company; or (B) December 1, 2023, whichever is earlier (paid);
   iii. $100,000 on or before May 9, 2024;
   iv. $162,500 on or before May 9, 2025; and
   v. $162,500 on or before May 9, 2026;
b) issuing to Tulmeen an aggregate of 7,000,000 common shares ("Shares") as follows:
   i. 1,000,000 Shares on or before the date that is ten (10) calendar days after the Effective Date (issued);
   ii. 1,500,000 Shares on or before May 9, 2024;
   iii. 2,000,000 Shares on or before May 9, 2025; and
   iv. 2,500,000 Shares on or before May 9, 2026; and

3. Exploration and evaluation assets (continued)

Princeton Project (continued)

c) incurring a minimum of $1,400,000 in exploration expenditures on the Princeton Project as follows:
   i. $300,000 on or before September 9, 2024, $85,000 of which must be incurred before June 30, 2023 (complete);
   ii. $300,000 on or before May 9, 2025;
   iii. $300,000 on or before May 9 , 2026; and
   iv. $500,000 on or before May 9, 2027

Whitemud Lake Property

The Whitemud Lake property is a lithium project in Ontario consisting of 381 single cell mining claims totaling 7,775 hectares.

On July 20, 2023, the Company completed the acquisition of all of the issued and outstanding shares of 1000587016 Ontario Ltd. The Company issued 4,000,000 common shares to the Whitemud Vendors at a fair value of $0.31 per share, representing aggregate share consideration of $1,240,000, in exchange for all of the outstanding common shares of 1000587016 Ontario Ltd. In addition to the issuance of the Company's common shares, the Company incurred $40,000 of transaction costs. The acquisition did not meet the definition of a business combination under IFRS 3 and as such was recorded as an asset acquisition. As of July 20, 2023, the Company owns 100% of 1000587016 Ontario Ltd. 1000587016 Ontario Ltd. was consolidated as a subsidiary from the date of acquisition. The net assets of 1000587016 consisted of the Whitemud Lake property which was the sole asset and there were no liabilities.

Up Town Mineral Property Assets

On December 4, 2020, and amended on March 18, 2021 and January 11, 2022, the Company entered into an Assignment and Assumption agreement (the "Assignment Agreement") with Rover Critical Minerals Corp. (formerly Rover Metals Corp.) (the "Assignor") and Silver Range Resources Ltd. ("SRR"). During the year the Company terminated this option agreement and recognized an impairment of the carrying amount in full.

The Assignor, SRR and Panarc Resources Ltd. ("Panarc") are parties to a property option agreement dated September 9, 2016, as amended on August 15, 2017, April 6, 2018, September 5, 2018 and February 18, 2020 (collectively the "Option Agreement") pursuant to which SRR granted to the Assignor an option (the "First Option") to acquire a 75% interest in certain mineral claims located in the Northwest Territories (the "Up Town Mineral Property Assets").

Under the Option Agreement, the Assignor was also granted a second option (the "Second Option") to acquire from SRR the remaining 25% interest in the Up Town Mineral Property Assets upon the exercise of the First Option.

Under the Option Agreement, upon the exercise of the First Option, the Up Town Mineral Property Assets shall become subject to a net smelter royalty return interest of 2% in favour of SRR (the "NSR"), which can be reduced to 1% for a cash payment to SRR of $1,000,000.

Under the Assignment Agreement the Company was required to:

i) make a $50,000 (paid) cash payment.

ii) issue to the Assignor, within 25 business days of the Closing Date, such number of common shares of the Company (the "Collective Shares") as is equal to $300,000 divided by the price per share at which the Collective Shares were offered by the Closing Date (issued);

3. Exploration and Evaluation Assets (continued)

Up Town Mineral Property Assets (continued)

iii) complete an aggregate $1,250,000 in Expenditures (as defined in the Option Agreement) as follows:

(1) $500,000 by June 30, 2021 (extended, as per below); and

(2) an additional $750,000 by June 30, 2023 (amended, as per below).

iv) pay an amount of $120,000 to SRR on or before March 16, 2021 (amended, as per below); and

v) ensure that all mineral claims, mining leases and other mining interests into which mineral claims may have been converted are and remain in good standing until the later of: (A) one (1) year from the date of the termination of the First Option; or (B) December 16, 2022 (completed).

Amended terms

On March 18, 2021, the Company, Assignor, and SRR (collectively, the "Parties") agreed to amend certain terms of the Assignment Agreement (“Amending Agreement”) as follows:

1. The Company will issue to the Assignor, within five days of the execution of the Amending Agreement, 300,000 Collective Shares (issued);
2. The Company will complete an aggregate $1,250,000 in Expenditures as follows:
   (1) $500,000 by December 31, 2021 (incurred); and
   (2) an additional $750,000 by December 31, 2022 (extended, see below).
3. The Company will pay the amount of $120,000 to SRR in two instalments as follows:
   (1) $75,000 upon execution of the Amending Agreement (paid); and
   (2) $45,000 as of August 13, 2021 (paid).
4. The Company will launch a new second private placement of Collective Shares within two days of the execution of the Amending Agreement (completed).

On March 23, 2021, the Company issued 300,000 shares at a fair value of $300,000 to the Assignor, to satisfy the terms of the assignment agreement. As of December 31, 2023, the Company had paid $50,000 to the Assignor, as well as $120,000 to SRR. On January 11, 2022, the Parties agreed to amend the Assignment Agreement whereby the Company would incur an additional $750,000 in Exploration Expenditures by June 30, 2023.

On August 9, 2023, the Up Town property option agreement pursuant to the assignment and assumption between the Assignor and SRR, was terminated.

(EXPRESSED IN CANADIAN DOLLARS)

4. Prepaid expenses

	As at December 31, 2023 $	As at December 31, 2022 $
Exploration expenditures	**55,000**	18,705
Insurance	**-**	7,720
General and administrative	**23,027**	1,152
Marketing	**74,439**	-
Total	**152,466**	27,577

5. Promissory note

	As at December 31, 2023 $	As at December 31, 2022 $
Balance, beginning and end of year	**2,050**	2,050

During the year ended December 31, 2021, the Company repaid a promissory note with a former related party (the "Promissory Note"). The Promissory Note bore interest at 5% per month compounded monthly and was due on demand. The principal amount of the Promissory Note of $20,000 has been repaid. As at December 31, 2023, $2,050 (December 31, 2022 – $2,050) in accrued interest remains owing.

6. Share capital

Authorized share capital

The authorized share capital of the Company is an unlimited number of common shares without par value and an unlimited number of preferred shares without par value. All issued shares, consist only of common shares and are fully paid.

a. Issued share capital

As at December 31, 2023, the Company had 36,726,047 (December 31, 2022 – 7,508,634) shares outstanding.

During the year ended December 31, 2023

On February 6, 2023, the Company issued 510,000 common shares with a fair value of $76,500 to settle accounts payable with third parties of $237,500 and the former CEO of $17,500, totaling $255,000 of amounts owed. The Company recognized a gain on settlement of accounts payable of $178,500.

On February 6, 2023, the Company issued 100,000 common shares with a fair value of $15,000 to the former CEO pursuant to an employment agreement between the Company and the former CEO.

On March 13, 2023, the Company completed a share consolidation on the basis of ten (10) old shares for one (1) new share. For all periods presented, common shares, warrants, stock options and any amounts for those instruments that are stated on a per-unit basis have been adjusted for the 10-for-1 share consolidation.

On March 24, 2023, the Company closed a non-brokered private placement of 8,840,000 units at $0.125 per unit for gross proceeds of $1,105,000 (the "Offering"). Each unit consists of one common share and one whole common share purchase warrant. Each warrant entitles the holder to purchase one additional common share at a price of $0.20 on or before March 23, 2025. Using the residual value method, no proceeds were attributed to the warrants on closing of the offering. In connection with the Offering, the Company incurred share issuance costs of $16,916 and paid eligible finders a cash commission of $74,235, and issued 593,600 share purchase warrants that were valued at $66,880 using the Black Scholes model with an expected life of 2 years, volatility of 155% and a risk-free rate of 3.42%. Each finder's warrant entitles the holder thereof to purchase one common share at a price of $0.20 per share.

On April 20, 2023, the Company issued 7,700,000 common shares at their fair value of $0.14 for consideration of $1,078,000 for the acquisition of the Landings Lake property (note 3).

On May 18, 2023, the Company issued 1,000,000 common shares with a fair value of $220,000 pursuant to the Princeton option agreement (note 3).

On June 23, 2023, the Company closed a non-brokered private placement of 5,728,381 units at $0.24 per unit for gross proceeds of $1,374,811. Each unit consists of one common share and one whole common share purchase warrant. Each warrant entitles the holder to purchase one additional common share at a price of $0.35 on or before June 23, 2025. Using the residual value method, no proceeds were attributed to the warrants on closing of the offering. In connection with the offering, the Company paid eligible finders a cash commission of $92,402 and issued 385,003 share purchase warrants that were valued at $94,515 using the Black Scholes model with an expected life of 2 years, volatility of 155% and a risk-free rate of 4.66%. Each finder's warrant entitles the holder thereof to purchase one share at a price of $0.35 per share on the same terms as the warrants that were attached to the unit in the offering.

(EXPRESSED IN CANADIAN DOLLARS)

6. Share capital (continued)

a. Issued share capital (continued)

During the year ended December 31, 2023 (continued)

On July 20, 2023, the Company issued 4,000,000 common shares at their fair value of $0.31 for share consideration of $1,240,000, in exchange for the acquisition of the Whitemud Lake property (note 3).

On November 8, 2023, the Company issued 210,000 common shares for gross proceeds of $42,000 on the exercise of 210,000 share purchase warrants.

On November 22, 2023, the Company closed a non-brokered private placement of 1,129,032 flow-through (FT) units at a price of $0.31 per FT unit for gross proceeds of $350,000. Each FT unit consists of one common share of the Company issued on a flow-through basis (each, a "FT Share") and one-half of one share purchase warrant, with each whole warrant exercisable to acquire one non-flow-through common share at a price of $0.35 per share for a period of 24 months from the date of issuance. In connection with the offering, the Company paid eligible finders a cash commission of $24,500 and issued 79,032 share purchase warrants that were valued at $9,760 using the Black Scholes model with an expected life of 2 years, volatility of 155% and a risk-free rate of 4.43%. Each finder's warrant entitles the holder thereof to acquire one common share in the capital of the company at a price of $0.35 per finder's warrant share for a period of 24 months from the date of issuance. The Company recorded a flow-through liability of $135,484.

During the year ended December 31, 2023, the Company received $115,000 in connection with the exercise of warrants and recorded the amount as shares issuable. Subsequent to year end the Company issued 575,000 shares.

During the year ended December 31, 2022

On September 7, 2022, the Company issued 473,000 common shares at a fair value of $212,850 to settle debt of $233,009. The Company recorded a gain of $20,159 on the settlement of accounts payable.

b. Warrants

Below is a summary of warrant transactions during the year ended December 31, 2023:

	Warrants Outstanding	Weighted Average Exercise Price
Balance as at December 31, 2021 and 2022	**-**	**-**
Issued	16,190,532	$0.26
Exercised	(210,000)	$0.20
Balance, as at December 31, 2023	**15,980,532**	**$0.26**

(EXPRESSED IN CANADIAN DOLLARS)

6. Share capital (continued)

b. Warrants (continued)

The warrants outstanding as December 31, 2023, are as follows:

Number of warrants outstanding	Exercise price	Remaining life (years)	Expiry date
8,630,000	$0.20	1.23	March 23, 2025
593,600	$0.20	1.23	March 23, 2025
5,728,381	$0.35	1.48	June 23, 2025
385,003	$0.35	1.48	June 23, 2025
79,032	$0.35	1.90	November 22, 2025
564,516	$0.35	1.90	November 22, 2025
15,980,532	**$0.26**	**1.35**	

c. Stock options

The Company has adopted a stock option plan (the "Plan") which provides eligible directors, officers, employees and consultants with the opportunity to acquire an ownership interest in the Company and is the basis for the Company's long-term incentive scheme. The key features of the Plan are as follows:

- The aggregate number of common shares that may be issued pursuant to the exercise of options awarded under the Plan and all other security-based compensation arrangements of the Company shall not exceed 10% of the outstanding issued and outstanding shares at any given time.
- The options have a maximum term of ten years from the date of issue.
- Options vest as the board of directors of the Company may determine upon the award of the options.
- The exercise price of the shares subject to each option shall be determined by the Board, subject to applicable exchange approval, at the time any option is granted.

The Plan may be terminated at any time by resolution of the board of directors, but any such termination will not affect or prejudice rights of participants holding options at that time. If the Plan is terminated, outstanding options will continue to be governed by the provisions of the Plan.

On May 10, 2023, the Company granted 2,475,000 stock options each with an exercise price of $0.15 expiring on May 10, 2025, to officers, directors and consultants. Each option, upon payment of the exercise price, entitles the holder thereof to receive one common share. The options were valued at $228,629 using the Black Scholes model with an expected life of 2 years, volatility of 135% and a risk-free rate of 3.77%.

Below is a summary of option transactions during the year ended December 31, 2023:

	Options Outstanding	Weighted Average Exercise Price
Balance as at December 31, 2021 and 2022	**-**	**-**
Issued	2,475,000	$0.15
Balance, as at December 31, 2023	**2,475,000**	**$0.15**

(EXPRESSED IN CANADIAN DOLLARS)

6. Share capital (continued)

c. Options (continued)

The options outstanding as at December 31, 2023, are as follows:

Number of options outstanding and exercisable	Exercise price	Remaining life (years)	Expiry date
2,475,000	$0.15	1.36	May 10, 2025
2,475,000	**$0.15**	**1.36**	

7. Related party transactions

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

Included in promissory note at December 31, 2023, is $2,050 (December 31, 2022 - $2,050) owing to a shareholder and former Director of the Company (Note 5).

On February 6, 2023, the Company issued 35,000 common shares with a fair value of $5,250 to settle accounts payable with the former CEO of $17,500. The Company recognized a gain on settlement of accounts payable of $12,250.

On February 6, 2023, the Company issued 100,000 common shares with a fair value of $15,000 to the former CEO pursuant to an employment agreement between the Company and the former CEO.

At December 31, 2023, amounts owing to the key management personnel and companies they control of $39,675 (December 31, 2022 - $50,925) were included in accounts payable and accrued liabilities.

During the year ended December 31, 2023 the Company granted 1,475,000 stock options to key management personnel and recognized $132,750 (2022 - $Nil) in share-based compensation.

During the year ended December 31, 2023 and 2022, the Company entered into the following transactions with key management personnel.

For the year ended	**December 31, 2023** **$**	**December 31, 2022** **$**
Management fees paid/accrued to a former CEO, President and Corporate Secretary	**30,000**	50,000
Management fees paid/accrued to a former CEO, President and Corporate Secretary	**-**	38,250
Consulting fees accrued to a company controlled by the former CFO	**-**	6,000
Consulting fees paid to a company controlled by the CEO	**50,000**	**-**
Consulting fees paid to a company controlled by the CFO	**39,000**	-
Consulting fees paid to a company controlled by a Director	**18,000**	**-**
Consulting fees paid to a Director	**12,200**	**-**
Share-based Compensation	**132,750**	**-**
Total	**281,950**	94,250

(EXPRESSED IN CANADIAN DOLLARS)

8. Financial instrument fair value and risk factors

Fair value

Financial instruments measured at fair value are classified into one of three levels in the fair value hierarchy according to the relative reliability of the inputs used to estimate the fair values. The three levels of the fair value hierarchy are:

- Level 1 – Unadjusted quoted prices in active markets for identical assets or liabilities;
- Level 2 – Inputs other than quoted prices that are observable for the asset or liability either directly or indirectly; and
- Level 3 – Inputs that are not based on observable market data.

The Company's financial instruments include cash, accounts payable and accrued liabilities, and promissory note. The carrying amounts of accounts payable and accrued liabilities and the promissory note approximate their respective fair values due to the short-term to maturity of these financial instruments. Cash is measured based on Level 1 of the fair value hierarchy. There were no transfers between levels in the fair value hierarchy.

The following is an analysis of the Company's financial assets measured at fair value as at December 31, 2023 and December 31, 2022:

	As at December 31, 2023		
	Level 1	**Level 2**	**Level 3**
Cash	$ 771,840	$ -	$ -

	As at December 31, 2022		
	Level 1	**Level 1**	**Level 3**
Cash	$ 70,106	$ -	$ -

8. Financial instrument fair value and risk factors (continued)

Risk factors

The Company is exposed in varying degrees to a variety of financial instrument-related risks.

Credit Risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. The Company's maximum exposure to credit risk is the carrying amount of cash. As at December 31, 2023 cash totaled $771,840 (December 31, 2022 - $70,106). As all of the Company's cash is held at Canadian Schedule 1 banks, in either a trust bank account with the Company's legal firm or demand deposit bank accounts,, management believes that there is minimal credit risk. The Company's exposure to and management of credit risk has not changed materially during the year ended December 31, 2023.

Market Risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk is comprised of interest rate risk and foreign currency risk.

Foreign Currency Risk

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Company's functional currency is the Canadian dollar. From time to time the Company may transact in foreign currencies, such as the Euro, however the Company does not participate in any hedging strategies to offset fluctuations in foreign currencies. The Company's cash is held in Canadian dollars and has payables denominated in Euros. The Company's exposure to and management of foreign currency risk has not changed materially during the year ended December 31, 2023.

Interest Rate Risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rate. The Company's exposure to and management of interest rate risk has not changed materially during the year ended December 31, 2023.

Liquidity Risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset. The Company's objective in managing liquidity risk is to maintain sufficient readily available cash reserves in order to meet its liquidity requirements at any point in time. The Company achieves this by maintaining sufficient cash balances, and raising funds through the issuance of debt or equity when the Company does not have sufficient cash balances. As at December 31, 2023, the Company's exposure to liquidity risk had changed from that of the prior year as the Company had cash of $771,840 (December 31, 2022 - $70,106) to and financial liabilities of $482,915 (December 31, 2022 - $489,055). The Company's management of liquidity risk has not changed materially during the year ended December 31, 2023.

9. Capital management

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to pursue the exploration and development of its exploration and evaluation assets, acquire additional exploration and evaluation interests and to maintain a flexible capital structure which optimizes the costs of capital at an acceptable risk. In the management of capital, the Company includes the components of shareholders' equity, which totaled $3,498,739 at December 31, 2023 (December 31, 2022 - $629,079).

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

The Company currently is not subject to externally imposed capital requirements. There were no changes in the Company's approach to capital management during the year ended December 31, 2023.

10. Commitment

The Company engaged a contractor to conduct a program consisting of geophysics and diamond drilling, to retest historical drill results and to test any identified geophysical anomalies on the Up Town Mineral Property Assets. The contractor was providing the program management for the work to be performed. The program required a total of $590,000 of advances from the Company to the contractor based on certain timings in the work plan. These advances were held in a trust account and payments were approved by the Company based on invoices received from the contractor. At December 31, 2023, the Company had advanced $Nil (December 31, 2022 – $590,000) and $Nil (December 31, 2022 – $571,295) of costs have been incurred by the contractor. The remaining balance of $Nil (December 31, 2022 –$18,705) is included in prepaid expenses (Note 4).

(EXPRESSED IN CANADIAN DOLLARS)

11. Income Tax

A reconciliation of the Company's effective tax rate with the statutory rate for the years ended December 31, 2023 and 2022 is as follows:

For the year ended,	**December 31, 2023 $**	December 31, 2022 $
Net loss for the year	**(2,631,744)**	(810,073)
Statutory tax rate	**27%**	27%
	(710,571)	(218,720)
Reconciling items:		
Non-deductible expenses	**61,730**	-
Share issuance costs and other	**(51,159)**	-
Change in unrecognized deferred tax assets	**700,000**	218,720
Income tax recovery	**-**	**-**

The Company has the following tax-adjusted deductible temporary differences for which no deferred tax asset has been recognized:

As at	**December 31, 2023 $**	December 31, 2022 $
Non-capital loss carryforwards	**767,000**	379,000
Share issuance costs	**82,000**	-
Exploration and evaluation assets	**313,000**	83,000
	1,162,000	462,000

Non-capital loss carryforwards of $2,840,164 (December 31, 2022 - $1,402,751) which will expire between 2042 and 2043, while, share issuance costs of $303,366 (December 31, 2022 - $Nil) and deductible differences in respect of carrying amounts of exploration and evaluation assets of $1,159,836 (December 31, 2022 - $305,986) do not expire.

12. Subsequent Events

On March 18, 2024, 1,000,000 options were exercised at $0.15 per share for gross proceeds of $150,000.

On April 9, 2024, 260,000 warrants were exercised at $0.20 per share for gross proceeds of $52,000.