



PROVIDENCE GOLD MINES INC.
CONSOLIDATED FINANCIAL STATEMENTS
For the years ended December 31, 2023 and 2022
(Stated in Canadian Dollars)

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of Providence Gold Mines Inc.

Report on the Audit of the Consolidated Financial Statements

Opinion

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

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

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the 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 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 indicates that the Company has an accumulated deficit and has experienced negative cash flows from operations. As stated in Note 1, these events or conditions, along with other matters as set forth in Note 1, indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. 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, we have determined that there is the following key audit matter to communicate in our auditor's report.

Key audit matter:	How our audit addressed the key audit matter:
Assessment of impairment indicators of Exploration and evaluation assets.	Our approach to addressing the matter included the following procedures, among others:
<i>Refer to note 4 – Critical accounting estimates and judgements, note 3(d) – Accounting policy Exploration and evaluation expenditures and note 5 Exploration and evaluation assets</i>	Evaluated the reasonableness of management's assessment of impairment indicators, which included the following: <ul style="list-style-type: none">Assessed the Company's market capitalization in comparison to the Company's net assets, which may be

Management assesses at each reporting period whether there is an indication that the carrying value of exploration and evaluation assets may not be recoverable. Management applies significant judgement in assessing whether indicators of impairment exist that necessitate impairment testing. Internal and external factors, such as (i) a significant decline in the market value of the Company's share price; (ii) changes in the Company's assessment of whether commercially viable quantities of mineral resources exist within the property; and (iii) changes in metal prices, capital and operating costs, are evaluated by management in determining whether there are any indicators of impairment.

We considered this a key audit matter due to (i) the significance of the exploration and evaluation asset balance and (ii) the significant audit effort and subjectivity in applying audit procedures to assess the factors evaluated by management in its assessment of impairment indicators, which required significant management judgement.

an indication of impairment.

- Assessed the completeness of the factors that could be considered indicators of impairment, including consideration of evidence obtained in other areas of the audit.
- Confirmed that the Company's right to explore the property had not expired.
- Obtained management's written representations regarding the Company's future plans for the exploration and evaluation assets.
- Assessed the reasonability of the Company's financial statement disclosure regarding their exploration and evaluation assets.

Other Information

Management is responsible for the other information. The other information comprises the information included in "Management's Discussion and Analysis" but does not include the consolidated financial statements and our auditor's report thereon.

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 or otherwise 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. 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, 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.
- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the Company as a basis for forming an opinion on the group financial statements. We are responsible for the direction, supervision and review of the audit work performed for purposes of the group audit. We remain solely responsible for our audit opinion.

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

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

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 James Roxburgh.

The image shows a handwritten signature in black ink that reads "De Visser Gray LLP". The signature is written in a cursive, flowing style.

Chartered Professional Accountants

Vancouver, BC, Canada
April 12, 2024

PROVIDENCE GOLD MINES INC.
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
(Stated in Canadian Dollars)



	December 31, 2023	December 31, 2022
<u>ASSETS</u>		
Current assets		
Cash	\$ 2,634	\$ 4,816
Accounts receivable	-	4,803
Prepaid expenses and advances	-	7,366
Total current assets	2,634	16,985
Non-current assets		
Exploration and evaluation assets – Note 5	2,610,660	2,599,193
Total non-current assets	2,610,660	2,599,193
Total Assets	\$ 2,613,294	\$ 2,616,178
<u>LIABILITIES</u>		
Current liabilities		
Trade and other payables – Note 7	\$ 98,378	\$ 77,711
Total liabilities	98,378	77,711
<u>EQUITY</u>		
Share capital – Note 6	6,254,762	6,194,460
Equity reserves – Note 6	836,470	811,733
Accumulated deficit	(4,576,316)	(4,467,726)
Total Equity	2,514,916	2,538,467
Total Liabilities and Equity	\$ 2,613,294	\$ 2,616,178

Nature of Operations and Going Concern – Note 1

APPROVED ON BEHALF OF THE DIRECTORS:

“Ronald Coombes” Director *“Thomas Kennedy”* Director

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

PROVIDENCE GOLD MINES INC.
CONSOLIDATED STATEMENTS OF COMPREHENSIVE LOSS
(Stated in Canadian Dollars)



	Year Ended	
	December 31,	
	2023	2022
Expenses:		
Accounting and audit fees – Note 7	\$ 78,700	\$ 80,950
Amortization	-	6,703
Consulting fees – Note 7	91,040	120,746
Foreign exchange	(120)	1,134
Legal and corporate services – Note 7	288	21,829
Management fees – Note 7	48,000	36,000
Marketing	35,000	5,000
Office and administration	24,136	10,792
Rent – Note 7	12,000	-
Shareholder communications	2,402	10,309
Transfer agent and filing fees	21,334	38,692
Total expenses	(312,780)	(332,155)
Other Items:		
Interest on lease liabilities	-	(10)
Extinguishment of accounts payable – Note 7	204,190	226,938
Net loss and comprehensive loss for the year	\$ (108,590)	\$ (105,227)
Basic and diluted loss per share	\$ (0.00)	\$ (0.00)
Weighted average shares outstanding – basic and diluted	61,692,613	60,109,075

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

PROVIDENCE GOLD MINES INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS
(Stated in Canadian Dollars)



	Year Ended December 31,	
	2023	2022
Operating Activities		
Net loss for the year	\$ (108,590)	\$ (105,227)
Items not involving cash:		
Amortization	-	6,703
Interest on lease liabilities	-	10
Extinguishment of accounts payable	(204,190)	(226,938)
Changes in non-cash working capital items:		
Accounts receivable	4,803	945
Prepaid expenses and advances	3,304	20,171
Trade and other payables	220,152	230,565
	(84,521)	(73,771)
Investing Activity:		
Investment in exploration and evaluation assets	(2,700)	(10,166)
	(2,700)	(10,166)
Financing Activities:		
Shares issued for cash	86,580	38,500
Share issue costs	(1,541)	-
Payments of lease liability	-	(2,944)
	85,039	35,556
Change in cash	(2,182)	(48,381)
Cash, beginning	4,816	53,197
Cash, end	\$ 2,634	\$ 4,816
Supplemental cash flow information:		
Allocated from share capital to equity reserves relating to unit warrants from a private placement	\$ 24,737	\$ 13,750
Exploration and evaluation assets include in trade and other payables	\$ 10,073	\$ 12,082

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

PROVIDENCE GOLD MINES INC.
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
(Stated in Canadian Dollars)



	Number of shares outstanding		Share capital		Equity reserves		Accumulated deficit		Total equity
Balance – December 31, 2021	60,109,075	\$	6,169,710	\$	797,983	\$	(4,362,499)	\$	2,605,194
Common shares issued pursuant to:									
- private placement	550,000		24,750		13,750		-		38,500
Net loss for the year	-		-		-		(105,227)		(105,227)
Balance – December 31, 2022	60,659,075		6,194,460		811,733		(4,467,726)		2,538,467
Common shares issued pursuant to:									
- private placement	1,236,857		61,843		24,737		-		86,580
Share issue costs	-		(1,541)		-		-		(1,541)
Net loss for the year	-		-		-		(108,590)		(108,590)
Balance – December 31, 2023	61,895,932	\$	6,254,762	\$	836,470	\$	(4,576,316)	\$	2,514,916

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

Note 1 **Nature of Operations and Going Concern**

Providence Gold Mines Inc. (the “Company”) was incorporated on February 16, 2010 under the Business Corporations Act of British Columbia. It commenced operations on April 18, 2011. The Company is in the process of exploring and evaluating its mineral property located in California, United States.

The Company’s principal business activity is mineral exploration. It is a public company which trades on the TSX Venture Exchange (“TSX-V”) under the trading symbol “PHD” as a Tier 2 issuer. The address of the Company’s corporate office and principal place of business is PO Box 42096, Surrey RPO Guildford, Surrey, British Columbia, Canada.

These consolidated financial statements have been prepared on the assumption that the Company will realize its assets and discharge its liabilities in the normal course of business. As at December 31, 2023, the Company has an accumulated deficit of \$4,576,316 and has experienced negative cash flows from operations. Management cannot provide assurance that the Company will achieve profitable operations or become cash flow positive or raise additional funds via equity issuances or debt instruments. Its ability to continue as a going concern depends upon whether it develops profitable operations and continues to raise adequate financing.

These events and conditions create a material uncertainty that may cast significant doubt on the Company’s ability to continue as a going concern.

As the Company is in the exploration stage, the recoverability of the costs incurred to date on exploration properties is dependent upon the existence of economically recoverable reserves, the ability of the Company to obtain the necessary financing to complete the exploration and development of its properties and upon future profitable production or proceeds from the disposition of the properties and deferred exploration expenditures.

There can be no assurance that the Company will be able to raise the funds necessary to continue future operations. Should the Company be unable to realize its assets and discharge its liabilities in the normal course of business, the net realizable value of its assets may be materially less than the amounts recorded on the consolidated statements of financial position. The consolidated financial statements do not include adjustments to amounts and classifications of assets and liabilities that might be necessary should the Company be unable to continue operations.

Note 2 **Basis of Preparation**

a) Statement of Compliance

These consolidated financial statements, including comparatives, have been prepared in accordance with International Financial Reporting Standards (“IFRS”), as issued by the International Accounting Standards Board (“IASB”) and interpretations issued by the IFRS Interpretations Committee (“IFRIC”). These consolidated financial statements were approved for issue by the Board of Directors on April 12, 2024.

These consolidated financial statements include the accounts of the Company and its wholly owned subsidiary. The Company’s subsidiary is Providence Gold Mines (US) Inc., which was incorporated in the United States of America. A subsidiary is any entity controlled by the Company. Control exists when the Company has the power to govern the financial and operating policies of an entity; is exposed to variable returns in connection with its interest in the entity; and a linkage exists between this power and exposure to variable returns. Subsidiaries are included in the consolidated financial results of the Company from the effective date of acquisition up to the effective date of disposal or loss of control.

All intra-group transactions, balances, income and expenses are eliminated, in full, on consolidation.

b) Basis of presentation

The Company and its subsidiary each have a functional currency of Canadian dollars, which is also the presentation currency for the consolidated financial statements.

These consolidated financial statements have been prepared using the historic cost convention, except for financial instruments measured at fair value. These consolidated financial statements are also prepared using the accrual basis of accounting, except for cash flow information.

Note 3 **Material Accounting Policy Information**

The accounting policies set out below have been applied consistently during the years ended December 31, 2023 and 2022, unless otherwise indicated.

a) Foreign Currency Transactions

The functional currency is the currency of the primary economic environment in which the entity operates. The functional currency determinations were conducted through an analysis of the consideration factors identified in IAS 21, The Effects of Changes in Foreign Exchange Rates.

At the transaction date, each asset, liability, revenue and expense denominated in a foreign currency is translated into the functional currency by the use of the exchange rate in effect at that date. At the year end date, unsettled monetary assets and liabilities are translated into the functional currency by using the exchange rate in effect at the year end and the related translation differences are recognized in the Company’s profit or loss.

Non-monetary assets and liabilities that are measured at historical cost are translated into the functional currency by using the exchange rate in effect at the date of the initial transaction and are not subsequently restated. Non-monetary assets and liabilities that are measured at fair value or a revalued amount are translated into the functional currency by using the exchange rate in effect at the date the value is determined and the related translation differences are recognized in profit or loss or other comprehensive loss, consistent with where the gain or loss on the underlying non-monetary asset or liability has been recognized.

Note 3 **Material Accounting Policy Information (cont'd)**

b) Cash and Cash Equivalents

Cash and cash equivalents include cash on hand, deposits held at call with financial institutions and other short-term, highly liquid investments with original maturities of three months or less at inception, that are readily convertible to known amounts of cash and subject to an insignificant risk of change in value. For the consolidated cash flow statement presentation purposes, cash and cash equivalents includes bank overdrafts. As of December 31, 2023 and 2022, the Company had no cash equivalents on hand or bank overdrafts.

c) Pre-Exploration Costs

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

d) Exploration and Evaluation Expenditures

Once the legal right to explore a property has been obtained, costs directly related to active exploration and evaluation expenditures (“E&E”), including borrowing costs related to the acquisition, construction or production of qualifying assets, are recognized and capitalized, in addition to the acquisition costs. These direct expenditures include such costs as materials used, surveying and sampling costs, drilling costs, payments made to contractors, geologists, consultants, and depreciation on plant and equipment during the exploration phase. Costs not directly attributable to E&E activities, including general and administrative overhead costs, are expensed in the year in which they occur.

When a project is deemed to no longer have commercially viable prospects to the Company, E&E expenditures in respect of that project are deemed to be impaired. As a result, those E&E expenditures, in excess of estimated recoveries, are written off to the Company’s profit or loss.

The Company assesses E&E assets for impairment when facts and circumstances suggest that the carrying amount of an asset may exceed its recoverable amount. Once the technical feasibility and commercial viability of extracting the mineral resource has been determined, the property is considered to be a mine under development and is classified as “mines under construction”. E&E assets are tested for impairment before the assets are transferred to mines under construction.

As the Company currently has no operational income, any incidental revenues earned in connection with exploration activities are applied as a reduction to capitalized exploration costs. Mineral exploration and evaluation expenditures are classified as intangible assets.

e) Impairment of Non-Financial Assets

Impairment tests on intangible assets with indefinite useful economic lives are undertaken annually at the financial year end. Other non-financial assets including E&E assets are subject to impairment tests whenever events or changes in circumstances indicate that their carrying amount may not be recoverable. Where the carrying value of an asset exceeds its recoverable amount, which is the higher of value in use and fair value less costs to sell, the asset is written down accordingly.

Note 3 **Material Accounting Policy Information (cont'd)**

e) **Impairment of Non-Financial Assets (cont'd)**

Where it is not possible to estimate the recoverable amount of an individual asset, the impairment test is carried out on the asset's cash-generating unit. A cash-generating unit is the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or groups of assets. The Company has no cash generating unit for which impairment testing is performed. An impairment loss is charged to the Company's profit or loss, except to the extent that it reverses gains previously recognized in other comprehensive loss/income.

f) **Financial Instruments**

Recognition

The Company recognizes a financial asset or financial liability on the consolidated statement of financial position when it becomes party to the contractual provisions of the financial instrument. Financial assets are initially measured at fair value, and are derecognized either when the Company has transferred substantially all the risks and rewards of ownership of the financial asset, or when cash flows expire. Financial liabilities are initially measured at fair value and are derecognized when the obligation specified in the contract is discharged, cancelled or expired.

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.

Classification and Measurement

The Company determines the classification of its financial instruments at initial recognition. Financial assets and financial liabilities are classified according to the following measurement categories:

- i. those to be measured subsequently at fair value, either through profit or loss ("FVTPL") or through other comprehensive income ("FVTOCI"); and
- ii. those to be measured subsequently at amortized cost.

The classification and measurement of financial assets after initial recognition at fair value depends on the business model for managing the financial asset and the contractual terms of the cash flows. Financial assets that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal outstanding, are measured at amortized cost at each subsequent reporting period. All other financial assets are measured at their fair values at each subsequent reporting period, with any changes recorded through profit or loss or through other comprehensive income (which designation is made as an irrevocable election at the time of recognition).

Note 3 **Material Accounting Policy Information (cont'd)**

f) Financial Instruments (cont'd)

Classification and Measurement (cont'd)

After initial recognition at fair value, financial liabilities are classified and measured at either:

- i. amortized cost;
- ii. FVTPL, if the Company has made an irrevocable election at the time of recognition, or when required (for items such as instruments held for trading or derivatives); or
- iii. FVTOCI, when the change in fair value is attributable to changes in the Company's credit risk.

The Company reclassifies financial assets when and only when its business model for managing those assets changes. Financial liabilities are not reclassified.

Transaction costs that are directly attributable to the acquisition or issuance of a financial asset or financial liability classified as subsequently measured at amortized cost or at FVTOCI are included in the fair value of the instrument on initial recognition. Transaction costs for financial assets and financial liabilities classified at FVTPL or loss are expensed in profit or loss.

The Company's financial asset consists of cash, which is classified and measured at FVTPL, with realized and unrealized gains or losses related to changes in fair value reported in profit or loss. The Company's financial liabilities consist of trade and other payables, which are classified and measured at amortized cost using the effective interest method. Interest expense is reported in net loss.

The effective interest method is a method of calculating the amortized cost of a financial asset or liability and of allocating interest income or expense over the relevant period. The effective interest rate is the rate that discounts estimated future cash payments through the expected life of the financial asset or liability, or where appropriate, a shorter period.

Impairment

The Company assesses all information available, including on a forward-looking basis the expected credit losses associated with any financial assets carried at amortized cost. The impairment methodology applied depends on whether there has been a significant increase in credit risk. To assess whether there is a significant increase in credit risk, the Company compares the risk of a default occurring on the asset as at the reporting date with the risk of default as at the date of initial recognition based on all information available, and reasonable and supportable forward-looking information.

Note 3 **Material Accounting Policy Information (cont'd)**

g) Leases

The Company assesses whether a contract is or contains a lease at inception of the contract. A lease is recognized as a right-of-use (“ROU”) asset and corresponding lease liability at the commencement date. Each lease payment included in the lease liability is apportioned between the repayment of the liability and an interest expense in profit or loss. Lease liabilities represent the net present value of fixed lease payments (including in-substance fixed payments); variable lease payments based on an index, rate, or subject to a fair market value renewal condition; amounts expected to be payable by the lessee under residual value guarantees, the exercise price of a purchase option if the lessee is reasonably certain to exercise that option, and payments of penalties for terminating the lease, if it is probable that the lessee will exercise that option.

The Company’s lease liability is recognized net of lease incentives receivable. The lease payments are discounted using the interest rate implicit in the lease or, if that rate cannot be determined, the lessee’s incremental borrowing rate. The period over which the lease payments are discounted is the expected lease term, including renewal and termination options that the Company is reasonably certain to exercise.

Payments associated with short-term leases and leases of low-value assets are recognized as an expense on a straight-line basis in profit or loss. Short-term leases are defined as leases with a lease term of 12 months or less.

Right-of-use assets are measured at cost, which is calculated as the amount of the initial measurement of the lease liability plus any lease payments made at or before the commencement date, any initial direct costs and related restoration costs. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the useful life of the underlying asset. The depreciation is recognized from the commencement date of the lease.

h) Rehabilitation Provision

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

When the liability is recognized, the present value of the estimated costs is capitalized by increasing the carrying amount of the related E&E assets. Over time, the discounted liability is increased for the changes in present value based on the passage of time, current market discount rates and liability specific risks. Adjustments to the liability as a result of changes in estimates are recognized as a corresponding change to the E&E asset, while accretion of the liability over the passage of time is recognized in profit or loss for the period.

Additional environmental disturbances or changes in rehabilitation costs will be recognized as additions to the corresponding assets and rehabilitation liability in the period in which they occur. The Company did not have any significant future rehabilitation provisions as at December 31, 2023 or 2022.

Note 3 **Material Accounting Policy Information (cont'd)**

i) Income Tax

Current tax and deferred tax are recognized in the Company's profit or loss, except to the extent that they relate to a business combination or items recognized directly in equity or in other comprehensive loss. Current income taxes are recognized for the estimated taxes payable or receivable on taxable income or loss for the current year and any adjustment to income taxes payable in respect of previous years. Current income taxes are determined using tax rates and tax laws that have been enacted or substantively enacted by the period end date.

Deferred tax assets and liabilities are recognized where the carrying amount of an asset or liability differs from its tax base, except for taxable temporary differences arising on the initial recognition of goodwill and temporary differences arising on the initial recognition of an asset or liability in a transaction which is not a business combination and at the time of the transaction affects neither accounting nor taxable profit or loss.

Recognition of deferred tax assets for unused tax losses, tax credits 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. At the end of each reporting period, the Company reassesses unrecognized deferred tax assets. The Company recognizes a previously unrecognized deferred tax asset to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

j) 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 asset. The Company's common shares, share purchase warrants and stock options are classified as equity instruments. Common shares issued are recorded within the consolidated statements of changes in equity as share capital. The fair values of warrants and stock options issued are recorded to equity reserves, and are transferred to share capital on exercise of the associated warrants or stock options.

Incremental costs, directly attributable to the issue of new shares, warrants or options, are shown in equity as a deduction, net of tax, from proceeds. The residual value method is used to calculate the fair value of the warrant component of units issued, whereby the residual of the private placement proceeds less the fair value of the share component is assigned as the fair value of the warrants.

k) Profit or Loss Per Share

Basic profit or loss per share is computed by dividing the Company's profit or loss applicable to common shares by the weighted average number of common shares outstanding for the relevant period.

Diluted profit per share is computed by dividing the Company's profit applicable to common shares by the sum of the weighted average number of common shares outstanding and all additional common shares that would have been outstanding if potentially dilutive instruments were converted at the beginning of the period. Diluted loss per share is equal to basic loss per share, as the potentially dilutive instruments would be anti-dilutive.

Note 3 **Material Accounting Policy Information (cont'd)**

1) Share-Based Payments

Where equity-settled stock options are awarded to employees or non-employees, the fair value of the options at the date of grant is charged to the Company's profit or loss, E&E assets, or share capital over the vesting period. The number of equity instruments expected to vest at each reporting date are taken into account so that the cumulative amount recognized over the vesting period is based on the number of options that eventually vest. Non-vesting conditions and market vesting conditions are factored into the fair value of the options granted. As long as all other vesting conditions are satisfied, a charge is made irrespective of whether market vesting conditions are satisfied. The cumulative expense is not adjusted for failure to achieve a market vesting condition or where a non-vesting condition is not satisfied.

Where the terms and conditions of options are modified before they vest, the increase in the fair value of the options, measured immediately before and after the modifications, is charged to the Company's profit or loss, E&E assets, or share capital, as applicable, over the remaining vesting period.

Where equity instruments are granted to non-employees, they are recorded at the fair value of the goods or services received in the Company's profit or loss, unless they are related to the issuance of shares or E&E assets. Amounts related to the issuance of shares are recorded as a reduction of share capital and amounts related to the properties are capitalized. When the value of goods or services received in exchange for the share-based payment cannot be reliably estimated, the fair value is measured by use of a valuation model.

Unless otherwise stated, the valuation model used is the Black-Scholes option pricing model. The expected life used in the model is adjusted, based on management's best estimate, for effects of non-transferability, exercise restrictions and behavioural considerations.

All equity-settled share-based payments are reflected in equity reserve, until exercised. Upon exercise, shares are issued from treasury and the amount reflected in equity reserve is credited to share capital, adjusted for any consideration paid.

Where a grant of options is cancelled or settled during the vesting period, excluding forfeitures when vesting conditions are not satisfied, the Company immediately accounts for the cancellation as an acceleration of vesting and immediately recognizes the amount that otherwise would have been recognized for services received over the remainder of the vesting period. Any payment made to the employee on the cancellation is accounted for as the repurchase of an equity interest except to the extent that the payment exceeds the fair value of the equity instrument granted, measured at the purchase date. Any such excess is recognized as an expense.

Note 4 **Critical Accounting Estimates and Judgments**

The Company makes estimates and judgments about the future that affect the reported amounts of assets and liabilities. Estimates and judgments are continually evaluated based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. In the future, actual experience may differ from these estimates and judgments.

The effect of a change in accounting estimate is recognized prospectively by including it in the Company's profit or loss in the period of the change, if it affects that period only, or in the period of the change and future periods, if the change affects both.

Note 4 Critical Accounting Estimates and Judgments (cont'd)

Information about critical estimates and judgments made in applying accounting policies that have the most significant risk of causing material adjustment to the carrying amounts of assets and liabilities recognized in the consolidated financial statements within the next financial year are discussed below:

a) Exploration and Evaluation Expenditures

The application of the Company's accounting policy for E&E expenditures requires judgment in determining whether indicators of impairment exist. Judgements and assumptions made may change if new information becomes available.

b) Title to Mineral Property Interests

Although the Company takes steps to verify title to mineral properties in which it has an interest, these procedures do not guarantee the Company's title. Such properties may be subject to prior agreements or transfers and title may be affected by undetected defects

c) Functional Currency

The Company applied judgment in determining its functional currency and the functional currency of its subsidiary. The functional currency was determined based on the currency in which funds are sourced and the degree of dependence on the Company, by the subsidiary, for financial support.

d) Going Concern

Management makes a judgment about the Company's ability to continue as a going concern by taking into account the consideration of the various factors discussed in Note 1.

Note 5 Exploration and Evaluation Assets

	Tuolumne Property
Acquisition Costs:	
Balance, December 31, 2021, 2022 and 2023	\$ 970,955
Exploration Costs:	
Balance, December 31, 2021	1,618,072
Geological costs – Note 7	72,000
Field costs	10,166
Extinguishment of accounts payable – Note 7	(72,000)
Balance, December 31, 2022	1,628,238
Geological costs – Note 7	96,000
Sample analysis	6,067
Field costs	5,400
Extinguishment of accounts payable – Note 7	(96,000)
Balance, December 31, 2023	1,639,705
Exploration and evaluation assets, December 31, 2022	\$ 2,599,193
Exploration and evaluation assets, December 31, 2023	\$ 2,610,660

Note 5 **Exploration and Evaluation Assets (cont'd)**

Tuolumne Property

On March 28, 2017, the Company entered into an agreement (the "Agreement") with Ellers Family Trust ("Ellers" or the "Optionor"), as amended April 24, 2019 (the "First Amendment") and May 24, 2020 (the "Second Amendment"), whereby the Company was granted a lease of claims comprising the Tuolumne Property (the "Property") and options to acquire a 50% working interest in the Property (the "50% Working Interest Option") or purchase 100% right, title and interest in the Property (the "100% Property Acquisition Option"). The Property includes six parcels and thirteen 20-acre mining claims. The Assignors have also staked a further 9 claims contiguous to the existing claims for a total of 6 patented and 22 located mining claims.

To exercise the 50% Working Interest Option, the Company must:

- a) Pay US\$25,000 to Ellers following regulatory approval of the Agreement (paid);
- b) Pay a further US\$25,000 to Ellers (paid) and incur \$250,000 in Property expenditures by March 28, 2018 (incurred);
- c) Pay a further US\$50,000 to Ellers upon execution of the First Amendment (paid);
- d) Pay a further US\$50,000 to Ellers (US\$3,500 paid, with the remainder of the payment amount settled via the issuance of 1,000,000 Company common shares) pursuant to the Second Amendment and incur \$750,000 in Property expenditures by October 15, 2019 (incurred); and
- e) Incur \$500,000 in Property expenditures during each of five one-year lease extension periods ending May 24, 2021, 2022, 2023, 2024 and 2025, pursuant to the Second Amendment. For any given one-year lease period, the Company may pay Ellers US\$25,000 in lieu of incurring the required expenditures. (As of December 31, 2023, the Company had not incurred the Property expenditures for the periods ended May 31, 2021, 2022 and 2023, and had not made the \$25,000 payments in lieu.)

Upon earning a 50% Property working interest, the Company will form a 50/50 joint venture with Ellers.

As consideration for the Second Amendment, the Company shall issue to Ellers:

- a) 1,000,000 Company common shares within 30 days of execution (issued); and
- b) 200,000 Company common shares within 30 days after the commencement of a planned 3,900-metre drilling program on the Property.

Notwithstanding the terms of earning a 50% Property working interest, the Company may, at any time before the expiry of the Property lease period, exercise the 100% Property Acquisition Option and acquire a 100% Property interest by paying Ellers US\$5,000,000, with up to one-half of this consideration payable in Company common shares at the option of the Company.

Ellers shall retain a 2.5% net smelter returns royalty ("NSR") with respect to the Property, with the Company having the exclusive right and option to purchase 60% (1.5%) of the NSR for US\$1,000,000 at any time up to and including 90 days after the Company commences commercial production on the Property.

Note 5 **Exploration and Evaluation Assets (cont'd)**

The Company's negotiation of the Agreement with Ellers resulted from the assignment to the Company of rights and interests agreed to in a February 1, 2017 Summary of Terms between Ellers and third parties, including the Company's CEO and two arm's-length parties (the "Assignors"). As consideration for the assignment, the Company shall pay and issue to the Assignors the following consideration:

- a) Pay US\$25,000 (paid) and issue 1,500,000 Company common shares within 14 days of TSX Venture Exchange approval of the Assignment (issued);
- b) Issue a further 1,500,000 Company common shares within 14 days following the completion of the first year Property work program of \$250,000 (issued);
- c) Issue a further 1,500,000 Company common shares within 14 days following the completion of the second year Property work program of \$750,000 (issued); and
- d) Issue a further 1,500,000 Company common shares within 14 days of the Company acquiring a 100% Property interest for US\$5,000,000.

On October 19, 2019, the Company and Ellers entered into an agreement regarding the evaluation, milling, processing and reprocessing of stockpiles on the Property (the "Stockpile Processing Agreement"). Pursuant to the Stockpile Processing Agreement, the Company shall pay Ellers a 10% net profit interest of profit generated from these activities.

Environmental Protection Practices

The Company is subject to laws and regulations relating to environmental matters in all jurisdictions in which it operates, including provisions relating to property reclamation, discharge of hazardous material and other matters. The Company may also be held liable should environmental disturbances be discovered that were caused by former owners and operators of its properties and properties in which it has previously had an interest. The Company has not recorded any material liability for any existing environmental matters related to any of its current or former properties that may result in a material liability to the Company.

Note 6 **Share Capital and Equity Reserves**

a) **Common Shares**

The Company is authorized to issue an unlimited number of no par value common shares, issuable in series. The holders of common shares are entitled to one vote per share at meetings of the Company and to receive dividends, which may be declared from time-to-time.

No dividends have been declared by the Company since its inception. All shares are ranked equally with regard to the Company's residual net assets.

During the year ended December 31, 2023, the Company:

- i) closed a non-brokered private placement for 1,236,857 units at \$0.07 per unit for gross proceeds of \$86,580. Each unit consists of one common share and one warrant entitling the holder to purchase one common share of the Company for a period of two years at a price of \$0.05 per common share. A fair value of \$24,737 was allocated from share capital to equity reserves relating to the unit warrants of the private placement.

During the year ended December 31, 2022, the Company:

- i) closed the final tranche of a non-brokered private placement for 550,000 units at \$0.07 per unit for gross proceeds of \$38,500. Each unit consists of one common share and one warrant entitling the holder to purchase one common share of the Company for a period of one year at

Note 6 **Share Capital and Equity Reserves**

a) Common Shares (cont'd)

a price of \$0.15 per common share. A fair value of \$13,750 was allocated from share capital to equity reserves relating to the unit warrants of the private placement.

b) Share Purchase Warrants

A summary of the Company's outstanding share purchase warrants is presented below:

	For the Year Ended December 31, 2023		For the Year Ended December 31, 2022	
	Number of Warrants	Weighted Average Exercise Price	Number of Warrants	Weighted Average Exercise Price
Opening balance	550,000	\$ 0.15	6,490,366	\$ 0.23
Issued	1,236,857	0.05	550,000	0.15
Expired	(550,000)	0.15	(6,490,366)	0.23
Ending balance	1,236,857	\$ 0.05	550,000	\$ 0.15

At December 31, 2023, the following share purchase warrants were outstanding:

	Expiry Date	Number of Warrants	Exercise Price (\$)
Warrants	March 1, 2025	1,236,857	0.05
Total		1,236,857	

c) Stock Options

The Company, in accordance with the policies of the TSX-V, is authorized to grant stock options to directors, officers, employees and service providers to acquire up to 10% of common shares outstanding (the "Plan").

Under the Plan, options may be granted at, not less than the discounted market price of the Company's common shares as defined by the TSX-V on the day preceding the grant for a maximum term of 5 years. No amounts are paid or payable by the recipient upon the grant of options and the options are not dependent on any performance-based criteria. Vesting of stock options is at the discretion of the Board but generally options will vest when granted except where granted for investor relations activities which vest, and may be exercised, in accordance with the Plan's vesting provisions as to ¼ of the options each 3 months.

Stock option transactions are summarized below:

	For the Year Ended December 31, 2023		For the Year Ended December 31, 2022	
	Number of Options	Weighted Average Exercise Price	Number of Options	Weighted Average Exercise Price
Opening balance	4,325,000	\$ 0.14	4,925,000	\$ 0.14
Expired/cancelled	(2,375,000)	0.13	(600,000)	0.16
Ending balance	1,950,000	\$ 0.14	4,325,000	\$ 0.14

Note 6 **Share Capital and Equity Reserves (cont'd)**

At December 31, 2023, the following stock options were outstanding:

Exercise Price (\$)	Expiry Date	Number Outstanding	Number Exercisable
0.12	February 2, 2024*	400,000	400,000
0.15	February 7, 2024*	1,150,000	1,150,000
0.15	May 2, 2024	300,000	300,000
0.15	October 26, 2024	100,000	100,000
		1,950,000	1,950,000

*expired subsequent to December 31, 2023, unexercised.

During the year ended December 31, 2023 and 2022, the Company did not grant any stock options.

Note 7 **Related Party Transactions**

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Company, directly or indirectly. Key management personnel include the Company's executive officers and members of the Board of Directors.

These transactions were agreed upon by the Board of Directors and were measured at the consideration established and agreed to by the related parties.

During the years ended December 31, 2023 and 2022, the Company incurred:

- accounting fees of \$60,000 (2022 - \$60,000) and corporate services of \$190 (2022 - \$11,925) to an accounting firm of which an officer of the Company is a partner.
- consulting fees of \$84,000 (2022 - \$84,000) to a director of the Company.
- management fees of \$48,000 (2022 - \$36,000) to a director of the Company.
- rent of \$12,000 (2022 - \$nil) to a director of the Company.
- geological costs of \$96,000 (2022 - \$72,000) capitalized as exploration costs accrued to a director of the Company.

As at December 31, 2023, trade and other payables included \$27,310 (2022 - \$21,607) owing to a company controlled by a director and officer for management activities and operational expenses.

During the year ended December 31, 2023, certain vendors agreed to extinguish \$311,000 (2022 - \$298,938) of accounts payable which included \$311,000 (2022 - \$265,855) owing to officers and directors. Of the payable amounts that were extinguished, \$96,000 (2022 - \$72,000) related to amounts that had previously been included within exploration and evaluation assets and \$10,810 (2022 - \$nil) related to amounts that had previously been recorded as GST receivable.

Note 8 **Segmented Reporting**

The Company is organized into business units based on exploration and evaluation assets and has one reportable operating segment spread across two geographic locations, being that of acquisition and exploration and evaluation in Canada and in the United States. A summary of the segmented assets as at December 31, 2023 and 2022, and the Company's loss and comprehensive loss for the years ended December 31, 2023 and 2022 is as follows:

			December 31, 2023	
	United States	Canada	Total	
Net loss for the year	\$ (63)	\$ (108,527)	\$ (108,590)	
Exploration and evaluation assets	2,610,660	-	2,610,660	
Total segment assets	2,611,263	2,031	2,613,294	

			December 31, 2022	
	United States	Canada	Total	
Net loss for the year	\$ (14,171)	\$ (91,056)	\$ (105,227)	
Exploration and evaluation assets	2,599,193	-	2,599,193	
Total segment assets	2,603,294	12,884	2,616,178	

Note 9 **Capital Management**

The Company's objective when managing capital is to safeguard the Company's ability to continue as a going concern, so that it can continue to provide returns for shareholders and benefits for other stakeholders.

The Company considers the items included in shareholders' equity as capital. The Company manages the capital structure and adjusts it in light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Company may issue new shares through private placements, sell assets to reduce debt or return capital to shareholders. The Company is not subject to externally imposed capital requirements.

There have been no changes in the Company's approach to capital management during the year.

Note 10 **Financial Instruments**

As at December 31, 2023, the Company's financial instruments consist of cash and trade and other payables.

a) **Fair Value**

The following provides an analysis of financial instruments that are measured subsequent to initial recognition at fair value, grouped into Levels 1 to 3 based on the degree to which fair value is observable:

Level 1 - Fair value measurements are derived from quoted prices in active markets or identical assets or liabilities;

Level 2 - Fair value measurements are derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly; and

Level 3 - Fair value measurements are derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data

The fair value of the Company's trade and other payables approximate their carrying amount, which is the amount on the consolidated statements of financial position, due to their short-term maturities. The Company's cash is measured at its fair value in accordance with level 1 of the fair value hierarchy.

b) **Interest Rate Risk**

The Company's cash earns interest at a variable interest rate. Because of the nature of these financial instruments, fluctuations in market rates do not have a significant impact on estimated fair values as of December 31, 2023. Future cash flows from interest income on cash will be affected by interest rate fluctuations. Interest rate risk consists of two components:

(i) To the extent that payments made or received on the Company's monetary assets and liabilities are affected by changes in the prevailing market interest rates, the Company is exposed to interest rate cash flow risk.

(ii) To the extent that changes in prevailing market interest rates differ from the interest rates on the Company's monetary assets and liabilities, the Company is exposed to interest rate fair value risk.

The Company's exposure to interest rate fluctuations is minimal.

c) **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 is exposed to credit risk with respect to its cash, the balance of which at December 31, 2023 is \$2,634 (2022 - \$4,816). As at that date, cash was held at a chartered Canadian financial institution and the Company does not consider the risks to be significant. The Company's exposure to credit risk has not changed significantly from the prior year.

Note 10 **Financial Instruments (cont'd)**

d) Liquidity Risk

Liquidity risk arises from the excess of financial obligations over available financial assets due at any point in time. Additional cash requirements could be met with the issuance of additional share capital; however, there is no assurance the Company will be able to raise funds in this manner in the future. As at December 31, 2023, the Company was holding cash of \$2,634 (2022 - \$4,816) and had trade and other payables of \$98,378 (2022 - \$77,711). The Company's trade and other payables are due within twelve months of year end.

Note 11 **Income Taxes**

Income tax expense is recognized based on management's best estimate of the weighted average annual combined federal and provincial income tax rate for the full financial year applied to the pre-tax income. The Company's effective tax rate for the year ended December 31, 2023 was 27.00% (2022 – 26.19%).

The differences between the tax expense for the years ended December 31, 2023 and 2022 and the expected income taxes based on the statutory rate are as follows:

December 31,	2023	2022
Loss before income taxes	\$ (108,590)	\$ (105,227)
Basic statutory income tax rate	27.00%	26.19%
Expected income tax recovery	(29,315)	(27,562)
Differences due to recognition of items for tax purposes and items not recognized:		
Change in statutory, foreign tax, foreign exchange rates and other	999	(10,336)
Permanent differences and other	(359)	1,617
Tax benefits not recognized	28,675	36,281
Total income tax expense/(recovery)	\$ -	\$ -

The nature and tax effect of temporary differences giving rise to deferred income tax assets and liabilities at December 31, 2023 and 2022 are summarized as follows:

	December 31, 2023	December 31, 2022
Non-capital loss carry-forwards	\$ 1,060,146	\$ 1,026,377
Share issue costs	2,833	5,749
Exploration and evaluation assets	1,380	3,232
Capital assets	196	522
	\$ 1,064,555	\$ 1,035,880

The Company has Canadian total non-capital loss carry-forwards of approximately \$3,863,000. If not utilized, these loss carry-forwards will expire between 2033 and 2043.