



A.I.S. RESOURCES LIMITED

CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022

(Expressed in Canadian dollars)

INDEPENDENT AUDITORS' REPORT

To the Shareholders and Directors of A.I.S. Resources Limited

Opinion

We have audited the consolidated financial statements of A.I.S. Resources Limited and its subsidiaries (together, the "Company") which comprise:

- the consolidated statements of financial position as at December 31, 2023 and 2022;
- the consolidated statements of loss and comprehensive loss for the years ended December 31, 2023 and 2022;
- the consolidated statements of changes in equity for the years ended December 31, 2023 and 2022;
- the consolidated statements of cash flows for the years ended December 31, 2023 and 2022; and
- the notes to the consolidated financial statements, including material accounting policy information and other explanatory information.

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

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 *Auditors' Responsibilities for the Audit of the consolidated financial statements* section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Company in accordance with the ethical requirements that are relevant to our audits of the consolidated financial statements in Canada. We have fulfilled our other ethical responsibilities in accordance with these requirements.

Material Uncertainty Related to Going Concern

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

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements for the year ended December 31, 2023. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. In addition to the matter described in the Material Uncertainty Related to Going Concern section, the key audit matter to be communicated in our auditors' report is as follows:

Fair value of other investment

Key Audit Matter Description

As described in Notes 2(b), 8 and 16 of the Financial Statements, the Company holds an investment in a private company which is measured at fair value through other comprehensive income. The Company considers entity-specific information when determining whether the fair value of a privately-held investment should be adjusted upward or downward at the end of each reporting period. In addition to entity-specific information, the Company considers trends in general market conditions and the share performance of comparable publicly-traded companies when valuing privately-held investments.

We identified the fair value measurement of this investment as a key audit matter due to the significance of the investment and the judgements made by management in preparing the valuation, which resulted in a high degree of auditor judgement, subjectivity, and effort in performing procedures to evaluate whether the inputs used are appropriate and the most reliable indicators of fair value.

Audit Response

Our approach to addressing the matter included the following procedures, among others:

- We assessed the design and implementation of management's controls over the determination of the estimated fair value of the investment;
- We agreed the estimated fair value to the price in the investee company's most recent share issuance; and
- We examined evidence about the financial performance, operations and financial condition of the investee company, including direct communications from the investee company, to assess whether there were conditions that would suggest that the most recent price of shares issued by the investee company may not be representative of the fair value.

Other Information

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

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

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

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. We have nothing to report in this regard.

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

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board, 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.

Auditors' 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 auditors' 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 auditors' 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 auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

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 auditors' 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 auditors' report is Waseem Javed.

Manning Elliott LLP

CHARTERED PROFESSIONAL ACCOUNTANTS
Vancouver, British Columbia
April 29, 2024

A.I.S. RESOURCES LIMITED

Consolidated Statements of Financial Position

(Expressed in Canadian dollars)

As at December 31, 2023 and 2022

	<i>Note</i>	2023	2022
		\$	\$
ASSETS			
Current assets			
Cash		4,904	241,866
Accounts receivable	5	742	404,378
Prepaid expenses	6	30,605	75,484
Marketable securities	7	58,660	264,700
Total current assets		94,911	986,428
Non-current assets			
Other investment	8	1,196,758	1,225,532
Exploration and evaluation assets	9	1,181,632	3,372,456
		2,473,301	5,584,416
LIABILITIES			
Current liabilities			
Accounts payable and accrued liabilities		292,036	255,286
Due to related parties	10	807,656	572,528
Promissory notes and loans payable	11	571,016	457,157
Total current liabilities		1,670,708	1,284,971
EQUITY			
Common shares	12	19,945,595	19,945,595
Reserves	13	4,558,520	4,558,520
Other comprehensive income		697,000	725,774
Deficit		(24,398,522)	(20,930,444)
		802,593	4,299,445
		2,473,301	5,584,416

Note 1: Nature of operations and going concern

Note 19: Contingencies and commitments

Note 20: Subsequent events

Approved for issue by the Board of Directors on April 29, 2024.

On behalf of the Board of Directors:

Martyn Element, Director

Kiki Smith, Director

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

A.I.S. RESOURCES LIMITED

Consolidated Statements of Loss and Comprehensive Loss

For the Years Ended December 31, 2023 and 2022

(Expressed in Canadian dollars)

	<i>Note</i>	2023	2022
		\$	\$
EXPENSES:			
Consulting	10	58,821	188,073
Directors' fees	10	6,250	30,000
General and administrative		144,810	216,917
Interest and financing	10	116,607	86,129
Management fees	10	195,000	133,875
Professional fees	10	360,123	215,820
Transfer agent and filing		31,392	52,785
Travel and promotion		-	37,705
		(913,003)	(961,304)
OTHER INCOME (EXPENSES):			
Investment income	8	21,410	-
Loss on marketable securities	7	(154,324)	(180,586)
Loss on settlement of receivables	5	(229,548)	-
Operator income		68,282	126,957
Recoveries in excess of carrying value		81,971	250,021
Unrealized foreign exchange gain		22,538	473,590
Write-down of exploration and evaluation assets		(2,365,404)	(1,386,804)
Net loss for the year		(3,468,078)	(1,678,126)
OTHER COMPREHENSIVE INCOME (LOSS):			
Unrealized foreign exchange gain (loss) on investment	8	(28,774)	78,360
Comprehensive loss for the year		(3,496,852)	(1,599,766)
Loss per share			
Basic and diluted		\$ (0.17)	\$ (0.08)
Weighted average number of shares outstanding	1	20,421,541	19,225,661

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

A.I.S. RESOURCES LIMITED

Consolidated Statements of Changes in Equity

For the Years Ended December 31, 2023 and 2022

(Expressed in Canadian Dollars)

	Common shares		Reserves			Other Comprehensive Income	Deficit	Total
	No. of shares	Share capital	Stock Options	Warrants	Contributed surplus			
		\$	\$	\$	\$	\$	\$	\$
Balance, December 31, 2021	17,797,541	19,163,165	2,551,405	709,603	1,136,387	647,414	(19,252,318)	4,955,656
Shares issued for cash	1,624,000	487,200	-	81,200	-	-	-	568,400
Share issuance costs	-	(4,770)	-	-	-	-	-	(4,770)
Share for property acquisition	1,000,000	300,000	-	-	-	-	-	300,000
Warrants expired	-	-	-	(39,771)	39,771	-	-	-
Bonus warrants issued	-	-	-	79,925	-	-	-	79,925
Options cancelled/expired	-	-	(1,484,757)	-	1,484,757	-	-	-
Income (loss) for the year	-	-	-	-	-	78,360	(1,678,126)	(1,599,766)
Balance, December 31, 2022	20,421,541	19,945,595	1,066,648	830,957	2,660,915	725,774	(20,930,444)	4,299,445
Warrants expired	-	-	-	(136,237)	136,237	-	-	-
Options cancelled/expired	-	-	(349,616)	-	349,616	-	-	-
Loss for the year	-	-	-	-	-	(28,774)	(3,468,078)	(3,496,852)
Balance, December 31, 2023	20,421,541	19,945,595	717,032	694,720	3,146,768	697,000	(24,398,522)	802,593

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

A.I.S. RESOURCES LIMITED

Consolidated Statements of Cash Flows

For the Years Ended December 31, 2023 and 2022

(Expressed in Canadian dollars)

	2023	2022
	\$	\$
OPERATING ACTIVITIES		
Net loss for the year	(3,468,078)	(1,678,126)
Adjustments for items not involving cash:		
Accrued interest and accretion of financing costs	113,859	21,130
Write-down of exploration and evaluation assets	2,365,404	1,386,804
Loss (gain) on settlement of receivables	229,548	-
Recoveries in excess of carrying value	(81,971)	(250,021)
Loss on marketable securities	154,324	180,586
Unrealized foreign exchange loss	3,770	73,085
	(683,144)	(266,542)
Changes in non-cash working capital:		
Accounts receivable	110,755	(391,103)
Prepaid expenses	44,879	43,050
Accounts payable and accrued liabilities	204,970	(53,880)
Related parties	235,128	270,179
	(87,412)	(398,296)
INVESTING ACTIVITIES		
Exploration and evaluation assets, net of recoveries	(264,600)	(1,442,228)
Option payments received	-	1,272,000
Purchase of marketable securities	(100)	(134,000)
Proceeds from sale of marketable securities	115,150	213,259
	(149,550)	(90,969)
FINANCING ACTIVITIES		
Shares issued for cash – net of share issuance costs	-	563,630
	-	563,630
Net change in cash	(236,962)	74,365
Cash at beginning of the year	241,866	167,501
Cash at end of the year	4,904	241,866

Note 14: Supplemental information with respect to cash flows

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

A.I.S. RESOURCES LIMITED

Notes to the Consolidated Financial Statements

For the Years Ended December 31, 2023 and 2022

(Expressed in Canadian dollars)

1. NATURE OF OPERATIONS AND GOING CONCERN

A.I.S. Resources Limited (the “Company” or “A.I.S.”) was incorporated under the laws of Bahamas Islands. On December 20, 2018, the Company continued as a British Columbia corporation and is now governed by the Business Corporations Act (British Columbia). The Company is listed on the TSX Venture Exchange and trades under the stock symbol “AIS”. The Company is an investment issuer with a primary focus on exploration and evaluation of mineral properties.

The head office and principal address of the Company is Suite 1120 – 789 West Pender Street, Vancouver, British Columbia, Canada V6C 1H2. The Company’s records office and registered office is located at Suite 700 - 1199 West Hastings Street, Vancouver, British Columbia, Canada, V6E 3T5.

The consolidated financial statements have been prepared on the basis of accounting principles applicable to a going concern which assumes that the Company will continue its operations and will be able to realize the carrying value of its assets and discharge its liabilities in the normal course of business. At December 31, 2023, the Company had a working capital deficit of \$1,575,797 (2022: \$298,543) and an accumulated deficit of \$24,398,522 (2022: \$20,930,444). The ability of the Company to continue as a going concern is dependent upon the continued financial support from related parties, the ability of the Company to raise equity financing to continue its exploration activities and upon future profitable operations or proceeds from disposition of investments. These conditions indicate the existence of a material uncertainty which casts significant doubt on the ability of the Company to continue operations as a going concern. The consolidated financial statements do not reflect adjustments to the carrying values of assets, liabilities or reported results should the Company be unable to continue as a going concern.

Share Consolidation

On March 5, 2024, the Company completed a 10:1 share consolidation. All share and per share amounts are stated on a post consolidation basis for all years presented in these financial statements.

2. BASIS OF PREPARATION

Statement of compliance

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

The consolidated financial statements were approved by the Board of Directors and authorized for issue on April 29, 2024.

Basis of consolidation and presentation

The consolidated financial statements have been prepared on a historical cost basis except for certain financial instruments which are valued at fair value through profit or loss. Historical cost is generally based on the fair value of the consideration given in exchange for assets. In addition, these consolidated financial statements have been prepared using the accrual basis of accounting except for cash flow information.

A.I.S. RESOURCES LIMITED

Notes to the Consolidated Financial Statements

For the Years Ended December 31, 2023 and 2022

(Expressed in Canadian dollars)

2. BASIS OF PREPARATION (continued)

Basis of consolidation and presentation (continued)

These consolidated financial statements incorporate the financial statements of the Company and its controlled subsidiaries. Control exists when the Company has the power, directly or indirectly, to govern the financial and operating policies of an entity so as to obtain benefits from its activities. The consolidated financial statements include the accounts of the Company and its wholly-owned subsidiaries; AIS Resources S.A., an Argentina company and AIS Resources Aust. Pty Ltd, an Australian company. All significant intercompany transactions and balances have been eliminated.

The financial statements of a subsidiary are included in the consolidated financial statements from the date that control commences until the date that control ceases. When the Company ceases to control a subsidiary, assets, liabilities and non-controlling interests of the subsidiary are derecognized at their carrying amounts at the date when control is lost. Investment retained in the former subsidiary is recognized at its fair value and any gain or loss resulting from deconsolidation is recorded through profit or loss.

The consolidated financial statements are presented in Canadian dollars which is the functional currency of the Company and its subsidiaries.

Significant accounting judgments and estimates

The preparation of consolidated financial statements in conformity with IFRS requires management to make estimates, judgements and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Estimates, judgements and assumptions are reviewed on a continuous basis and are based on management's historical experience, knowledge of current conditions and other factors believed to be reasonable under the circumstances. Material estimates, and assumptions are made with respect to current and deferred income taxes and the fair value and level of financial instruments.

Significant assumptions about the future and other sources of estimation uncertainty that management has made at the financial position reporting date, that could result in a material adjustment to the carrying amounts of assets and liabilities, in the event that actual results differ from assumptions made, relate to, but are not limited to, the following:

a) Judgements

Going concern

The Company's management has made an assessment of the Company's ability to continue as a going concern and is satisfied that the Company has the resources to continue in business for the foreseeable future. The factors considered by management are disclosed in Note 1.

Title to mineral property interests

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

A.I.S. RESOURCES LIMITED

Notes to the Consolidated Financial Statements

For the Years Ended December 31, 2023 and 2022

(Expressed in Canadian dollars)

2. BASIS OF PREPARATION (continued)

a) Judgements (continued)

Exploration and evaluation expenditures

The application of the Company's accounting policy for exploration and evaluation expenditure requires judgment in determining whether it is likely that future economic benefits will flow to the Company, which may be based on assumptions about future events or circumstances. Estimates and assumptions made may change if new information becomes available. If, after an expenditure is capitalized, information becomes available suggesting that the recovery of the expenditure is unlikely, the amount capitalized is written off in the profit or loss in the period the new information becomes available.

b) Estimates

Recognition of deferred income tax assets and liabilities

The carrying amount of deferred income tax assets and liabilities is reviewed at the end of each reporting period and recognized only to the extent that it is probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilized. Changes in estimates of future taxable profit can materially affect the amount of deferred income tax assets and liabilities recognized from period to period.

Impairment

Management assesses exploration and evaluation assets for impairment when facts and circumstances suggest that the carrying amount of any such assets may exceed their recoverable amount. When facts and circumstances suggest that the carrying amount exceeds the recoverable amount, the Company shall measure, present and disclose any resulting impairment. Impairment of a property is generally considered to have occurred if the property has been abandoned, there are unfavourable changes in the property economics, there are restrictions on development, or when there has been an undue delay in development. In the event that estimated discounted cash flows expected from its use or eventual disposition is determined by management to be insufficient to recover the carrying value of the property, the carrying value is written-down to the estimated recoverable amount.

In the current year, management recorded impairment on two of its mineral properties, due to a delay in significant development and a lack of future exploration plans for these two properties. Refer to Note 9(b) and 9(c).

Valuation of investments

For publicly traded investments (marketable securities), the Company estimates the fair value of such investments to be the closing price on the date of the statement of financial position. For investments in private entities, the Company evaluates the financial health of, and near-term business outlook for, the investees, including factors such as industry and sector performance, changes in technology, and operational and financing cash flow.

The determinations of fair value of the Company's investments at other than initial cost are subject to certain limitations. Financial information for privately-held company investments may not be available and, even if available, that information may be limited and/or unreliable. Use of the valuation approach described below may involve uncertainties and determinations based on the Company's judgment and any value estimated from these techniques may not be realized or realizable.

Company-specific information is considered when determining whether the fair value of a privately-held investment should be adjusted upward or downward at the end of each reporting period. In addition to company-specific information, the Company will take into account trends in general market conditions when valuing privately-held investments.

A.I.S. RESOURCES LIMITED

Notes to the Consolidated Financial Statements

For the Years Ended December 31, 2023 and 2022

(Expressed in Canadian dollars)

3. MATERIAL ACCOUNTING POLICIES

The accounting policies set out below have been applied consistently in the preparation of the consolidated financial statements for all periods presented.

Foreign currency translation

The consolidated financial statements are presented in Canadian dollars, which is the functional currency of the Company and its subsidiaries, AIS Resources S.A. and AIS Resources Aust. Pty Ltd. Monetary statements of financial position amounts denominated other than in Canadian dollars are translated using exchange rates at the reporting period dates. Gains and losses arising from this translation are included in profit and loss.

Provisions

Provisions are recognized when the Company has a present legal or constructive obligation 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.

Financial instruments

The Company classifies its financial assets into one of the following categories as follows:

Financial assets

The classification depends on the Company's business model for managing the financial assets and the contractual terms of the cash flows. For assets measured at fair value, gains and losses will either be recorded in profit or loss or other comprehensive income. For investments in debt instruments, the classification will depend on the business model in which the investment is held and contractual terms of the cash flows.

Amortized cost

The Company classifies its financial assets at amortized cost only if both of the following conditions are met:

- the financial asset is held within a business model with the objective of collecting the contractual cash flows; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

The financial assets are measured at fair value plus directly attributable transaction costs at initial recognition and are subsequently measured at amortized costs using effective interest method less any provisions for impairment.

Fair value through other comprehensive income ("FVOCI")

The Company classifies its equity investments at FVOCI for which are not held for trading and the Company has made an irrevocable election at initial recognition to recognize changes in fair value through other comprehensive income rather than profit or loss as these are strategic investments. Upon disposal of these equity investments, any balance within the other comprehensive income reserve for these equity investments is reclassified to retained earnings/deficit and is not reclassified to profit or loss. In addition, the other comprehensive income reserve for an impaired equity investment is not reclassified to profit or loss.

A.I.S. RESOURCES LIMITED

Notes to the Consolidated Financial Statements

For the Years Ended December 31, 2023 and 2022

(Expressed in Canadian dollars)

3. MATERIAL ACCOUNTING POLICIES (continued)

Financial instruments (continued)

Fair value through profit or loss ("FVPL")

The Company classifies the following financial assets at FVPL:

- equity investments that are held for trading;
- equity investments for which the Company has not elected to recognize fair value gains and losses through other comprehensive income;
- debt investments that do not qualify for measurement at either amortized cost or at FVOCI; and
- derivative financial instruments.

The Company has classified its cash and marketable securities as fair value through profit or loss, accounts receivable as amortized cost, and other investment as fair value through other comprehensive income.

Financial liabilities

The Company classifies its financial liabilities as amortized cost or FVPL. Financial liabilities are subsequently measured at amortized cost, except for those at FVPL such as derivative financial instruments and contingent consideration payables. The FVPL option can be elected for financial liabilities if:

- it eliminates or significantly reduces an accounting mismatch;
- the financial liability is part of a portfolio that is managed and evaluated on a fair value basis, in accordance with a documented risk management or investment strategy; or
- there is an embedded derivative in the financial or non-financial host contract and the derivative is not closely related to the host contract.

This irrevocable election is made at initial recognition and these financial liabilities cannot be reclassified out of the category while they are held or issued. Financial liabilities measured at FVPL will recognize changes in fair value attributable to the Company's own credit risk in other comprehensive income instead of profit or loss, unless this would create an accounting mismatch. The Company has classified its accounts payable, due to related parties and promissory notes at amortized cost.

Compound financial instruments

Compound financial instruments issued by the Company comprise convertible debentures that can be converted to share capital at the option of the holder, and the number of shares to be issued does not vary with changes in their fair value.

The liability component of a compound financial instrument is recognized initially at the fair value of a similar liability that does not have an equity conversion option. The equity component is recognized initially as the difference between the fair value of the compound financial instrument as a whole and the fair value of the liability component. Any directly attributable transaction costs are allocated to the liability and equity components in proportion to their initial carrying amounts.

Subsequent to initial recognition, the liability component of a compound financial instrument is measured at amortized cost using the effective interest method. The equity component of a compound financial instrument is not re-measured subsequent to initial recognition except on conversion or expiry.

A.I.S. RESOURCES LIMITED

Notes to the Consolidated Financial Statements

For the Years Ended December 31, 2023 and 2022

(Expressed in Canadian dollars)

3. MATERIAL ACCOUNTING POLICIES (continued)

Financial instruments (continued)

Impairment of financial assets

The Company assesses on a forward-looking basis the expected credit losses associated with its financial assets. The impairment methodology applied depends on whether there has been a significant increase in credit risk. For accounts receivable, the Company applies the simplified approach permitted by IFRS 9, which requires expected lifetime losses to be recognized from initial recognition of the financial assets.

The criteria used to determine risk of default and to estimate expected credit losses include:

- delinquencies in payments;
- significant financial difficulty of the debtor;
- it becomes probable that the debtor will enter bankruptcy; or
- significant changes in macroeconomic factors that indicate future defaults will vary and measurable changes in estimated future cash flows will result, provided that such information is observable and available without undue cost or effort.

Income taxes

Income tax expense represents the sum of the tax currently payable or deferred.

Current and deferred tax are recognized in profit or loss, except when they relate to items that are recognized in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognized in other comprehensive income or directly in equity, respectively.

The tax currently payable is based on taxable income for the year. Taxable income differs from income as reported in the statement of comprehensive income due to items of income and expenses that are taxable or deductible in other years and items that are never taxable or deductible. The Company's liability for current tax is calculated using tax rates that have been substantively enacted by the end of the reporting year.

Deferred tax is recognized on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable income. Deferred tax liabilities are generally recognized for all taxable temporary differences. Deferred tax assets are generally recognized for all deductible temporary differences to the extent that it is probable that taxable profits are available against which those temporary differences can be utilized.

The carrying amount of deferred tax assets are reviewed at the end of each reporting year and reduced to the extent that it is improbable that sufficient taxable income will be available to allow all or part of the asset to be recovered.

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

A.I.S. RESOURCES LIMITED

Notes to the Consolidated Financial Statements

For the Years Ended December 31, 2023 and 2022

(Expressed in Canadian dollars)

3. MATERIAL ACCOUNTING POLICIES (continued)

Leases

A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. A lease liability is recognized at the commencement of the lease term at the present value of the lease payments that are not paid at that date. At the commencement date, a corresponding right-of-use asset is recognized at the amount of the lease liability, adjusted for lease incentives received, retirement costs and initial direct costs. Depreciation is recognized on the right-of-use asset over the lease term. Interest expense is recognized on the lease liabilities using the effective interest rate method and payments are applied against the lease liability.

Key areas where management has made judgments, estimates, and assumptions related to the application of IFRS 16, Leases, include:

- The incremental borrowing rates are based on judgments including economic environment, term, currency, and the underlying risk inherent to the asset. The carrying balance of the right-of-use assets, lease liabilities, and the resulting interest expense and depreciation expense, may differ due to changes in the market conditions and lease term.
- Lease terms are based on assumptions regarding extension terms that allow for operational flexibility and future market conditions.

Per share amounts

Basic earnings (loss) per share is determined by dividing net income (loss) attributable to common shareholders by the weighted average number of common shares outstanding during the period. Diluted earnings (loss) per share is calculated by dividing net income (loss) by the weighted average number of common shares outstanding during the period after giving effect to potentially dilutive financial instruments.

Exploration and evaluation assets

These assets relate to mineral rights acquired and exploration and evaluation expenditures capitalized in respect of projects that are in the exploration or pre-development stage.

Exploration and evaluation activity begins when the Company obtains legal rights to explore a specific area and involves the search for mineral reserves, the determination of technical feasibility and the assessment of commercial viability of an identified mineral resource. Expenditures incurred in the exploration and evaluation phase include the cost of acquiring interests in mineral rights, licenses and properties, and the costs of the Company's exploration activities, such as researching and analyzing existing exploration data, gathering data through geological studies, exploratory drilling, trenching, sampling, and certain feasibility studies.

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

Recoverability of the carrying amount of any exploration and evaluation assets is dependent on successful development and commercial exploitation, or alternatively, sale of the respective areas of interest.

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3. MATERIAL ACCOUNTING POLICIES (continued)

Decommissioning obligations

A liability for a decommissioning obligation, such as site reclamation costs, is recorded when a legal or constructive obligation exists and is recognized in the period in which it is incurred. The Company records the estimated present value of future cash flows associated with decommissioning as a liability when the liability is incurred and increases the carrying value of the related assets for that amount. Subsequently, these capitalized decommissioning costs will be amortized to expense over the life of the related assets using the units-of-production method. The liability is accreted to reflect the passage of time and adjusted to reflect changes in the timing and amount of estimated future cash flows.

As at December 31, 2023, the Company does not have material decommissioning obligations.

Impairment of non-financial assets

The carrying amount of the Company's non-financial assets (which include exploration and evaluation assets) is reviewed at each financial reporting date to determine whether there is any indication of impairment. If such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss. An impairment loss is recognized when the carrying amount of an asset or its cash generating unit exceeds its recoverable amount. Impairment losses are recognized in profit and loss for the period.

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

An impairment loss is only reversed if there is an indication that the impairment loss may no longer exist and there has been a change in the estimates used to determine the recoverable amount, however, not to an amount higher than the carrying amount that would have been determined had no impairment loss been recognized in previous years. An impairment loss with respect to goodwill is never reversed. Assets that have an indefinite useful life are not subject to amortization and are tested annually for impairment.

Share capital

Common shares are classified as equity. Transaction costs directly attributable to the issue of common shares and common share warrants are recognized as a deduction from equity. For equity offerings of units consisting of a common share and warrants, when both instruments are classified as equity, the Company allocates the proceeds between the common share and warrants based on residual value. Common shares issued for non-monetary consideration are measured based on their market value at the date the common shares are issued.

Proceeds from the exercise of stock options and warrants are recorded as share capital in the amount for which the option or warrant enabled the holder to purchase a share in the Company. Share capital issued for non-monetary consideration is valued at the closing market price at the date of issuance. Consideration received for the exercise of options or warrants is recorded in share capital and the related residual value is transferred to share capital.

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3. MATERIAL ACCOUNTING POLICIES (continued)

Share-based payments

Share-based payments to employees are measured at the fair value of the instruments issued and amortized over the vesting periods. Share-based payments to non-employees are measured at the fair value of goods or services received or the fair value of the equity instruments issued, if it is determined that the fair value of the goods or services cannot be reliably measured and are recorded at the date the goods or services are received. The corresponding amount is recorded to the share-based payment reserve. The fair value of options is determined using the Black-Scholes Option Pricing Model. The number of shares and options expected to vest is reviewed and adjusted at the end of each reporting period such that the amount recognized for services received as consideration for the equity instruments granted shall be based on the number of equity instruments that eventually vest.

Comprehensive income (loss)

Comprehensive income (loss) includes all changes in equity of the Company, except those resulting from investments by owners and distributions to owners. Comprehensive income (loss) is the total of net income (loss) and other comprehensive income (loss). Other comprehensive income (loss) comprises revenues, expenses, gains and losses that, in accordance with IFRS, require recognition, but are excluded from net income (loss).

Accounting standards issued but not yet effective

There are no accounting pronouncements with future effective dates that are applicable or are expected to have a material impact on the Company's consolidated financial statements.

4. CASH

The Company had cash deposits of \$4,904 at December 31, 2023 (2022 - \$241,866).

5. ACCOUNTS RECEIVABLE

Accounts receivable is comprised of input tax credits and amounts due for the recoveries of exploration expenditures from properties optioned out to other entities.

During the year ended December 31, 2023, the Company settled an outstanding receivable of USD \$208,667 from Recharge Resources Ltd. for \$50,000 cash and 166,667 shares of Recharge Resources Ltd. with a fair value of \$63,333. Upon settlement, the Company realized a loss on settlement of receivables of \$229,548 (2022 - \$nil).

During the year ended December 31, 2023, the Company wrote off an outstanding receivable of USD \$37,293 from Spey Resources Ltd.

6. PREPAID EXPENSES

	December 31, 2023	December 31, 2022
	\$	\$
General operating and administrative	30,605	75,484
	30,605	75,484

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7. MARKETABLE SECURITIES

Shares of publicly traded companies	Cost	Fair value
	\$	\$
December 31, 2022	741,482	264,700
December 31, 2023	77,189	58,660

The changes in the fair value of marketable securities are as follows:

	Fair value of shares
	\$
Balance, December 31, 2021	524,545
Purchases	134,000
Sales proceeds	(213,259)
Realized loss	(210,034)
Unrealized gain	29,448
Balance, December 31, 2022	264,700
Purchases	100
Securities received as settlement of receivables (Note 5)	63,333
Sales proceeds	(115,149)
Realized loss	(612,577)
Unrealized gain	458,253
Balance, December 31, 2023	58,660

8. OTHER INVESTMENT

Other investment is comprised of shares of Buda Juice LLC, a private company. The investment is measured at fair value through other comprehensive income. During the year ended December 31, 2023, the Company recognized an unrealized loss of \$28,774 (2022 – gain of \$78,360), respectively, which has been recorded as other comprehensive income. The assessed fair value of the investment at December 31, 2023, is US \$904,852 (December 31, 2022 – US \$904,852). During the year ended December 31, 2023 the Company received dividend income of \$21,410 (2022 - \$nil).

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9. EXPLORATION AND EVALUATION ASSETS

Exploration and evaluation assets are comprised of:

	December 31, 2021			December 31, 2022			December 31, 2023		
	Expenditures	Impairment		Expenditures	Impairment		Expenditures	Impairment	
	\$	\$	\$	\$	\$	\$	\$	\$	\$
Yalgogrin (a)									
Acquisition	566,944	-	(566,944)	-	-	-	-	-	-
Deferred exploration costs	817,322	2,538	(819,860)	-	-	-	-	-	-
	1,384,266	2,538	(1,386,804)	-	-	-	-	-	-
Toolleen-Fosterville (b)									
Acquisition	1,070,144	-	-	1,070,144	-	(1,070,144)	-	-	-
Deferred exploration costs	349,788	2,647	-	352,435	2,051	(354,486)	-	-	-
	1,419,932	2,647	-	1,422,579	2,051	(1,424,630)	-	-	-
Kingston (c)									
Acquisition	915,923	-	-	915,923	-	(915,923)	-	-	-
Deferred exploration costs	18,351	3,509	-	21,860	1,852	(23,712)	-	-	-
	934,274	3,509	-	937,783	1,852	(939,635)	-	-	-
Bright (d)									
Acquisition	-	439,149	-	439,149	-	-	-	-	439,149
Deferred exploration costs	-	510,285	-	510,285	232,198	-	-	-	742,483
	-	949,434	-	949,434	232,198	-	-	-	1,181,632
Candela II (e)									
Acquisition	252,510	1,272,000	-	1,524,510	-	-	-	-	1,524,510
Deferred exploration costs	944,008	124,924	-	1,068,932	-	-	-	-	1,068,932
Recoveries	(857,833)	(1,735,609)	-	(2,593,442)	-	-	-	-	(2,593,442)
	338,685	(338,685)	-	-	-	-	-	-	-
Pocitos (f)									
Acquisition	159,265	129,455	-	288,720	-	-	-	-	288,720
Deferred exploration costs	3,292	1,769,017	-	1,772,309	721,766	-	-	-	2,494,075
Recoveries	(159,265)	(1,839,104)	-	(1,998,369)	(783,287)	(1,139)	(1,139)	(1,139)	(2,782,795)
	3,292	59,368	-	62,660	(61,521)	(1,139)	(1,139)	(1,139)	-
Total	4,080,449	678,811	(1,386,804)	3,372,456	174,580	(2,365,404)	(2,365,404)	(2,365,404)	1,181,632

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9. EXPLORATION AND EVALUATION ASSETS (continued)

Deferred exploration costs are as follows:

	Yalgogrin	Toolleen- Fosterville	Kingston	Bright	Candela II	Pocitos	Total
	(a)	(b)	(c)	(d)	(e)	(f)	
	\$	\$	\$	\$	\$	\$	\$
Year ended December 31, 2022							
Assay and laboratory	-	4,105	-	25,042	8,242	4,956	42,345
Equipment	-	-	-	-	1,661	302,166	303,827
Exploration expense	-	-	-	-	653	1,652	2,305
Drilling	-	-	-	190,644	6,919	934,940	1,132,503
Geology and geophysics	-	(3,128)	(846)	226,521	72,835	91,277	386,659
License fee, permits, claim fees, and taxes	591	-	1,811	5,632	869	906	9,809
Local office and administration	185	(92)	777	43,227	23,254	38,645	105,996
Travel	1,762	1,762	1,767	19,219	10,491	394,475	429,476
Total, deferred exploration costs	2,538	2,647	3,509	510,285	124,924	1,769,017	2,412,920
Year ended December 31, 2023							
Assay and laboratory	-	-	-	28,839	-	2,358	31,197
Equipment	-	-	-	-	-	57,186	57,186
Drilling	-	-	-	25,088	-	504,025	529,113
Geology and geophysics	-	1,244	-	130,455	-	28,591	160,290
License fee, permits, claim fees, and taxes	-	563	1,608	38,475	-	1,285	41,931
Local office and administration	-	244	244	9,341	-	19,723	29,552
Travel	-	-	-	-	-	108,598	108,598
Total, deferred exploration costs	-	2,051	1,852	232,198	-	721,766	957,867

a) Yalgogrin

On October 7, 2020, the Company entered into an Option Agreement (the "Agreement") to acquire up to 100% interest in the Yalgogrin Gold Project (the "Project" or "Property") located in West Wyalong, NSW, Australia. Under the terms of the Agreement, the Company acquired 60% interest in the Project by paying the consideration consisting of (i) a cash payment of AU\$275,000 (paid) upon signing of the Agreement; and (ii) the issuance of 400,000 of the Company's common shares (issued). During the year ended December 31, 2022, the Company recorded a write-down of \$1,386,804 as management decided to relinquish the property.

b) Toolleen-Fosterville

On November 11, 2020, the Company entered into a Sale and Purchase Agreement (the "Agreement") to acquire a 100% interest in the Toolleen-Fosterville Gold Project (the "Project" or "Property") located 3 km from the township of Toolleen, Victoria Australia and 12 km from the Kirkland Lake Fosterville gold mine. The Project is comprised of one exploration license. The Agreement replaces and supersedes a binding letter of intent dated August 21, 2020 for acquisition of the Project. The Project is subject to a 1% net smelter return royalty on all gold production.

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9. EXPLORATION AND EVALUATION ASSETS (continued)

b) Toolleen-Fosterville (continued)

During the year ended December 31, 2021, the title to the underlying exploration license was transferred to the Company following a payment of AU\$375,000 and issuance of 606,000 common shares and 606,000 share purchase warrants of the Company. Each warrant will entitle the holder to acquire one common share of the Company at a price of \$1.50 for a period of five years. During the year ended December 31, 2023, the Company recorded a write-down of \$1,424,630 on the Toolleen-Fosterville property. Impairment on this property was recorded because the Company has not incurred any significant expenditures for exploration on this property since acquisition.

c) Kingston

On November 13, 2020, the Company entered into a Sale and Purchase Agreement (the "Agreement") to acquire a 100% interest in the Kingston Gold Project (the "Project" or "Property") located near Navarre, Victoria, Australia. The Project is comprised of one exploration license. The Agreement replaces and supersedes an option agreement dated September 17, 2020 for acquisition of the Project. The Company paid AU\$35,000 for an exclusivity period of 60 days between the option agreement and the Sale and Purchase Agreement dates. The Project is subject to a 1% net smelter return royalty on the first 50,000 oz gold production after the exploration license is converted into a mining license.

Under the terms of the Agreement, the Company acquired 100% interest in the Project by paying the consideration consisting of (i) cash payments of AU\$125,000 (paid) upon signing of the Agreement; (ii) cash payment of AU\$125,000 (paid) upon receiving TSX Venture Exchange approval; and (iii) issue upon exchange approval 400,000 shares of the Company (issued) and 400,000 share purchase warrants (issued) exercisable at \$1.50 for five years. During the year ended December 31, 2023, the Company recorded a write-down of \$939,634 on the Kingston property. Impairment on this property was recorded because the Company has not incurred any significant expenditures for exploration on this property since acquisition.

d) Bright

During January 2022 the Company entered into an agreement (the "Agreement") to acquire a 60% interest in the Bright Gold Property (the "Project" or "Property"), exploration license EL006194 from Clarus Resources Pty Ltd. (the "Vendor"). Under the terms of the Agreement the Company acquired a 60% interest by paying AUD\$150,000 and issuing one million common shares to the Vendor. The Company has an option to acquire the remaining 40% of the Property on the following terms:

- i) 20% on the date on which an indicated mineral resource containing not less than 50,000 ounces of gold is identified. The payment will be comprised of 50% cash and 50% common shares of the Company and will be calculated based on the gold resource estimate (troy oz of gold) multiplied by the gold price per troy oz (A) in accordance with the following schedule:

Resource Estimate	Underground Mine	Open Cut
Inferred	A x0.5% x troy oz of gold	A x0.85% x troy oz of gold
Indicated	A x1% x troy oz of gold	A x1.66% x troy oz of gold
Measured	A x2% x troy oz of gold	A x4.0% x troy oz of gold

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9. EXPLORATION AND EVALUATION ASSETS (continued)

d) Bright (continued)

- ii) 20% on the date on which a feasibility study is provided containing an indicated and/or measured mineral resource. The payment will be comprised of 50% cash and 50% common shares of the Company and will be calculated based on the gold resource estimate (troy oz of gold) multiplied by the gold price per troy oz (A) in accordance with the following schedule:

Resource Estimate	Underground Mine	Open Cut
Indicated	A x1% x troy oz of gold	A x2.0% x troy oz of gold
Measured	A x2% x troy oz of gold	A x5.0% x troy oz of gold

Under the terms of an amending agreement the shares for shall be issued at a deemed price of \$0.60 per share. The number of common shares to be issued shall not at any time exceed 9.9% of the post-issuance issued and outstanding share capital of the Company on a diluted basis.

During the year ended December 31, 2022, the Company issued one million common shares to the Vendor (Note 12) in accordance with the Agreement.

e) Candela II

On March 18, 2021, the Company entered into an Option Agreement to acquire a 100% interest in the Candela II Project (the "Project" or "Property") located in Incahuasi Salar in Salta province, Argentina, for a purchase price of USD \$1.2 million. The Project is comprised of a mining license. Under the terms of the Option Agreement, the Company paid USD \$100,000 upon signing of the Option Agreement and paid USD \$100,000 six months from the Option Agreement date. The Option Agreement is valid for a 12-month option period entitling the Company to conduct exploration, sampling, chemistry and drilling to determine the commercial viability of the Project.

During March 2021, the Company entered into an Option Agreement with Tech One Lithium Resources Corp. ("Tech One"), a subsidiary of Spey Resources Corp. ("Spey"), granting Tech One the right to acquire an 80% interest in the Project for a purchase price of USD \$1 million. Under the terms of the Option Agreement, Tech One paid USD \$100,000 to the Company upon signing the Option Agreement and paid USD \$100,000 in six months from the Option Agreement date. In addition, Tech One must incur expenditures of \$500,000 USD on the property during the option period (12 months). Tech One has the right to acquire the remaining 20% interest in the Project for a consideration of USD \$6 million.

During March 2022, the Company paid US\$1,000,000 to acquire 100% interest in the Candela II project. Concurrently, the Company received US\$1,000,000 from Tech One for 80% of the Candela II project. The Company retains a 20% interest in Candela II.

On November 30, 2023, the Company entered into a Share Purchase Agreement and Shareholders Agreement with Spey Resources Corp. ("SRC") for the shares of Spey Resources Argentina S.A. ("Spey Argentina") whereby SRC transferred 20% of Spey Argentina's outstanding shares to the Company for \$nil consideration.

On March 4, 2024, the Company entered an option agreement with American Salars Lithium Inc. (American Salars") pertaining to the Candela II Lithium Brine Project in Argentina. American Salars can acquire 100% ownership in Spey Argentina over 5 years by paying \$2,447,500 and issuing 6,600,000 shares at \$0.30/share to SRC. Of this total consideration, the Company would receive \$489,500 and 1,332,000 shares due to its 20% stake in Spey Argentina.

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9. EXPLORATION AND EVALUATION ASSETS (continued)

f) Pocitos

On June 10, 2021, the Company entered into an Option Agreement to acquire a 100% interest in five mining tenements comprising the Pocitos Project (the “Project” or “Properties”) located in Salta province, Argentina. The purchase price of each tenement was USD \$1,000 per hectare. Under the terms of the Option Agreement, the Company paid USD \$125,000 upon signing and USD \$100,000 in the year ended December 31, 2022 entitling it to conduct exploration, sampling, chemistry and drilling to determine the commercial viability of the Project. The initial option period was 18 months from the date of signing and in April 2022 it was extended to June 30, 2023 at no additional cost.

On June 22, 2021, the Company entered into an Option Agreement with Spey Resources Corp. (“Spey”) granting Spey the right to acquire a 100% interest in two mining tenements, Pocitos 1 and Pocitos 2, of the Pocitos Project. The purchase price of Pocitos 1 is USD \$1,000,000 and of Pocitos 2 is USD \$732,000. Spey has the option to pay the purchase price 100% in cash or 80% in cash and 20% in shares of Spey. Under the terms of the Option Agreement, Spey paid USD \$200,000 to the Company upon signing the Option Agreement and issued 2,500,000 shares of Spey for an initial 18-month option period, subsequently extended to June 30, 2023. In addition, Spey incurred expenditures of USD \$500,000 on the property within 12 months from the Option Agreement date.

On September 1, 2022, the Company entered into an exploration and purchase option agreement with C29 Metals Limited (“C29”) granting C29 the right to acquire 100% interest in the Pocitos 7 and 9 licenses of the Pocitos project by June 30, 2023. Under the terms of the Option Agreement, C29 agreed to pay USD \$25,000 per license upon signing of the agreement (paid), USD \$115,000 per license following 30 days of the signing (paid) and USD \$75,000 per license after the technical evaluation report was completed. C29 could acquire 80% interest in the Pocitos 7 and 9 licenses by paying \$2.38 million to the Company by June 30, 2023. C29 could subsequently acquire AIS’s 20% interest at a price based on the LCE resource. C29 declined to exercise the option.

The Company decided not to exercise the Pocitos 1, 2, 7, 9 and Yareta XIII options and allowed the Options to expire unexercised as of June 30, 2023.

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10. RELATED PARTY TRANSACTIONS AND BALANCES

For the year ended December 31, 2023, the Company recorded the following transactions with related parties:

- a) \$135,000 in management fees to the Chairman of the Board of Directors (2022 - \$133,875).
- b) \$60,000 in management fees to the Chief Executive Officer ("CEO") of the Company (2022 - \$nil).
- c) \$135,000 in professional fees to a company controlled by the Chief Financial Officer ("CFO") of the Company (2022 - \$133,875).
- d) \$6,250 in director's fees to a company controlled by a former director of the Company (2022 - \$30,000).
- e) \$nil in consulting fees to a company controlled by a former director and CEO of the Company (2022 - \$129,863).
- f) \$nil in project management fees to a company controlled by a former director and CEO of the Company (2022 - \$37,817).
- g) \$12,000 in rental fees to a company controlled by the CFO of the Company (2022 - \$9,450).
- h) \$20,915 in interest expenses to a company controlled by a former director and CEO of the Company (2022 - \$12,658)

Key management includes the Company's directors, officers and any employees with authority and responsibility for planning, directing and controlling the activities of the Company, directly or indirectly. Compensation awarded to key management includes the following:

	December 31, 2023	December 31, 2022
	\$	\$
Short-term benefits	369,165	487,538
Stock-based compensation	-	-
Total	369,165	487,538

Amounts owing to related parties are as follows:

	December 31, 2023	December 31, 2022
	\$	\$
Chairman of the Board for management fees	178,323	101,109
CEO of the company for management fees	60,000	-
Former director for director's fees	43,750	37,500
Former director and CEO for consulting fees	264,863	264,863
Former director and CEO for other expenses	3,516	3,593
Former director and CEO for project management fees	91,863	94,071
Company controlled by the CFO for professional fees	165,341	71,392
	807,656	572,528

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10. RELATED PARTY TRANSACTIONS AND BALANCES (continued)

Included in prepaid expenses at December 31, 2023, is \$nil for expenses prepaid to the Chairman of the Board (December 31, 2022 - \$21,974).

Included in accounts receivable at December 31, 2023, is \$742 due from a company associated with a former director (December 31, 2022 - \$3,476).

At December 31, 2023, promissory notes and loans payable with an aggregate principal amount of \$239,149 were payable to a director of the Company (December 31, 2022 - \$239,149). There was \$54,929 of interest accrued on the principal amount (December 31, 2022 - \$34,013). (*Note 11*)

11. PROMISSORY NOTES AND LOANS PAYABLE

a) During the year ended December 31, 2020, the Company issued a promissory note in the amount of \$150,000 to a former director of the Company. The note is unsecured, payable one year from the date of issuance, and bears interest at a rate of 8% per annum. The Company issued 37,948 bonus shares with a fair value of \$30,000 in connection with the promissory note, which was recorded against the face value of the promissory note on the date of issuance. During the year ended December 31, 2023, the Company recorded \$12,000 (2022 - \$12,000) as interest expense. The carrying value of this promissory note at December 31, 2023 is \$182,647 (December 31, 2022 - \$170,647).

b) During the year ended December 31, 2021, the Company issued a promissory note in the principal amount of \$100,000 to a third party. The note is unsecured, payable one year from the date of issuance, and bears interest at a rate of 6% per annum payable at maturity. In connection with the promissory note, the Company issued 200,000 bonus warrants with an exercise price of \$0.50 and term of one year. The fair value of the bonus warrants of \$15,909 was recorded against the face value of the promissory note on the date of issuance. The fair value of the bonus warrants was estimated using the Black-Scholes option-pricing model assuming an expected life of 1 year, a risk-free interest rate of 0.82% and an expected volatility of 69.65%.

During the year ended December 31, 2022, the Company entered into an amending agreement with the third party to extend the maturity of the loan by six months. In connection with the extension, the Company issued 333,333 bonus warrants with an exercise price of \$0.50 and term of one year. The fair value of the bonus warrants of \$31,970 was recorded against the face value of the promissory note on the date of issuance. The fair value of the bonus warrants was estimated using the Black-Scholes option-pricing model assuming an expected life of 1 year, a risk-free interest rate of 4.44% and an expected volatility of 118.33%. During the year ended December 31, 2023, the Company recorded \$9,500 (2022- \$6,305), respectively, as interest expense and recorded accretion expense of \$27,678 (2022- \$17,585) in connection with this promissory note. The carrying value of this promissory note at December 31, 2023 is \$110,775 (December 31, 2022 - \$73,597).

c) During the year ended December 31, 2021, the Company issued a promissory note in the principal amount of \$150,000 to a third party. The note is unsecured, payable one year from the date of issuance, and bears interest at a rate of 6% per annum payable at maturity. In connection with the promissory note, the Company issued 300,000 bonus warrants with an exercise price of \$0.50 and term of one year. The fair value of the bonus warrants of \$23,862 was recorded against the face value of the promissory note on the date of issuance. The fair value of the bonus warrants was estimated using the Black-Scholes option-pricing model assuming an expected life of 1 year, a risk-free interest rate of 0.82% and an expected volatility of 69.65%.

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Notes to the Consolidated Financial Statements

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11. PROMISSORY NOTES AND LOANS PAYABLE (continued)

During the year ended December 31, 2022, the Company entered into an amending agreement with the third party to extend the maturity of the loan by six months. In connection with the extension, the Company issued 500,000 bonus warrants with an exercise price of \$0.50 and term of one year. The fair value of the bonus warrants of \$47,955 was recorded against the face value of the promissory note on the date of issuance. The fair value of the bonus warrants was estimated using the Black-Scholes option-pricing model assuming an expected life of 1 year, a risk-free interest rate of 4.44% and an expected volatility of 118.33%. During the year ended December 31, 2023, the Company recorded \$14,250 (2022 - \$9,655), respectively, as interest expense and recorded accretion expense of \$41,517 (2022 - \$26,901), respectively, in connection with this promissory note. The carrying value of this promissory note at December 31, 2023 is \$166,163 (December 31, 2022 - \$110,396).

- d) During the year ended December 31, 2021, the Company issued a promissory note in the principal amount of \$139,149 to a director of the Company. The note is unsecured, payable within 5 business days from demand, and bears interest at a rate of 10% per annum. During the year ended December 31, 2022, the Company repaid \$50,000 of the principal balance of the loan. During the year ended December 31, 2023, the Company recorded \$22,282 (2022 - \$13,024) as interest expense in connection with this promissory note. The carrying value of this promissory note at December 31, 2023 is \$111,431 (December 31, 2022 - \$102,517).

12. SHARE CAPITAL

Authorized

The authorized share capital of the Company is an unlimited number of shares with no par value. All issued shares, consisting only of common shares, are fully paid.

Issued

20,421,541 common shares with a value of \$19,945,595 were outstanding at December 31, 2023 (December 31, 2022 - 20,421,541 common shares with a value of \$19,945,595).

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

On August 15, 2022, the Company issued 1,000,000 shares with a value of \$300,000 pursuant to the Bright Gold Property option agreement (Note 9d).

On May 9, 2022, the Company completed a private placement comprising 1,624,000 units at \$0.35 per unit for gross proceeds of \$568,400. Each unit is comprised of one common share of the Company and one common share purchase warrant, with each warrant entitling the holder thereof to acquire one common share at a price of \$0.50 for a period of one year from the date of closing of the placement. The directors of the Company participated in the private placement. Gross proceeds from this private placement of \$487,200 were allocated to share capital and \$81,200 to warrants based on residual method. The Company paid cash finder's fees totaling \$766.

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12. SHARE CAPITAL (continued)

Warrants

The changes in warrants are as follows:

	December 31, 2023			December 31, 2022		
	Number of warrants	Weighted average exercise price	Weighted average life in years	Number of warrants	Weighted average exercise price	Weighted average life in years
		\$			\$	
Balance, beginning of year	10,256,839	1.00	0.79	10,196,506	1.00	1.17
Issued	-	-	-	2,457,333	0.50	0.86
Exercised	-	-	-	-	-	-
Expired	(6,064,339)	0.92	-	(2,397,000)	1.00	-
Balance, end of year	4,192,500	1.00	0.72	10,256,839	1.00	0.79

The following warrants are outstanding as at:

Expiry Date	December 31, 2023		December 31, 2022	
	Number of warrants	Weighted average exercise price	Number of warrants	Weighted average exercise price
		\$		\$
January 29, 2023	-	-	78,300	1.20
February 26, 2023	-	-	1,262,223	1.20
May 9, 2024 ⁽¹⁾	1,624,000	0.50	1,624,000	0.50
July 9, 2023	-	-	1,107,150	1.20
August 18, 2023	-	-	2,783,333	0.80
November 12, 2023	-	-	833,333	0.50
January 29, 2024 ⁽²⁾	1,562,500	1.20	1,562,500	1.20
January 14, 2026	400,000	1.50	400,000	1.50
June 30, 2026	606,000	1.50	606,000	1.50
	4,192,500	1.00	10,256,839	1.00

⁽¹⁾ expiry date extended from May 9, 2023 to May 9, 2024

⁽²⁾ expiry date extended from January 29, 2023 to January 29, 2024

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(Expressed in Canadian dollars)

12. SHARE CAPITAL (continued)

Stock options

The changes in options are as follows:

	December 31, 2023			December 31, 2022		
	Number of Shares	Weighted average exercise price	Weighted average life in years	Number of Shares	Weighted average exercise price	Weighted average life in years
Balance, beginning of period	1,451,167	\$ 0.89	2.58	1,665,667	\$ 1.40	3.22
Granted	-	-	-	-	-	-
Expired/cancelled	(411,000)	1.14	-	(214,500)	4.55	-
Balance, end of period	1,040,167	0.79	1.97	1,451,167	0.89	2.58

The following options are outstanding as at:

Expiry Date	December 31, 2023		December 31, 2022	
	Outstanding	Weighted average exercise price	Outstanding	Weighted average exercise price
		\$		\$
August 17, 2023	-	-	95,000	2.00
July 23, 2024	167,000	1.00	313,000	1.00
September 23, 2024	35,000	1.20	50,000	1.20
August 25, 2025	186,500	0.70	211,500	0.70
October 2, 2025	115,000	0.75	115,000	0.75
November 2, 2025	20,000	0.65	20,000	0.65
January 7, 2026	165,000	0.80	225,000	0.80
January 11, 2026	61,667	0.80	61,667	0.80
July 9, 2026	200,000	0.80	250,000	0.80
November 12, 2026	90,000	0.50	110,000	0.50
Vested and exercisable	1,040,167	0.79	1,451,167	0.89

13. RESERVES

	December 31, 2023	December 31, 2022
	\$	\$
Balance, beginning of year	4,558,520	4,397,395
Warrants issued (Note 12)	-	81,200
Bonus warrants issued (Note 11)	-	79,925
Balance, end of year	4,558,520	4,558,520

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14. SUPPLEMENTAL INFORMATION WITH RESPECT TO CASH FLOWS

	December 31, 2023	December 31, 2022
	\$	\$
Exploration expenditures in accounts payable	25,181	163,130
Shares received for settlement of accounts receivable	63,333	-
Shares issued for property acquisition	-	300,000
Option payments made directly by related party advances	-	-
Exploration advances paid directly to vendors	-	-
Remeasurement of FVTOCI investment	28,774	-

15. SEGMENTED INFORMATION

The Company operated in the following segments:

	Other Investment	Exploration and Evaluation Assets	Total
	\$	\$	\$
Total Assets as at:			
December 31, 2023	1,196,758	1,181,632	2,378,390
December 31, 2022	1,225,532	3,372,456	4,597,988

16. FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT

Fair Value

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

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

The Company, through its financial assets and liabilities, has exposure to the following risks from its use of financial instruments.

The fair value of the marketable securities is disclosed in Note 7 of the consolidated financial statements and is based on inputs that are based on other observable data – Level 1.

The fair value of the other investment is disclosed in Note 8 of the consolidated financial statements and is based on inputs not based on observable data – Level 3.

During the year ended December 31, 2022, the other investment described in Note 8 was reclassified from Level 2 to Level 3. During the year ended December 31, 2023, no reclassifications were made.

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16. FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (continued)

Fair Value (continued)

The Company's other investment represents its minority ownership in a private company without an active market (see Note 8). Management considered whether key fair value indicators were present by considering whether the private company had completed any recent financings with arm's length parties or whether there were any available market comparatives from which the Company could benchmark a value for its investment. As none were available, management assessed the carrying value of its investment against factors indicative of whether the most recently completed financing would not be an appropriate value, and did not identify any such factors given the performance of the private company and industry trends. As a result, management concluded that the value at which the most recently completed financing was conducted was the most appropriate, given the circumstances surrounding the investment.

Based on the carrying value of the other investment as at December 31, 2023, a 10% change in fair value would impact other comprehensive income for the period in the amount of \$119,676.

The Company's other financial instruments as at December 31, 2023 include cash, accounts receivable, marketable securities, due from related parties, accounts payable, due to related parties, and promissory notes. The fair value of these financial instruments, approximate their carrying amounts due to their short terms to maturity.

Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations. Cash and cash equivalent deposits are placed with financial institutions that have a high credit rating and the Company considers the credit risk on bank deposits to be insignificant. The Company considers the credit risk on accounts receivable to be low. The carrying amounts of cash and cash equivalents and accounts receivable represents the maximum exposure to credit risk.

The Company avoids complex investment vehicles with higher risk such as asset-backed commercial paper and derivatives contracts and acquires equity investments.

Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they become due. The Company's approach to managing liquidity is to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions without incurring unacceptable losses or risking harm to the Company's reputation. The companies, in which the Company holds shares, have varying degrees of liquidity and there is no assurance that the investment can be sold at the quoted market price.

The Company maintained cash at December 31, 2023 in the amount of \$4,904 (December 31, 2022 - \$241,866), to meet short-term liabilities of \$1,670,708 (December 31, 2022 - \$1,284,971).

Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, commodity prices and interest rates will affect the Company's net earnings or the value of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable limits, while maximizing returns.

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Notes to the Consolidated Financial Statements

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16. FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (continued)

Equity price risk

Equity price risk arises from the fluctuations in the trading price of equity securities. The Company monitors the mix of marketable securities in its investment portfolio based on market expectations. The investments are recorded at fair value which is affected by changes in the market price of the equity securities. The nature of the equity investments exposes the Company to significant equity price risks.

Interest rate risk:

The Company's exposure to interest rate risk arises from the interest rate impact on cash. The Company's policy is to invest cash at floating rates of interest, in order to maintain liquidity, while achieving a satisfactory return for shareholders. There is minimal risk that the Company would recognize any loss as a result of a decrease in the fair value. The promissory notes and loans payable bear interest at fixed rates of 6%, 8%, and 10%.

Foreign exchange risk

Foreign currency exchange risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because they are denominated in currencies that differ from the respective functional currency.

The Company has financial assets and liabilities denominated in the US dollar (USD) and Argentinian Pesos (ARS). The Company does not hedge its exposure to fluctuations in foreign exchange rates.

The following is an analysis of Canadian dollar equivalent of financial assets and liabilities that are denominated in USD and ARS:

	December 31, 2023	December 31, 2022
	\$	\$
Financial assets		
Cash – USD	293	198,817
Cash – AUD	322	12,493
Cash – ARS	967	34,251
Accounts receivable – AUD	-	787
Accounts receivable – ARS	742	3,476
Other investment – USD	1,196,758	1,225,532
	<u>1,199,082</u>	<u>1,851,439</u>
Financial liabilities		
Accounts payable – USD	2,493	8,224
Accounts payable – AUD	29,420	26,722
Accounts payable – ARS	3,800	121,789
	<u>35,713</u>	<u>156,735</u>

The Company has determined that an effect of a 10% increase or decrease in the US dollar and Argentinian Pesos against the Canadian dollar on financial assets and liabilities, as at December 31, 2023, denominated in US dollars and Argentinian Pesos, would result in an increase or decrease of approximately \$116,337 to the comprehensive loss for the year ended December 31, 2023. At December 31, 2023, the Company had no hedging agreements in place with respect to foreign exchange rates. The Company has not entered into any agreements or purchased any instruments to hedge possible currency risks at this time.

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17. MANAGEMENT OF CAPITAL STRUCTURE

The Company considers the amount of capital it requires in proportion to the associated risks. Generally, it is the Company's policy to operate with an under leveraged financial position but as conditions warrant, it may from time to time depart from this policy and use debt. Liquidity and cash management is the highest priority. Therefore, adjustments may be made to the capital structure in light of changes in economic conditions and the risk characteristics of the investment portfolio. The capital structure can be adjusted in a variety of ways as circumstances may change, including: purchasing shares for cancellation (Normal Course Issuer Bid); issuing new common and preferred shares; and increasing or repaying long-term debt. The Company's objectives when managing capital are the safeguarding of assets.

The Company's share capital is not subject to external restrictions. The Company has not paid or declared any dividends since date of incorporation, nor are any contemplated in the foreseeable future.

18. INCOME TAXES

The provision for income taxes differs from the result which would have been obtained by applying the combined federal and provincial income tax rate of 27% to the Company's loss before income taxes. The difference relates to the following items:

	December 31, 2023	December 31, 2022
	\$	\$
Loss before income taxes	(3,468,078)	(1,678,126)
Combined statutory income tax rate	27.00%	27.00%
Expected income tax	(936,400)	(453,100)
Increase (Decrease) resulting from:		
Difference in tax rates	6,000	1,100
Permanent differences and other	(50,400)	601,700
Change in unrecognized deferred tax assets	980,800	(149,700)
Income tax provision	-	-

Deferred tax assets have not been recognized in respect of the following deductible temporary differences.

	December 31, 2023	December 31, 2022
	\$	\$
Deferred income tax assets		
Non-capital losses	2,837,900	2,403,700
Exploration and evaluation assets	2,133,800	1,566,100
Capital losses	66,100	66,100
Share issue costs	15,000	23,900
Other	23,200	35,400
Total	5,076,000	4,095,200
Unrecognized deferred tax asset	(5,076,000)	(4,095,200)
	-	-

The Company has income tax loss carry-forwards of approximately \$10,434,831 (2022 - \$9,247,000) available to reduce future Canadian taxable income which expire between 2033 and 2043.

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19. CONTINGENCIES AND COMMITMENTS

From time to time, the Company is engaged in various legal proceedings and claims that have arisen in the normal course of business. The outcome of all the proceedings and claims against the Company is subject to future resolution, including the uncertainties of litigation. Management believes that the probable ultimate resolution of any such proceedings and claims, individually or in the aggregate, will not have a material adverse effect on the financial condition of the Company.

Additionally, the Company may enter into contracts for services in the normal course of operations. The Company's current contractual commitments vary in terms and can be terminated upon sufficient notice.

20. SUBSEQUENT EVENTS

Subsequent to the year ended December 31, 2023, the following events occurred:

- a) On March 5, 2024, the Company completed a 10:1 share consolidation. All share and per share amounts are stated on a post consolidation basis for all periods presented in these financial statements.
- b) 1,562,500 share warrants expired unexercised on January 29, 2024.