Financial Statements

Mayo Lake Minerals Inc.

December 31, 2023 and 2022

Contents

Jones & O'Connell LLP
CHARTERED PROFESSIONAL ACCOUNTANTS

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Independent Auditor's Report

To the Shareholders of Mayo Lake Minerals Inc.

Opinion

We have audited the financial statements of **Mayo Lake Minerals Inc.** ("the Company"), which comprise the statements of financial position as at December 31, 2023 and December 31, 2022 and the statements of loss and comprehensive loss, statements of changes in equity and statements of cash flows for the years then ended, and notes to the financial statements, including material accounting policy information.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of **Mayo Lake Minerals Inc.** as at December 31, 2023 and December 31, 2022 and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards.

Basis for Opinion

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

Emphasis of Matter - Material Uncertainty Related to Going Concern

We draw attention to Note 2 in the financial statements, which indicates that the Company is an exploration stage company and at present, its operations do not generate cash flow. The Company incurred a net loss of $763,868 for the year ended December 31, 2023, has an accumulated deficit of $3,987,170 and a working capital deficiency of $753,839. As stated in Note 2, these events or conditions, along with other matters as set forth in Note 2, indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Key Audit Matters

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

Evaluation of Material Uncertainty Related to Going Concern

Description of the matter

We draw attention to Note 2 to the financial statements. At each reporting date, the Company assesses its ability to continue as a going concern. Whether the Company is able to continue as a going concern is a significant management judgment.

Why the matter is a key audit matter

We identified the evaluation of the Company's ability to continue as a going concern as a key audit matter. This matter represented an area of higher assessed risk of material misstatement, which required significant auditor judgment in the evaluation of the results of our procedures.

How the matter was addressed in the audit

The primary procedure we performed to address this key audit matter included the following:

We evaluated the appropriateness of the Company's key strategy to resolve the situation given the current financial position and cash flows from operations.

To the Shareholders of Mayo Lake Minerals Inc. (Continued)

Key Audit Matters (Continued)

Evaluation of Capitalized Resource Property Costs for Potential Impairment

Description of the matter

We draw attention to Note 6 to the financial statements. At each reporting date, the Company must consider whether there is objective evidence of impairment in the resource properties as a result of events that have occurred after the initial recognition of the resource property costs (a "loss event") and whether that loss event (or events) has an impact on the estimated recoverability of the resource properties. The Company's assessment of whether there are any indicators that the carrying value of its investment in the resource properties may be impaired is a significant management judgment.

Why the matter is a key audit matter

We identified the evaluation of evidence of impairment for the resource properties as a key audit matter. This matter represented an area of higher assessed risk of material misstatement, which required significant auditor judgment in the evaluation of the results of our procedures.

How the matter was addressed in the audit

The primary procedure we performed to address this key audit matter included the following:

We evaluated the appropriateness of the Company's impairment analysis by assessing the resource properties for any indicators of impairment in accordance with IFRS 6.

Information Other than the Financial Statements and Auditor's Report Thereon

Management is responsible for other information. Other information comprises the information included in Management's Discussion and Analysis filed with the relevant Canadian Securities Commissions. Our opinion on the financial statements does not cover the other information and we do not and will not express any form of assurance conclusion thereon. In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed on this other information, we conclude that there is a material misstatement of this other information, we are required to report that fact in the auditors' report. We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

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

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

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

To the Shareholders of Mayo Lake Minerals Inc. (Continued)

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 it is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Auditor's Responsibilities for the Audit of the Financial Statements (Continued)

As a 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:

- Identity and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as a 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.

To the Shareholders of Mayo Lake Minerals Inc. (Continued)

Auditor’s Responsibilities for the Audit of the Financial Statements (Continued)

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.

The engagement partner on the audit resulting in this independent auditor's report is Wayne O'Connell.

Jones & O'Connell LLP

Jones & O'Connell LLP
Chartered Professional Accountants
Licensed Public Accountants
St. Catharines, Ontario
April 26, 2024

Mayo Lake Minerals Inc.
Statements of Financial Position

(Expressed in Canadian dollars) As at	**December 31, 2023**	December 31, 2022
Assets		
Current		
Cash and cash equivalents	**$ 1,630**	$ 3,720
Sales tax receivable	**10,993**	15,988
Prepaid expenses	**5,186**	10,034
Total current assets	**17,809**	29,742
Mineral exploration and evaluation assets (Note 6)	**5,783,677**	5,824,938
Total assets	**$ 5,801,486**	$ 5,854,680
Liabilities		
Current		
Accounts payable and accrued liabilities	**$ 451,677**	$ 188,765
Flow through share premium liability (Note 7)	**13,547**	14,487
Note payable (Note 8)	**32,500**	-
Due to related parties (Note 10)	**273,924**	-
Government assistance (Note 9)	**-**	60,000
Total current liabilities	**771,648**	263,252
Long-term note payable (Note 8)	**-**	31,000
Long-term due to related parties (Note 10)	**-**	235,446
Government assistance (Note 9)	**60,000**	-
Total long-term liabilities	**60,000**	206,466
Total liabilities	**831,648**	843,927
Shareholders' equity		
Capital stock (Note 11)	**$ 7,516,365**	7,445,273
Share not issued (Note 11)	**29,612**	-
Warrants (Note 11)	**873,687**	765,052
Contributed surplus	**537,344**	337,959
Accumulated deficit	**(3,987,170)**	(3,223,302)
Total shareholders' equity	**4,969,838**	5,324,982
Total liabilities and shareholders' equity	**$ 5,801,486**	$ 5,854,680

Going concern (Note 2)
Commitments (Note 15)
Subsequent events (Note 16)

Approved on behalf of the Board

Original Signed

____________________ Director ____________________ Director

See accompanying notes to the financial statements

Mayo Lake Minerals Inc.
Statements of Loss and Comprehensive Loss
(Expressed in Canadian dollars)

December 31,		2023		2022
Expenses				
General and administration	$	**235,858**	$	262,869
Investor relations and promotion		**121,455**		108,510
Legal and regulatory		**70,049**		79,392
Professional fees		**32,500**		31,500
Property evaluation		**7,117**		-
Share-based compensation (Note 11)		**188,273**		185,739
Interest and bank charges		**680**		1,025
Interest on promissory notes and demand notes		**22,254**		23,816
Interest and Penalties		**9,000**		-
Interest discounting expense		**10,800**		14,226
		697,986		707,077
Other Income and Expenses				
Interest income		**(35)**		(3,869)
Property write off (note 6)		**66,857**		**-**
Flow through premium recovery (Note 7)		**(940)**		(236,777)
		65,882		(240,646)
Net loss and comprehensive loss	**$**	**(763,868)**	$	(466,431)
Weighted average number of common shares		**95,502,918**		91,912,039
Basic and diluted loss per share		**(0.008)**		(0.005)

See accompanying notes to the financial statements

Mayo Lake Minerals Inc.
Statements of Changes in Equity
(Expressed in Canadian dollars)

	Capital stock Shares	Capital stock Amount	Non-issued Shares	Reserves: Warrant reserves	Reserves: Contributed Surplus	Accumulated Deficit	Total
Balance, December 31, 2021	**88,161,227**	**$ 6,991,925**	**-**	**$ 651,566**	**$ 152,220**	**$(2,756,871)**	**$ 5,038,840**
Initial public offering, net of issuance costs (note 11)	2,637,034	181,860	-	48,059	-	-	229,919
Private placements, net of issuance costs (note 11)	3,172,977	271,488	-	65,427	-	-	336,915
Stock options issuance	-	-	-	-	173,784		173,784
DSU quarterly expense	-	-	-	-	11,955	-	11,955
Net loss and comprehensive loss	-	-	-	-	-	(466,431)	(466,431)
Balance, December 31, 2022	**93,971,237**	**$ 7,445,273**	**-**	**$ 765,052**	**$ 337,959**	**(3,223,302)**	**$ 5,324,982**
Private placements, net of issuance costs (note 11)	1,716,700	53,332	-	48,619	-	-	**101,951**
Private placement, shares not issued (note 11)	-	-	29,612	88,888	-	-	**118,500**
RSU issuance expense	-	-	-	-	37,108	-	**37,108**
RSU issuance of shares	253,733	17,760	-	-	(17,760)	-	-
Expiry of warrants	-	-	-	(28,872)	28,872	-	-
Stock options issuance	-	-	-		139,210	-	**139,210**
DSU quarterly expense	-	-	-		11,955	-	**11,955**
Net loss and comprehensive loss	-	-	-		-	(763,868)	**(763,868)**
Balance, December 31, 2023	**95,941,670**	**$ 7,516,365**	**$ 29,612**	**$ 873,687**	**$ 537,344**	**(3,987,170)**	**$ 4,969,838**

See accompanying notes to the financial statements

Mayo Lake Minerals Inc.
Statements of Cash Flows

(Expressed in Canadian dollars)

Year ended December 31	2023	2022
Cash flows from operating activities		
Net loss	**$ (763,868)**	$ (466,431)
Items not affecting cash:		
Share-based compensation	**188,273**	185,739
Fair value adjustment on promissory note	**-**	-
Flow-through premium recovery	**(940)**	(236,777)
Accrued Interest	**26,688**	38,042
Property write off	**66,857**	-
Change in non-cash working capital items:		
Prepaid expenses	**4,849**	80,379
Sales tax receivable	**4,995**	34,794
Accounts payable and accrued liabilities	**262,910**	(161,211)
Flow through premium payable	-	62,634
Net cash received from (used in) operating activities	**(210,236)**	(462,831)
Cash flows used in investing activities:		
Exploration and evaluation expenditures	**(25,596)**	(1,187,422)
Net cash used in investing activities	**(25,596)**	(1,187,422)
Cash flows from financing activities:		
Issuance of related party promissory notes	**33,000**	-
Repayment of related party promissory notes	**(19,710)**	(16,917)
Repayment of demand notes	**-**	-
Issuance of long term note payable	-	-
Issuance of note payable	**-**	-
Shares not issued (note 11)	**29,612**	-
Issuance of capital stock and warrants, net (Note 11)	**190,840**	566,834
Net cash from financing activities	**233,742**	549,917
Increase (decrease) in cash and cash equivalents	**(2,090)**	(1,100,336)
Cash and cash equivalents, beginning of period	**3.720**	1,104,056
Cash and cash equivalents, end of period	**$ 1,630**	$ 3,720

See accompanying notes to the financial statements

1. Nature of business

Mayo Lake Minerals Inc. (referred to herein as the "Company") is an exploration stage junior mining company that was incorporated on September 7, 2011 under the laws of Ontario, Canada. The Company is engaged in the identification, evaluation and exploration of mineral properties in Yukon, Canada. The Company has not yet determined whether any of its properties contain mineral resources that are economically recoverable. The recoverability of any amounts recorded for mineral exploration properties and deferred exploration expenditures is dependent upon the discovery of economically recoverable resources, the ability of the Company to obtain necessary financing to complete the development of these resources and upon attaining future profitable production from the properties or sufficient proceeds from disposition of the properties.

The Company became a reporting issuer on December 15, 2021 with its registered office at 110 Westhunt Drive, Unit 2, Carp (Ottawa), Ontario, Canada. The Company became a public company listed for trading on the Canadian Securities Exchange on May 5, 2022.

2. Going concern

The Company is an exploration stage company. At present, its operations do not generate cash flow. The Company incurred a net loss of $763,868 during the year ended December 31, 2023 (December 31, 2022 - $466,431). As of December 31, 2023, its accumulated deficit was $3,987,170 (December 31, 2022 - $3,223,302) and its working capital stood at a deficiency of $753,839 (December 31, 2022 – deficiency of $233,510).

The ability of the Company to recover the costs it has incurred to date on exploration and evaluation is dependent upon it being able to identify a commercial ore body, finance further exploration and development costs and to resolve any environmental, regulatory, and other constraints which may hinder the successful development of its assets.

The Company’s ability to continue as a going concern is dependent on its capacity to obtain adequate financing on reasonable terms from lenders, shareholders and other investors in order to develop its assets and to carry on profitable operations in the future. Although the Company has been successful in raising funds in the past, there is no assurance that it will be able to do so in the future which could lead to a potential inability to meet future obligations. These factors indicate the existence of material uncertainty which may cast significant doubt on its ability to continue as a going concern. After having considered the Company's dependency on raising funds in the short and long term, the Company has adopted the going concern basis in preparing its financial statements.

The accompanying financial statements do not include any adjustments relating to the recoverability of assets and to the reclassification of asset and liability amounts that might be necessary should the Company be unable to continue its operations. Such adjustments could be material.

3. Basis of presentation, critical accounting, judgements and key estimation uncertainties

These financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB) at January 1, 2023.

These financial statements were approved by the Board of Directors on April 26, 2024.

Functional and presentation currency

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

Critical accounting estimates and judgments and key estimation uncertainties

The preparation of these financial statements in accordance with IFRS requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amount of assets and liabilities as of the date of the financial statements and the reported amounts of expenses during the reporting period. Estimates and assumptions are continuously evaluated and are based on management's experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. However, actual outcomes may differ from these estimates. Revisions to accounting estimates, or changes to judgments, are recognized in the period in which the estimate is revised and may affect both the period of revision and future periods.

Significant assumptions that management has made about current unknowns, the future, and other sources of uncertainty, could result in a material adjustment to the carrying amounts of assets and liabilities in the event that actual results differ from assumptions made.

Critical accounting estimates

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

Share-based payments and share purchase warrants - The fair value of share-based payments and compensation is subject to the limitations of the Black-Scholes option pricing model that incorporates market data and involves uncertainty in estimates used by management in the assumptions. Because the Black-Scholes option pricing model requires the input of highly subjective assumptions, including the volatility of share prices from similar types of companies, changes in subject input assumptions can materially affect the fair value estimate. The Black Scholes model incorporated inputs such as the risk-free rate, volatility by reference to comparable companies, estimated life and forfeiture rate.

Critical accounting judgments

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

Recoverability of mineral exploration and evaluation assets – The assessment of impairment of mineral exploration and evaluation assets requires judgment to determine whether indicators of impairment exist including factors such as, the period for which the Company has the right to explore, expected renewals of exploration rights, whether substantive expenditures on further exploration and evaluation of mineral property interests are budgeted and results of exploration activities up to the reporting date. The Company has determined that there are no indicators of impairment.

Deferred Taxes – Until such time as the Company has certainty as to future profits, deferred tax assets and liabilities are not recognized.

4. Significant accounting policies

Cash and cash equivalents

Cash and cash equivalents include cash on hand, demand deposits with financial institutions and other short term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and subject to an insignificant risk of change in value. For cash flow statement presentation purposes, cash and cash equivalents includes bank overdrafts.

Property, plant and equipment

Property, plant and equipment are stated at historical cost less accumulated depreciation and any provision for impairment in value. Cost includes the purchase price, any directly attributable costs of bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management, and the present value of the estimated costs of decommissioning and restoration, if applicable. Costs relating to major upgrades are included in the carrying amount if it is probable that future economic benefits associated with the expenditure will flow to the Company.

Depreciation on property and equipment is recognized on a declining balance basis to write down the cost or valuation less estimated residual value of equipment. Depreciation on leaseholds is recognized on the straight-line basis over the term of the lease, which is 5 years. The rates generally applicable are:

Exploration and evaluation assets

Once the legal right to explore a property has been acquired, costs directly related to exploration and evaluation expenditures (E&E) are recognized and capitalized. Evaluation of asset costs are only capitalized upon the legal right to explore a property has been acquired. E&E include such costs as acquisition costs, fees and taxes to maintain assets, materials used, surveying costs, drilling costs and payments made to contractors. Costs not directly attributable to E&E activities, including general administrative overhead costs, are expensed in the period in which they occur.

When a project is deemed to no longer have commercially viable prospects, the Company's exploration and evaluation expenditures in respect of that project are deemed to be impaired. As a result, those exploration and evaluation expenditure costs, in excess of estimated recoveries, are written off to the statement of loss and comprehensive loss.

Management groups mineral claims that are contiguous and specific to an area encompassing the same prospective minerals into one area of interest and assigns a name to this mineral property or project. Each named mineral property is considered an area of interest and a cash generating unit ("CGU").

Exploration and evaluation assets shall be assessed for impairment when facts and circumstances suggest that the carrying amount of a project may exceed its recoverable amount. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). The Company estimates the recoverable amount of each project, on the basis of areas of interest.

Although not an exhaustive list, one or more of the following facts and circumstances indicate that a specific project should be tested for impairment:

- The period for which the entity has the right to explore in the specific area has expired during the financial statement period or will expire in the near future and is not expected to be renewed.
- Substantive expenditures on further exploration for, and evaluation of, mineral resources in the specific area is neither budgeted nor planned.
- Exploration for and evaluation of mineral resources in the specific area has not led to the discovery of commercially viable quantities of mineral resources and the entity has decided to discontinue such activities in the specific area.

4. Significant accounting policies (continued)

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

Recoverable amount is the higher of fair value less disposal costs 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 current market assessments of the time value of money and the risks specific to the asset.

Financial instruments

Financial assets and financial liabilities are initially recognized at fair value and their subsequent measurement is dependent on their classification as described below. Their classification depends on the purpose for which the financial instruments were acquired or issued, their characteristics and the Company's designation of such instruments. The following summarizes the Company's classifications and measurements of financial instruments:

Measurement	Classification
Financial assets	
Cash and cash equivalents	Amortized cost
Financial liabilities	
Accounts payable and accruals	Amortized cost
Demand notes payable	Amortized cost
Long-term note payable	Amortized cost
Due to related parties	Amortized cost

Financial assets at amortized cost
A financial asset is measured at amortized cost if it is held within a business model whose objective is to hold assets to collect contractual cash flows and its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding, and is not designated as FVTPL. Financial assets classified as amortized cost are measured subsequent to initial recognition at amortized cost using the effective interest method. Cash and cash equivalents are classified as and measured at amortized cost.

Financial liabilities
Financial liabilities are classified as measured at amortized cost or FVTPL. A financial liability is classified at FVTPL if it is classified as held-for-trading, it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognized in profit or loss. Other financial liabilities are subsequently measured at amortized cost using the effective interest method. Gains and losses are recognized in net earnings when the liabilities are derecognized as well as through the amortization process. Borrowing liabilities are classified as current liabilities unless the Company has an unconditional right to defer settlement of the liability for at least 12 months after the statement of financial position date. Accounts payable and accrued liabilities are classified as and measured at amortized cost

Financial instruments that are measured at fair value subsequent to initial recognition are grouped into a hierarchy based on the degree to which the fair value is observable as follows: Level 1 fair value measurements are quoted prices (unadjusted) in active markets for identical assets or liabilities; Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability either directly (i.e. as prices) or indirectly (i.e. derived from prices); and Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

Impairment of financial assets
A loss allowance for expected credit losses is recognized in OCI for financial assets measured at amortized cost. At each balance sheet date, on a forward-looking basis, the Company assesses the expected credit losses associated with its financial assets carried at amortized cost and FVOCI. The impairment methodology applied depends on whether there has been a significant increase in credit risk. The impairment model does not apply to investments in equity instruments.

4. Significant accounting policies (continued)

Financial instruments (continued)

The expected credit losses are required to be measured through a loss allowance at an amount equal to the 12-month expected credit losses (expected credit losses that result from those default events on the financial instrument that are possible within 12 months after the reporting date) or full lifetime expected credit losses (expected credit losses that result from all possible default events over the life of the financial instrument). A loss allowance for full lifetime expected credit losses is required for a financial instrument if the credit risk of that financial instrument has increased significantly since initial recognition.

Derecognition of financial assets and liabilities
A financial asset is derecognized when either the rights to receive cash flows from the asset have expired or the Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party. If neither the rights to receive cash flows from the asset have expired nor the Company has transferred its rights to receive cash flows from the asset, the Company will assess whether it has relinquished control of the asset or not. If the Company does not control the asset then derecognition is appropriate.

A financial liability is derecognized when the associated obligation is discharged or canceled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognized in net earnings.

Share-based payments

Share-based payments are equity settled awards that are measured at fair value at the date of grant and recognized, over the vesting period based on the Company's estimate of awards that are expected to vest, along with a corresponding increase in equity. Compensation costs are presented separately in the statement of loss and comprehensive loss. The Company has three share-based compensation plans: A Share Option Plan, Restricted Share Unit ('**RSU**') Plan and Deferred Share Unit ('**DSU**') Plan as noted below, and as further discussed in Note 10 of these consolidated financial statements.

Share Option Plan
Stock options are equity-settled share-based compensation awards. The fair value of stock options at the grant date is estimated using the Black-Scholes option pricing model. Compensation expense is recognized over the stock option vesting period based on the number of units estimated to vest. Vesting periods range from immediate to five years. This expense is recognized as share-based compensation expense with a corresponding increase in contributed surplus. When options are exercised, the proceeds received by the Company, together with the amount in contributed surplus, are credited to common shares.

Restricted Share Unit Plan and Deferred Share Unit Plan
The purpose of the RSU and DSU Plans ('**Plans**') is to advance the interests of the Company by encouraging management, employees, consultants and independent directors to receive equity-based compensation and incentives, thereby (i) increasing the proprietary interests of such persons in the Company, (ii) aligning the interests of such persons with the interests of the Company's shareholders generally, (iii) encouraging such persons to remain associated with the Company, and (iv) furnishing such persons with additional incentives in their efforts on behalf of the Company. The Board also contemplates that through the Plans, the Company will be better able to compete for and retain the services of the individuals needed for the continued growth and success of the Company.

Restricted Share Units ('**RSUs**') are granted to contractors, consultants, employees and management to compensate them for their individual performance and are intended to supplement stock option awards in this specific respect and as a means of reducing the cash payable for their services. The goal of such grants is to more closely tie awards to individual performance based on established performance criteria. RSUs are granted on a certain date and contain a provision specifying a vesting date, which is the date on which they automatically convert for an equivalent number of common shares.

4. Significant accounting policies (continued)

Share-based payments (continued)

Deferred Share Units ('**DSUs**') are granted as a means of reducing the cash payable to directors for their services. In so doing, the interests of directors will become more closely aligned with those of the Company and its shareholders. The DSUs are subject on grant to certain terms and conditions set out in a Deferred Share Unit Notice of Grant that also determines the vesting conditions.

RSUs and DSUs are measured at the fair value of the shares at the date of the grant as they are settled through the issuance of shares upon vesting. The Company's compensation expense is recognized over the vesting period based on the number of units estimated to vest.

Flow through shares

Under Canadian income tax legislation, a company is permitted to issue flow through shares whereby the Company agrees to incur qualifying expenditures and renounce the related income tax deductions to the investors. Common shares issued on a flow-through basis typically include a premium over the market price of the Company's common shares that is associated with the tax benefits of the flow-through share. The Company estimates the proportion of proceeds attributable to the flow-through premium as the excess of the subscription price over the market value of the shares and records this value as a liability at issuance.

Deferred income tax related to the temporary differences created by the renouncement of flow-through share tax benefits to subscribers are recorded on a pro-rata basis when the qualified expenditures are incurred. This can occur either before or after the formal renunciation of expenditures is filed with tax authorities. When the qualified expenditures are incurred, the tax value of the renunciation is recorded on a pro-rata basis as a deferred income tax liability with a corresponding charge to income tax expense in the consolidated statements of operations and comprehensive loss. If unrecognized deferred tax assets exist, deferred tax liabilities recorded upon incurring the qualified expenditures are offset with a deferred tax recovery recorded in the consolidated statements of operations and comprehensive loss. Additionally, as qualified expenditures are incurred, the Company recognizes a pro-rata reduction of the flow-through premium liability as other income in the consolidated statements of operations and comprehensive loss.

Provision for decommissioning and restoration

Provisions are recognized when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. The amount recognized as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period. If the effect of the time value of money is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognized as a finance cost.

Environmental rehabilitation
Provisions for environmental rehabilitation are made in respect of the estimated future costs of closure and restoration and for environmental rehabilitation costs (which include the dismantling and demolition of infrastructure, removal of residual materials and remediation of disturbed areas) in the accounting period when the related environmental disturbance occurs. The provision is discounted using a pre tax rate, and the unwinding of the discount is included in finance costs. At the time of establishing the provision, a corresponding asset is capitalized and is depreciated over future production from the mining property to which it relates. The provision is reviewed on an annual basis for changes in cost estimates, discount rates and operating lives. The Company has not recognized a provision for environmental rehabilitation.

4. Significant accounting policies (continued)

Income taxes

The Company does not have taxable profits and no current income tax is due.

Deferred tax is recognized on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax base used in the computation of taxable profit, and are accounted for using the liability method. Deferred tax liabilities are generally recognized for all taxable temporary differences, and deferred tax assets are generally recognized for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilized. Such assets and liabilities are not recognized if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of the related asset or liability in a transaction that affects neither the taxable profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at each reporting date and increased or reduced to the extent that it is probable, or no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax assets and liabilities are measured at tax rates that are expected to apply in the period in which the liability is settled or the asset realized based on tax rates that have been enacted or substantively enacted by the reporting date. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Company expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities.

Current and deferred tax is recognized as an expense or income in the profit or loss, except when they relate to items credited or debited directly to equity, in which case the tax is also recognized directly in equity, or where they arise from the initial accounting in a business combination.

Government assistance

Government grants are recognized where there is reasonable assurance that the grant will be received and all attached conditions will be complied with. When the grant relates to an expense item, it is recognized as income on a systematic basis over the periods that the related costs, for which it is intended to compensate, are expensed. When the grant relates to an asset, it is recognized as income in equal amounts over the expected useful life of the related asset.

Segment reporting

The Company has identified its operating segments based on the internal reports that are reviewed and used by executive management (collectively, the Chief Operating Decision Maker, or “CODM)” in assessing performance and in determining the allocation of resources. These measures include operating expenditures, expenditures on exploration and development, plant and equipment, non-current assets and total debt, if any.

The Company operates under a single geographic segment engaged in mineral exploration and development in the Yukon region of Canada. Financial information is reported to the CODM on at least a monthly basis. As the operations comprise a single segment, amounts disclosed in the consolidated financial statements also represent segment amounts.

Standards adopted in the year

New standards, amendments and interpretations adopted in the current year have not been disclosed as they did not have a material impact to the Company’s financial statements.

5. Recent account pronouncements

Certain pronouncements have been issued by the IASB that are mandatory for accounting periods after December 31, 2022. There are currently no such pronouncements that are expected to have a significant impact on the Company’s financial statements upon adoption.

6. Mineral exploration and evaluation assets

A summary of the changes in exploration and evaluation assets is presented below for the years ending December 31, 2022 and December 31, 2023.

	Anderson-Davidson	Edmonton	Cascade	Carlin-Roop	Trail-Minto	Total
Balance, December 31, 2021	**$ 1,882,815**	**$ 460,898**	**$ 63,707**	**$ 1,685,012**	**$ 545,084**	**$ 4,637,516**
Expenditures:						
Claim fees	3,448	2,635	280	4,650	2,394	13,407
Exploration	84,296	26,094	2,872	958,259	102,494	1,174,015
Balance, December 31, 2022	**$ 1,970,559**	**$ 489,627**	**$ 66,859**	**$ 2,647,921**	**$ 649,972**	**$ 5,824,938**
Expenditures:						
Claim fees	3,795	427	-	2,463	-	6,685
Exploration	3,874	585	-	14,452	-	18,911
Property write off	-	-	(66,857)	-	-	(66.857)
Balance, December 31, 2023	**$ 1,978,228**	**$ 490,639**	**$ -**	**$ 2,664,836**	**$ 649,972**	**$ 5,783,677**

Yukon Property Acquisitions

The Company entered into binding letter agreements with Auropean Ventures Inc. (Auropean), a related company, in December of 2011 (amended in July 2014) for the acquisition of the Anderson, Davidson and Edmonton Creek claim groups and in February 2012 for the acquisition of the Roop and Trail-Minto claim groups and April 2012 for the Carlin claim group. Auropean retained a 2.75% net smelter return royalty (NSR) on the Anderson, Roop and Trail-Minto claim groups and a 2.5% NSR on the Davidson and Edmonton and Carlin claim groups. The NSRs are subject to a 1% buyback.

All of the NSR buybacks are applicable at any time up to commercial production. Any full 1% NSR can be bought back for $1M if gold is at $1,000 per ounce or less; $2 million if gold is at $3,000 per ounce or more with a sliding scale between $1,000 and $3,000 per ounce. A buyback can be exercised in increments of 0.5%.

7. Flow through share premium liability

As of December 31	2023	2022
Opening balance as of January 1	**$ 14,487**	$ 188,630
Issuance of flow through shares	**-**	62,634
Flow through premium recovery	**(940)**	(236,777)
Closing balance	**$ 13,547**	$ 14,487

8. Notes payable

The Company issued a promissory note in the amount of $25,000 on September 2, 2021 bearing interest at the rate of 1.5% per month. Both the principal and interest are due and payable on March 31, 2024. The note may be prepaid at the option of the Company.

As of December 31	2023	2022
Opening balance as of January 1	**$ 31,000**	$ 26,500
Issuance of notes	**-**	-
Repayments of notes	**-**	-
Accrued interest	**1,500**	4,500
Accretion expenses unwinding	**-**	-
Closing balance	**$ 32,500**	$ 31,000

As of December 31	2023	2022
Current	**25,000**	-
Long-term	**-**	25,000
Accrued interest	**7,500**	6,000
Total	**$ 32,500**	$ 31,000

Interest of $4,500 (2022 - $4,500) on the promissory notes was expensed during the year.

9. Government assistance

As of December 31	2023	2022
Current	**$ -**	$ 6,0000
Long-term	**60,000**	$ -
Total	**$ 60,000**	$ 60,000

On July 23, 2020, the Company received the Canadian Emergency Business Account (CEBA) in the amount of $40,000. On December 22, 2020, the Company received the CEBA top-up in the amount of $20,000. CEBA is a government program providing interest-free loans to small businesses, repaying the balance of the loan on or before December 31, 2023 would have resulted in loan forgiveness of 33 percent (up to $20,000). The Company had possibility to apply for extension to March 28, 2024. Since it did not receive such extension the loan was converted to a term loan to December 31, 2026 bearing interest rate of 5% per annum. The Company will only be required to pay monthly 5% interests on the full outstanding balance of the loan and pay the capital amount just before the term loan repayment deadline of December 31, 2026.

10. Related party transactions and key management compensation

The Company has contracts for management and geological services provided by key management, namely officers, administrators and directors of the Company through companies or partnerships controlled or influenced by them. In addition, key management or their related companies may hold positions in other entities that result in them having control or significant influence over the financial or operating policies of those entities. Transactions are recorded at their fair value as agreed between all parties.

- Dr. Vern Rampton, President and CEO, provides management services to the Company through Rampton Resource Group Inc. (**RRG**) his personal services corporation. RRG also provides office facilities and accessories plus an office manager/bookkeeper through contracts negotiated within consideration of competitive pricing. All expenses are passed through to the company at a minimal mark-up.

- Tyrell Sutherland, Vice-President Exploration, provides management & geological services to the Company through Sans Peur Exploration Services Inc. his solely owned personal services corporation.

- Darrell Munro, Corporate Administrator, provides investor relations and administrative services through his sole proprietorship.

- Andre Rancourt, CFO, provides accounting services through his sole proprietorship.

- Lee Bowles, Manager Business Development, provides financial & advisory services through Ironstone Capital Corporation Inc. his personal services corporation.

Related party promissory notes.

Promissory Notes as of December 31	**2023**	2022
Opening balance	**$ 235,446**	$ 218,821
Issuance of notes	**33,000**	-
Repayments of notes	**(19,710)**	(16,917)
Accrued interest	**14,388**	19,316
Fair value adjustment	**10,800**	14,226
Accretion	**-**	-
Closing balance	**$ 273,924**	$ 235,446

Promissory Notes as of December 31	**2023**	2022
Current	**$ 273,924**	$ -
Long-term (repayable in 2023)	**$ -**	235,446
Total	**$ 273,924**	$ 235,446

- On June 18, 2021 the Company issued a series of promissory notes totalling $101,000 bearing interest at 6% per annum to certain members of the management team in lieu of payment for services rendered. A total of $16,000 of the principal was repaid in 2022. The remaining principal of $85,000 plus interest originally due on June 30, 2023 has been extended to June 30, 2024.

- Auropean Ventures Inc. ('Auropean') was formerly designated as an insider, having previously held more than 10% of the outstanding shares of the Company. It has periodically provided credit to the Company. On October 31, 2022 Auropean Ventures Inc. relinquished its status as an insider when its shareholdings fell slightly below 10% of the Company's outstanding shares.

- The President and CEO through his wholly owned corporation Rampton Resource Group Inc. and the Company's Corporate Administrator provide services to Auropean Ventures Inc. ('**Auropean**')

- The President & CEO and two directors of the Company are also the sole directors of Auropean.

10. Related party transactions and key management compensation (continued)

- On November 12, 2021, the directors passed a resolution approving the borrowing of up to $150,000 from Auropean at a rate of 10% per annum.

- On July 21, 2022 the Company awarded 3,990,000 incentive options to management, directors, consultants and contractors. Each option is exercisable into one common share at $0.15 for a period of 5 years from the date of issuance. The options vest in three equal segments of 1,330,000 (August 1, 2022, August 1, 2023 and August 1, 2024).

- On September 30, 2022 the Company awarded 930,158 options exercisable at $0.15 for a period of 3 years from the date of issuance and 628,699 Restricted Share Units (RSUs) to management, directors, consultants and contractors for their dedication to the company and more specifically to supplement their compensation for fiscal 2021 as well as the period up to the Company's public listing in May of 2022. Both the options and RSUs vest in three separate equal segments, namely January 30 of 2023, 2024 and 2025.

- Interest on the amounts due to related parties during the year ended December 31, 2023 totalled $14,388 (December 31, 2022 - $19,316).

- On December 12 and December 18, 2023, the Company issued 2 promissory notes of $18,000 and $15,000 respectively bearing interest at the rate of 1% per month, payable to the President and CEO of the Company. Both the principal and interest are due and payable on April 12 and April 18, 2024 respectively.

Compensation to related parties	Twelve months ended December 31, 2023	Twelve months ended December 31, 2022
Compensation and contract fee expense of key management	**$367,775**	$413,305
Value of RSUs/DSUs with officers and directors expensed (note 11)	**$49,063**	$11,955
Value of stock options with officers and directors expensed (note 11)	**$124,152**	$173,784

Accruals and payables owed to related parties at December 31	**2023**	2022
Rampton Resource Group Inc.	**109,854**	12,262
Sans Peur Exploration Services Inc.	**28,800**	33,040
Andre Rancourt	**4,450**	2,400
Darrell Munro	**50,835**	8,475
Ironstone Capital Corp	**50,000**	15,000
Total	**$ 243,939**	$ 71,177

11. Capital stock

Share capital	Number of Shares		Amount
Balance, December 31, 2021	**88,161,227**	**$**	**6,991,925**
Initial Public Offering (final tranche) – common (i)	2,637,034		268,385
Private placement – common (ii)	1,572,637		160,044
Private placement – flow-through (iii)	167,000		20,505
Private placement – flow-through (iv)	1,433,340		125,168
Issuance costs	-		(120,754)
Balance, December 31, 2022	**93,971,237**	**$**	**7,445,273**
Issuance of restricted share units (v)	253,733		17,760
Private placement (vii)	1,716,700		54,382
Issuance costs	-		(1,050)
Balance, December 31, 2023	**95,941,670**	**$**	**7,516,365**

Share capital - shares to be issued	Number of Shares		Amount
Private placement (ix)	1,975,001		29,612
Balance, December 31, 2023	**1,975,001**	**$**	**29,612**

i) On March 15, 2022, the Company closed the final tranche of its Initial Public Offering for 2,637,034 Common Share Units at $0.12, totalling $316,444. Each Unit consists of one common share and one-half common share purchase warrant. Each whole warrant is exercisable into one common share at $0.18 per share expiring on March 15, 2025. The 1,318,517 warrants were valued at $48,059 using the Black Scholes valuation model, the inputs of which are disclosed below.

ii) On May 4, 2022, the Company closed a Common Share Private Placement for 1,572,637 Units at $0.12 per Unit for total proceeds of $188,716. Each Unit consists of one common share and one-half warrant exercisable at $0.18 into one common share expiring May 4, 2025. The warrants were valued at $26,054 using the Black-Scholes valuation model, the inputs of which are disclosed below. In conjunction with the offering, the Company paid finder's fees of $15,000.

iii) On May 4, 2022, the Company closed a Flow Through Private Placement for 167,000 Flow Through Units at $0.18, totalling $30,060. Each Unit consists of one flow through share and one-half common share purchase warrant. Each whole warrant is exercisable into one common share at $0.24 per share expiring May 4, 2025. The warrants were valued at $2,619 using the Black Scholes valuation model, the inputs of which are disclosed below. The Company recognized a flow through liability of $9,555.

iv) On August 30, 2022, the Company closed a Flow Through Private Placement for 1,433,340 Flow Through Units at $0.15, totalling $215,001. Each Unit consists of one flow through share and one-half common share purchase warrant. Each whole warrant is exercisable into one common share at $0.20 per share expiring August 30, 2025. The warrants were valued at $32,211 using the Black Scholes valuation model, the inputs of which are disclosed below. The Company recognized a flow through liability of $53,079.

In conjunction with the offering, the Company paid finder's fees of $14,000 and granted 93,334 Broker Unit Warrants in relation to the flow through share offering. Each Broker Unit Warrant is exercisable at a price of $0.12 expiring August 30, 2025. The Broker Unit Warrants were valued at $4,543 using the Black-Scholes valuation model, the inputs of which are disclosed below.

v) On January 30, 2023, the Company issued 243,352 common shares upon the vesting of 253,733 RSUs, with the balance of 10,381 shares being issued on May 3, 2023.

(vi) On March 30, 2023, 533,193 warrants expired with a previously recorded value of $18,282.

(vii) On March 31, 2023, the Company closed a Common Share Private Placement for 1,716,700 Common Share Units at $0.06 per Unit totalling $103,002. Each Unit consists of one common share and one whole common share purchase warrant. Each whole warrant is exercisable into one common share at $0.10 expiring on March 31, 2026. The 1,716,700 warrants were valued at $48,015 using the Black Scholes valuation model, the inputs of which are disclosed below.

In conjunction with the offering, the Company paid finder's fees of $1,050 and granted 17,500 Broker Unit Warrants in relation to the common share offering. Each Broker Unit Warrant is exercisable into one common share at $0.06 expiring March 31, 2026. The Broker Unit Warrants were valued at $606 using the Black-Scholes valuation model, the inputs of which are disclosed below.

(viii) On July 30, 2023, 410,800 warrants expired with a previously recorded value of $9,638.

(ix) On December 29, 2023, the Company closed a Common Share Private Placement for 1,975,001 Common Share Units at $0.06 per Unit totalling $118,500. Each Unit consists of one common share and one whole common share purchase warrant. Each whole warrant is exercisable into one common share at $0.09 expiring on December 29, 2027. The 1,975,001 warrants were valued at $88,888 using the Black Scholes valuation model, the inputs of which are disclosed below. Shares were issued on February 12, 2024.

(x) On December 30, 2023, 40,625 warrants expired with a previously recorded value of $953.

Warrants	Number of Warrants		Amount
Balance, December 31, 2021	**18,246,126**	**$**	**651,566**
Granted – initial public offering – common (i)	1,318,517		48,059
Granted – private placement common (ii)	786,319		26,054
Granted – private placement flow-through (iii)	83,500		2,619
Granted – private placement flow-through (iv)	716,670		32,211
Granted – Broker Unit Warrants (iv)	93,334		4,543
Balance, December 31, 2022	**21,244,466**	**$**	**765,052**
Expired – warrants (vi)	(533,193)		(18,282)
Granted – private placement common (vi)	1,716,700		48,015
Granted – Broker Unit Warrants (vii)	17,500		606
Expired – warrants (viii)	(410,800)		(9,638)
Granted – private placement common (ix)	1,975,001		88,888
Expired – warrants (x)	(40,625)		(953)
Balance, December 31, 2023	**23,969,049**	**$**	**873,688**

Warrants Exercisable and Outstanding at December 31, 2023	**Exercise Price**	**Expiry date**
12,529,725	$0.15	November 5, 2024
1,001,670	$0.18	December 30, 2024
3,143,853	$0.20	December 30, 2024
1,318,517	$0.18	March 15, 2025
786,319	$0.18	May 4, 2025
83,500	$0.24	May 4, 2025
716,670	$0.20	August 30, 2025
1,716,700	$0.10	March 31, 2026
1,975,001	$0.09	December 29, 2027
Total 23,271,955		

11. Capital stock (continued)

Broker Unit Warrants Exercisable and Outstanding at December 31, 2023	Exercise Price	Expiry date
218,757	$0.12	November 5, 2024
14,584	$0.12	December 30, 2024
352,919	$0.15	December 30, 2024
93,334	$0.12	August 30, 2025
17,500	$0.06	March 31, 2026
Total 697,094		

Warrants Exercisable and Outstanding at December 31, 2022	Exercise Price	Expiry date
533,193	$0.15	March 30, 2023
410,800	$0.15	July 30, 2023
40,625	$0.15	December 30, 2023
12,529,725	$0.15	November 5, 2024
1,001,670	$0.18	December 30, 2024
3,143,850	$0.20	December 30, 2024
1,318,516	$0.18	March 15, 2025
786,319	$0.18	May 4, 2025
83,500	$0.24	May 4, 2025
716,670	$0.20	August 30, 2025
Total 20,564,867		

Broker Unit Warrants Exercisable and Outstanding at December 31, 2022	Exercise Price	Expiry date
218,757	$0.12	November 5, 2024
14,584	$0.12	December 30, 2024
352,919	$0.15	December 30, 2024
93,334	$0.12	August 30, 2025
Total 679,594		

The following summarizes the assumptions used in the valuation of the warrants.

	December 31, 2023	December 31, 2022
Risk-free interest rate	3.20% - 3.305%	1.88% - 3.45%
Volatility based on comparable companies	94.09% - 96.23%	92.60% - 94.64%
Expected dividend	0%	0%
Forfeiture	0%	0%
Expected option life	3-4 years	3 years

Stock options

The Company's Stock Option Plan is available to its directors, officers, employees and service providers. The number of options available is limited to a maximum of 10% of the total number of issued and outstanding common shares. All issuances, including the vesting and exercise periods are approved by the Board.

11. Capital stock (continued)

	Number of Options	Exercise price	Value
Balance, December 31, 2021	-	-	-
Granted	3,990,000	$0.15	$173,784
Granted	930,158	$0.15	$ nil
Balance December 31, 2022	4,920,158	$0.15	$173,784
Expensed at December 31, 2023			$139,211
Balance at December 31, 2023	4,920,158	$0.15	$315,995
Exercisable at December 31, 2023	2,970,053	$0.15	$315,995

On July 21, 2022 the Company awarded 3,990,000 incentive options to management, directors, consultants and contractors. Each option is exercisable into one common share at $0.15; valid for a period of 5 years from the date of issuance. They vest in three separate equal segments of 1,330,000 (August 1, 2022, August 1, 2023 and August 1, 2024).

The fair value of all options was estimated on the date of grant using the Black-Scholes option pricing model with the following assumptions: Risk free interest rate 2.96%, volatility based on comparable companies 93.68% expected option life 5 years.

On September 30, 2022 the Company awarded 930,158 incentive options to management, directors, consultants and contractors. Each option is exercisable into one common share at $0.15; valid for a period of 3 years from the date of issuance. They vest in three separate equal segments of 1,330,000 (January 30, 2023, January 30, 2024 and January 30, 2025)

The fair value of the options was estimated on the date of grant using the Black-Scholes option pricing model with the following assumptions: Risk free interest rate 3.55%, volatility based on comparable companies 106.5% expected option life 3 years.

Restricted Share Unit & Deferred Share Unit Plans ("RSU / DSU plans")
The plans provide for granting of RSUs and DSUs for the purpose of advancing the interests of the Company through motivation, attraction and retention of employees, consultants and non-employee directors by granting equity-based compensation incentives, in addition to the Company's Stock Option Plan. The number of shares reserved for issuance for the RSU/DSU plans and the Stock Option Plan combined shall not exceed 20% of the issued and outstanding common shares on the date of adoption.

Under the RSU/DSU plans, no cash settlements are made as settlement is in common shares only. Under the terms of the RSU/DSU plan, the number of common shares issued and issuable to insiders within a one-year period shall not exceed 10% of the issued and outstanding common shares; and to any one insider within one year shall not exceed 5% of the issued and outstanding common shares. The maximum grant within a one-year period to any one participant shall not exceed 5% of the total issued and outstanding common shares.

Restricted Share Units
RSUs are used to compensate participants for their individual performance-based services achievements and corporate performance, and they are intended to supplement stock option awards. The Company determines the fair market value and the vesting schedule of RSUs at the time of grant. The settlement date shall be no later than the third anniversary of the date of grant and all payments in respect of the vested units shall be paid in full before the end of the particular calendar year. Non-vested RSUs are forfeited if the participant voluntarily leaves employment with the Company. Upon vesting of the RSUs the shares are issued from treasury.

Deferred Share Units
DSUs are used as a means of reducing the cash payable by the Company for amounts owing to non-employee directors. A DSU is a notional share that has a fair market value as determined by the Company at the grant date. DSUs are paid out to directors as common shares when they retire from the Board.

12. Income taxes

A reconciliation of income taxes at the rates expected to apply when the asset is realized of approximately 26.5% (2022 - 26.5%) with the reported taxes is as follows:

		2023		2022
Loss before income taxes	$	(768,868)	$	(466,431)
Expected income tax recovery		(202,425)		(123,604)
Non-deductible expenses		52,742		(9,685)
Adjustment to prior year filings		-		-
Benefit of tax assets not recognized		149,683		133,489
Provision for current income taxes	$	-	$	-

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

		2023		2022
Deferred tax assets (liabilities)				
Non-capital losses	$	1,020,023	$	768,268
Share issue costs		61,803		88,921
Accounting basis of exploration and evaluation assets in excess of tax basis		(240,000)		(546,000)

Recognition of deferred tax assets for unused tax losses and deductible temporary differences is restricted to those instances where it is probable that future taxable profit will be available against which the deferred tax asset can be utilized. The amounts recognized above offset the tax liability created by the renunciation the tax benefits related to flow-through shares. The balance of the deferred tax asset has not been recognized in the financial statements.

13. Capital management

The Company manages its capital structure and makes adjustments to it, based on the funds available to the Company, in order to support the acquisition, exploration and development of mineral properties. The Board of Directors does not establish quantitative return on capital criteria for management, but rather relies on the expertise of the Company's management to sustain future development of the business.

The Company considers its capital to be shareholders' equity, which is comprised of share capital, reserves and deficit in the amount of $5,045,696 as of December 31, 2023 (December 31, 2022 - $5,324,982).

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

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 in the year.

14. Financial instruments and risk management

Fair value

The carrying values of the Company's financial instruments approximate their fair values due to the short-term maturity of these financial instruments.

Credit risk

Credit risk is the risk of potential loss to the Company if a counter party to a financial instrument fails to meet its payment obligations. The Company is exposed to credit risk with respect to its cash and other receivables.

Liquidity risk

Liquidity risk is the risk that the Company is not able to meet its financial obligations as they fall due.

The Company's liquidity and operating results may be adversely affected if its access to capital markets is hindered, whether as a result of a downturn in stock market conditions generally or matters specific to the Company. The Company has historically generated cash flow from its financing activities. The Company manages liquidity risk through the management of its capital structure and financial leverage as outlined in Note 11. As at December 31, 2023, the Company's current liabilities which comprise accounts payable, flow through liabilities and notes payables total $762,647. The Company will require additional funding to maintain corporate and administrative functions and to fund its continuing exploration activities and commitments.

Market risk

Market risk is the risk of loss that may arise from changes in market factors such as interest rates, foreign exchange rates and commodity prices. The Company is not exposed to any significant interest rate risk volatility or exchange rate volatility.

15. Commitments

On April 1, 2017, the Company entered into a financial services consulting agreement with Ironstone Capital Corp. (ICC), a company controlled by a director, to assist in obtaining a public listing together with enabling equity and/or debt financings. Upon completion of any financing transaction leading to a public listing, the Company is required to pay ICC a maximum of 3% of the value of the Company's outstanding shares prior to any completed financing transaction plus 1% of its post transaction value. The first portion of the cash compensation was to be paid when the parties agreed that under reasonable circumstances the transaction would be completed. In addition, ICC was to be paid $2,500 every 45 days for the duration of the contract.

As of December 31, 2021, the Company had pre-paid ICC a total of $198,000 as per the aforementioned contractual agreement. The $198,000 was paid to ICC on September 17, 2017, on the expected completion of a transaction leading to a public listing. Subsequently, the third party to the proposed reverse takeover transaction unexpectedly withdrew from the transaction. As a result, the parties agreed that the remaining $59,400 due to ICC would be suspended and paid upon the fulfillment of the aforementioned contractual obligations. In addition, the parties agreed that the 1,840,000 Units that ICC's principal purchased during the Company's September 14, 2017 private placement of Units had a value of $198,000 and would be escrowed and only released upon the fulfillment of the aforementioned contractual obligations of ICC. The contractual obligations were fulfilled on May 5, 2022 when the Company was listed on the Canadian Securities Exchange.

The payment to ICC was partially recognized against share capital on closing of the first tranche of the IPO and was fully recognized against share capital in 2022 upon finalization of the IPO, as disclosed in Note 10.

16. Subsequent events

On January 30, 2024 a total of 187,483 Restricted Share Units vested and were exchange for common shares bringing the total shares outstanding to 96,129,153.

As noted on page 21, Note 11 (ix), the 1,975,001 Units subscribed for contained 1,975,001 shares which were issued on February 12, 2024, bringing the total of shares outstanding to 98,104,154, which constitutes it as a subsequent event.

On March 8, 2024 the Company closed a common share unit (**CS Unit**) placement for a total of 701,667 CS Units at $0.06 per CS Unit totalling $42,100. Each CS Unit consists of one common share and one whole warrant exercisable into one Common Share at $0.10 valid to March 31, 2026. Upon closing, the Company had a total of 98,805,821 common shares outstanding.

On April 2,2024, $19,582.50 cash in lieu was paid to extend 373 claims for 6 months beyond March 29, 2024, the date upon which assessment work or cash in lieu was required to keep claims in good standing. A total of 27 claims also remain in good standing until March 29, 2025, and 28 claims until March 29, 2026. All claims with good prospectivity for gold mineralization on the Anderson- Davidson property remain under the ownership of the Company.

17. Comparative figures

Certain comparable figures have been reclassified to conform with the current presentation.