

The logo for Nickellex Resource Corporation features a stylized green and blue icon on the left, followed by the word "Nickellex" in a large, bold, green sans-serif font, and "Resource Corporation" in a smaller, bold, blue sans-serif font below it.

Nickellex Resource Corporation

(Formerly Valterra Resource Corporation)

1100 – 1199 West Hastings Street
Vancouver, BC, V6E 3T5
Tel: 604-806-0626

Consolidated Financial Statements
Years Ended December 31, 2023 and 2022
(Expressed in Canadian Dollars)

<u>Index</u>	<u>Page</u>
Independent Auditors' Report to the Shareholders	2-5
Consolidated Financial Statements	
Consolidated Statements of Comprehensive Income (Loss)	6
Consolidated Statements of Financial Position	7
Consolidated Statements of Changes in Equity	8
Consolidated Statements of Cash Flows	9
Notes to the Consolidated Financial Statements	10-25

INDEPENDENT AUDITORS' REPORT

TO THE SHAREHOLDERS OF NICKELEX RESOURCE CORPORATION

Opinion

We have audited the consolidated financial statements of Nickelex Resource Corporation and its subsidiaries (the "Company"), which comprise:

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

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

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 are independent of the Company in accordance with the ethical requirements that are relevant to our audits of the consolidated financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained in our audits 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 incurred a net loss of \$1,264,983 during the year ended 2023 and, as of that date, the Company's current liabilities exceeded its current assets by \$1,175,449 and had an accumulated deficit of \$18,696,987. 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 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, we have determined the matters described below to be the key audit matter to be communicated in our auditors' report.

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Fair Value of Other Investments – Pilar Gold Inc.

Description of the matter

We draw attention to Note 9 of the consolidated financial statements. The Company holds investments in Pilar Gold Inc. ("Pilar Gold"), a non-publicly traded company. As at December 31, 2023, the carrying value of the investment in Pilar Gold is \$1,200,000. The investment in Pilar Gold is accounted for by the Company at fair value through profit and loss where the investment is measured at fair value subsequent to initial recognition.

Why the matter is a key audit matter

We identified the fair value of Pilar Gold as a key audit matter. This matter represented an area of significant risk of material misstatement given significant estimates and judgement involved and the significant effect minor changes to assumptions have on the assessment of fair value. In addition, significant auditor judgement and specialized skills and knowledge were required in applying, and evaluating the results of, our audit procedures.

How the matter was addressed in the audit

The primary procedures we performed to address this key audit matter include the following:

- ◆ For assessing the operation condition of Pilar Gold, we obtained understanding regarding nature of Pilar Gold's business and also obtained an understanding of the evolution of gold price in the financial year, given Pilar Gold is a gold mining Company.
- ◆ For assessing fair value changes in the year and their impact to the carrying value of the investment, we obtained management fair value assessment that was based on available data for comparable companies in the same industry. With the assistance of internal specialists, we assessed the appropriateness of the valuation methodology, the appropriateness of the comparable companies and rationale for fair value developed by management. Furthermore, our internal specialists developed an independent fair value estimate and compared the same with management's estimate of fair value.

Other Information

Management is responsible for the other information. The other information comprises of the Management's Discussion and Analysis.

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 audits 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 our audits or otherwise appears to be materially misstated.

We obtained the Management's Discussion and Analysis prior to the date of this auditors' report. If, based on the work we have performed, we conclude that there is a material misstatement, we are required to report that fact. We have nothing to report in this regard.

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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.

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 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.

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- ◆ 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 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 Karen Ka Yee Cheng.

Smythe LLP

Chartered Professional Accountants

Vancouver, British Columbia

April 26, 2024

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Nickelex Resource Corporation
(Formerly Valterra Resource Corporation)
(An Exploration Stage Company)
Consolidated Statements of Comprehensive (Income) Loss
Years Ended December 31, 2023 and 2022
(Expressed in Canadian Dollars)

		Years ended	
	Note	December 31, 2023	December 31, 2022
		\$	\$
Operating Expenses			
Administration		36,000	50,000
Consulting	10	25,768	21,833
Exploration and evaluation	7,10	40,843	28,247
Investor relations and corporate development	10	16,984	8,643
Office and general	10	25,681	28,411
Professional fees	10	82,128	65,039
Regulatory fees and taxes		23,440	30,669
Share-based payments	11	51,784	-
Shareholders' communication		7,669	3,587
Transfer agent		7,381	10,708
		317,678	247,137
Other Items			
Foreign exchange		(3,820)	18,024
Gain on settlement of debt	11,14	-	(268,178)
Unrealized loss on other investments	9	950,000	-
Unrealized loss on marketable securities	6	1,125	1,250
		947,305	(248,904)
Net Loss (Income) and Comprehensive Loss (Income) for the Year		1,264,983	(1,767)
Basic and diluted net loss per share		0.01	-
Weighted average number of shares outstanding		90,203,230	87,233,548

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

Nickelex Resource Corporation
(Formerly Valterra Resource Corporation)
 (An Exploration Stage Company)
 Consolidated Statements of Financial Position
 (Expressed in Canadian Dollars)

	Note	December 31, 2023	December 31, 2022
Assets			
Current			
Cash		\$ 36,979	137,494
Other receivables		2,880	2,562
Marketable securities	6	1,075	2,200
Prepaid expenses		18,576	19,692
		59,510	161,948
Non-current			
Reclamation bonds	8	12,000	12,000
Mineral properties	7	-	-
Other investments	9	1,450,000	2,400,000
		1,462,000	2,412,000
		\$ 1,521,510	2,573,948
Liabilities			
Current			
Account payable and accrued liabilities	7,14	\$ 728,078	909,505
Due to related parties	10	484,881	164,693
Other liabilities	11	22,000	-
		1,234,959	1,074,198
Equity			
Share capital	11	18,262,802	18,262,802
Reserves		700,061	656,804
Warrant reserve		20,675	20,675
Deficit		(18,696,987)	(17,440,531)
		286,551	1,499,750
		\$ 1,521,510	2,573,948

Going Concern (Note 1)

APPROVED BY THE BOARD OF DIRECTORS

Lawrence Page ("signed") Director

Brian McGrath ("signed") Director

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

Nickelex Resource Corporation
(Formerly Valterra Resource Corporation)
(An Exploration Stage Company)
Consolidated Statements of Changes in Equity
Years Ended December 31, 2023 and 2022
(Expressed in Canadian Dollars)

	Share Capital Number	Share Capital \$	Share- based payments Reserve	Warrant Reserve \$	Deficit \$	Total \$
Balance, December 31, 2021	82,405,144	18,109,271	865,762	20,675	(17,651,256)	1,344,452
Issued						
Debt settlement	7,798,086	155,962	-	-	-	155,962
Share issue costs	-	(2,431)	-	-	-	(2,431)
Fair value of options expired	-	-	(187,389)	-	187,389	-
Fair value of warrants expired	-	-	(21,569)	-	21,569	-
Net income	-	-	-	-	1,767	1,767
Balance, December 31, 2022	90,203,230	18,262,802	656,804	20,675	(17,440,531)	1,499,750
Share-based compensation	-	-	51,784	-	-	51,784
Fair value of warrants expired	-	-	(8,527)	-	8,527	-
Net loss	-	-	-	-	(1,264,983)	(1,264,983)
Balance, December 31, 2023	90,203,230	18,262,802	700,061	20,675	(18,696,987)	286,551

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

Nickelex Resource Corporation
(Formerly Valterra Resource Corporation)
 (An Exploration Stage Company)
 Consolidated Statements of Cash Flows
 Years Ended December 31, 2023 and 2022
 (Expressed in Canadian Dollars)

	December 31, 2023	December 31, 2022
	\$	\$
Operating Activities		
Net Income (Loss)	(1,264,983)	1,767
Items not involving cash		
Gain on settlement of debt	-	(268,178)
Share-based payments	51,784	-
Unrealized foreign exchange	(3,263)	9,289
Unrealized loss on investments	950,000	-
Unrealized loss on marketable securities	1,125	1,250
	(265,337)	(255,872)
Changes in non-cash working capital		
Other receivables	(318)	741
Prepays	1,116	(9,631)
Accounts payable and accrued liabilities	88,179	145,407
Due to related parties	53,845	(25,306)
	142,822	111,211
Cash used in Operating Activities	(122,515)	(144,661)
Financing Activities		
Share subscriptions received	22,000	-
Shares issued for cash, net	-	(2,431)
Cash provided by (used in) Financing Activities	22,000	(2,431)
Decrease in Cash	(100,515)	(147,092)
Cash, Beginning of Year	137,494	284,586
Cash, End of Year	36,979	137,494

Supplemental cash flow information (Note 12)

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

1. Nature of Operations and Going Concern

Nickelex Resource Corporation (*formerly Valterra Resource Corporation*) (the "Company") was incorporated in Alberta on September 26, 1996, continued to the Yukon on May 8, 1997 and subsequently to British Columbia on February 22, 2008. On October 4, 2023, the Company effected a name change and rebranding. The Company's principal business activities include the acquisition, exploration, and development of natural resource properties for enhancement of value and disposition pursuant to sales agreements or development by way of third-party option and/or joint venture agreements. The Company's registered office is 1710 - 1177 West Hastings Street, Vancouver, British Columbia, Canada, V6E 2L3.

The business of exploring for minerals involves a high degree of risk and there can be no assurance that any of the Company's current or future exploration programs will result in profitable mining operations. The recoverability of amounts shown for mineral properties is dependent upon the discovery of economically recoverable reserves, the ability of the Company to obtain financing to complete their exploration and development, and establish future profitable operations, or realize proceeds from their sale. The carrying value of the Company's mineral properties does not reflect present or future value.

These consolidated financial statements were prepared on a going concern basis, which assumes that the Company will be able to realize its assets and discharge its liabilities in the normal course of business. As of December 31, 2023, the Company had a working capital deficit of \$1,175,449 (2022 - \$912,250). The Company incurred a net loss of \$1,264,983 for the year ended December 31, 2023 (2022 - net income of \$1,767) and had an accumulated deficit of \$18,696,987 as of December 31, 2023 (2022 - \$17,440,531).

As of December 31, 2023, the Company does not have sufficient capital to meet the requirements for its administrative overhead or maintaining its mineral interests. Future capital requirements will depend on many factors including the Company's ability to execute its business plan. In order to finance future activities, the Company will be required to issue further share capital through private placements and the exercise of options and warrants or obtain additional debt. There can be no assurance that such financing will be available to the Company and, therefore, a material uncertainty exists which casts significant doubt over the Company's ability to continue as a going concern.

The economic uncertainties around persistent inflation pressure and geopolitical events have the potential to slow growth in the global economy. Future developments in these challenging areas could impact on the Company's results and financial condition and the full extent of that impact remains unknown. However, as at December 31, 2023, the Company has not been significantly impacted by these matters.

These consolidated financial statements do not include the adjustments to assets and liabilities that would be necessary should the Company be unable to continue as a going concern. Such adjustments could be material.

2. Basis of Preparation

These consolidated financial statements were prepared in accordance with IFRS Accounting Standards ("IFRS") applicable to the preparation of annual financial statements as issued by the International Accounting Standards Board ("IASB") using historical cost, except for cash flow information and financial instruments measured at fair value. The financial statements of the Company consolidate entities wholly controlled by the Company as follows: Valterra Resource (US) Corporation, incorporated in the United States of America, and Minera Reyterra S.A. de C.V, incorporated in Mexico. All intercompany transactions and balances have been eliminated upon consolidation. The Company's functional and presentation currency is the Canadian dollar.

2. Basis of Preparation, continued

These consolidated financial statements were approved and authorized for issue by the Board of Directors on April 26, 2024.

3. Summary of Material Accounting Policies

Significant Accounting Estimates and Judgments

The preparation of consolidated financial statements in conformity with IFRS requires management to make estimates and judgments that affect amounts reported in the consolidated financial statements. Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances, and subject to measurement uncertainty. The effect on the consolidated financial statements of changes in such estimates in future reporting periods could be significant. Significant estimates and areas where judgment is applied that have significant effect on the amount recognized in the consolidated financial statements include:

Going concern

The assessment of the Company's ability to continue as a going concern and to raise sufficient funds to pay for its ongoing operating expenditures, meet its liabilities for the ensuing year, and to fund planned and contractual exploration programs, involves significant judgment based on historical experience and other factors, including expectation of future events that are believed to be reasonable under the circumstances.

Investments in privately held companies

The fair value of any shares which are not listed or traded upon a stock exchange are originally recorded at cost. After the initial transaction, adjustments are made to reflect any changes in value as a result of an independent third-party transaction. Downward adjustments to the carrying values are also made when there is evidence of a decline in value, as indicated by an assessment of the financial condition of the investment based on operational results, forecasts and other developments.

Share-based payments

Share-based payments are valued using the Black-Scholes option pricing model at the date of grant and expensed in profit or loss over vesting period of each award. The Black-Scholes option pricing model utilizes subjective assumptions such as expected price volatility and expected life of the option. Share-based payment expense also utilizes subjective assumption on forfeiture rate. Changes in these input assumptions can significantly affect the fair value estimate.

Mineral Properties

All expenditures related to the acquisition of mineral properties are capitalized on a property-by-property basis, net of recoveries which are recorded when receivable, until these mineral properties are placed into commercial production, sold, or abandoned. If commercial production is achieved from a mineral property, the related mineral properties are tested for impairment and reclassified to mineral property in production. If a mineral property is sold or abandoned, the related capitalized costs will be expensed to profit or loss in that period.

All expenditures related to the exploration and evaluation of mineral properties, net of recoveries which are recorded when receivable, are expensed to net loss in the period in which they are incurred.

3. Summary of Material Accounting Policies, continued

Mineral Properties, continued

From time to time, the Company may acquire or dispose of all or part of its mineral property interests under the terms of property option agreements. Options are exercisable entirely at the discretion of the optionee, and accordingly, option payments are recognized when paid or received. If recoveries are received and exceed the capitalized expenditures, the excess is reflected in profit or loss.

All capitalized mineral property costs are reviewed at each reporting date, on a property-by-property basis, to consider whether there are any conditions that may indicate impairment. When the carrying value of a property exceeds its net recoverable amount that may be estimated by quantifiable evidence of an economic geological resource or reserve, joint venture expenditure commitments or the Company's assessment of its ability to sell the property for an amount exceeding the carrying value, provision is made for the impairment in value. The amounts capitalized for mineral properties represent costs incurred to date less write-downs and recoveries, and are not intended to reflect present or future values.

The Company assessed an estimate of the liability associated with statutory, contractual, or legal obligations associated with site closure and property retirement costs in the period in which the liability is incurred if a reasonable estimate of fair value can be made. The amount of the provision will be increased each reporting period due to the passage of time and the amount of accretion is charged to profit or loss. The provision can also increase or decrease due to changes in regulatory requirements, discount rates, and assumptions regarding the amount and timing of future rehabilitation expenditures. Any changes are recorded directly to the related mining assets with a corresponding change to the rehabilitation provision. Actual rehabilitation expenditures incurred are charged against the rehabilitation provision to the extent of the liability recorded. There were no provisions considered to be necessary as at December 31, 2023 or 2022.

Reclamation Bonds

Reclamation bonds are recorded at amortized cost and held by government agencies or in trust.

Related Party Transactions

Parties are considered related if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions. Parties are also considered related if they are subject to common control. Related parties may be individuals or corporate entities. A transaction is considered a related party transaction when there is a transfer of resources or obligations between related parties.

Non-monetary Consideration

Shares and warrants issued for non-monetary consideration, excluding employees, are recorded at the fair value of the goods or services received. When such fair value cannot be estimated reliably, fair value is measured based on the quoted market value of the Company's shares on the date of share issuance or using an appropriate valuation method. Shares or warrants to be issued, which are contingent upon future events or actions, are recorded by the Company when it is reasonably determinable that such instruments will be issued.

Share-based Payments

Share-based payments for employees are measured at fair value of the instruments issued on the date of grant and amortized over the vesting period. Share-based payments for non-employees are measured at either the fair value of the goods or services received, or the fair value of the equity instrument issued, if it is determined the fair value of the goods or services cannot be reliably measured, and are recorded on the date the goods or services are received.

3. Summary of Material Accounting Policies, continued

Share-based Payments, continued

The fair value of stock options is charged to profit or loss using the graded vesting method, with the offset credit to share-based payment reserve. Consideration received on the exercise of stock options is recorded as share capital and the related fair value previously recorded is transferred from share-based payment reserve to share capital. Upon expiry, related fair value previously recorded is transferred from share-based payment reserve to deficit.

Foreign Currency Translation

Amounts recorded in foreign currency are translated into Canadian dollars as follows:

- (i) Monetary assets and liabilities, at the rate of exchange in effect as at the reporting date;
- (ii) Non-monetary assets and liabilities, at the exchange rates prevailing at the time of the acquisition of the assets or assumption of the liabilities; and
- (iii) Revenues and expenses at the exchange rates in effect on the date of the transaction.

Gains and losses arising from this translation of foreign currency are included in the determination of net loss.

Loss Per Share

Basic loss per share is computed by dividing the net loss available to common shareholders by the weighted average number of shares outstanding during the reporting period.

Diluted loss per share is computed similar to basic loss per share except that the weighted average shares outstanding are increased to include additional shares for the assumed exercise of stock options, warrants and similar instruments. It assumes that the proceeds of such exercise would be used to repurchase common shares at the average market price during the period. However, the calculation of diluted loss per share excludes the effects of various conversions and exercise of options, warrants and similar instruments that would be anti-dilutive.

Financial Instruments

IFRS provide three different measurement categories for non-derivative financial assets – subsequently measured at amortized cost, fair value through profit or loss, or fair value through other comprehensive income – while all non-derivative financial liabilities are classified as subsequently measured at amortized cost. The category into which a financial asset is placed, and the resultant accounting treatment is largely dependent on the nature of the business of the entity holding the financial asset. All financial instruments are initially recognized at fair value.

Financial assets

The Company initially recognizes financial assets on the trade date, which is the date that the Company becomes a party to the contractual provisions of the instrument.

The Company derecognizes a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred. Any interest in such transferred financial assets that is created or retained by the Company is recognized as a separate asset or liability.

3. Summary of Material Accounting Policies, continued

Financial Instruments, continued

Financial assets, continued

All financial assets that do not meet the criteria to be recognized as subsequently measured at amortized cost or subsequently measured at fair value through other comprehensive income are classified as fair value through profit or loss.

Financial liabilities

The Company measures all of its financial liabilities as subsequently measured at amortized cost. Financial liabilities are recognized initially at fair value, net of transaction costs incurred and are subsequently measured at amortized cost. Any difference between the amounts originally received, net of transaction costs, and the redemption value is recognized in profit and loss over the period to maturity using the effective interest method.

Fair value

The Company uses the following hierarchy for determining and disclosing the fair value of financial instruments which are measured at fair value by valuation technique:

Level 1: Quoted (unadjusted) prices in active markets for identical assets or liabilities.

Level 2: Other techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly.

Level 3: Techniques which use inputs which have a significant effect on the recorded fair value that are not based on observable market data.

Impairment of financial assets

At each reporting date the Company assesses whether there is any objective evidence that a financial asset or a group of financial assets is impaired. A financial asset or group of financial assets is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events that has occurred after the initial recognition of the asset and that event has an impact on the estimated future cash flows of the financial asset or the group of financial assets.

4. Financial Instruments

The Company's financial instruments include cash and reclamation bonds which are classified as financial assets measured at amortized cost, marketable securities and other investments which are classified as financial assets measured at fair value through profit or loss and accounts payable, accrued liabilities, due to related parties and other liabilities, which are classified as financial liabilities measured at amortized cost. Marketable securities and other investments were categorized, respectfully, as Level 1 and Level 3 within the fair value hierarchy. All other instruments approximate their fair values due to the short period to maturity.

The Company's financial instruments are exposed to certain financial risks, including liquidity risk, currency risk, credit risk, interest rate risk, and other price risk. The Company's exposure to these risks and its methods of managing the risks are summarized as follows:

4. Financial Instruments, continued

(i) Liquidity Risk

Liquidity risk is the risk that the Company will be unable to meet financial obligations as they fall due. The Company's approach to managing liquidity risk is to provide reasonable assurance that it will have sufficient funds to meet liabilities when due by forecasting cash flows for operations, anticipated investing, and financing activities and through management of its capital structure.

As at December 31, 2023, all of the Company's financial liabilities are either past due or have contractual maturities of less than 90 days. The Company does not have sufficient resources to meet requirements for administrative overhead, maintaining its mineral interests and continuing with its exploration program in the following twelve months. The Company will be required to raise additional capital in the future to fund its operations.

(ii) Currency Risk

The Company is exposed to currency risk to the extent expenditures incurred or funds received, and balances maintained by the Company are denominated in currencies other than the Canadian dollar (primarily US dollars and Mexican pesos). The Company does not manage currency risks through hedging or other currency management tools. As at December 31, 2023, cash of \$19 (2022 - \$551) was held in US dollars. As at December 31, 2023, accounts payable and accrued liabilities of \$157,148 (2022 - \$161,204) and due to related parties of \$38,084 (2022 - \$38,948) were payable in US dollars and accounts payable and accrued liabilities of \$16,559 (2022 - \$16,934) were payable in Mexican pesos.

Based on forecast exchange rate movements for the next twelve months assuming all other variables remain constant, the Company considers its financial performance and cash flows would not be materially affected by a 5% weakening or strengthening of the US dollar or Mexican peso.

(iii) Credit Risk

Credit risk is the risk that a counterparty to a financial instrument will fail to discharge its contractual obligations. The Company is exposed to credit risk in respect to managing its cash. The majority of cash is held with a Canadian financial institution.

The Company mitigates credit risk by risk management policies that require significant cash deposits be invested with Canadian chartered banks rated BBB or better, or commercial paper issuers R1/A2/P2 or higher. All investments must be less than one year in duration.

(iv) Interest Rate Risk

Interest rate risk is the risk that future cash flows will fluctuate as a result of changes in market interest rates. The Company is not exposed to material interest rate risk.

(v) Other Price Risk

Other price risk is the risk that the future cash flows of a financial instrument will fluctuate due to changes in market prices, other than those arising from interest rate risk or foreign currency risk. The Company is exposed to material other price risk with respect to its investments that presently are not listed or traded upon a stock exchange. The maximum exposure to other price risk is the carrying value of the investments.

5. Capital Management

The Company's capital includes components of deficit. The Company's objectives in managing its capital are to maintain the ability to continue as a going concern and to continue to explore the Company's mineral properties for the benefit of its stakeholders. To effectively manage the Company's capital requirements, the Company has a planning and budgeting process in place setting out the expenditures required to meet its strategic goals. The Company compares actual expenses to budget on all exploration projects and overhead to manage costs, commitments, and exploration activities. As the Company is in the exploration stage, its operations have been substantially funded by the issuance of equity instruments and short-term debt. The Company will continue to rely on equity issuances and short-term debt for future funding depending upon market and economic conditions at the time.

There have been no changes in the Company's approach to capital management during the year ended December 31, 2023.

6. Marketable Securities

The Company owns 5,000 common shares of Eminent Gold Corp. ("EMNT.V") with a fair value of \$1,075 (2022 - \$2,200). During the year ended December 31, 2023, the Company recognized an unrealized loss of \$1,125 (2022 - \$1,250).

7. Mineral Properties

Mineral property acquisition costs were \$nil as of December 31, 2023 and 2022.

During prior periods, management considered the ability of the Company to raise sufficient financing to be an indicator of impairment, leading to a test of recoverable amount. A value in use calculation was not applicable as the Company did not have any expected cash flows from using the properties at this stage of operations. In estimating the fair value less costs of disposal, management did not have observable or unobservable inputs to estimate the recoverable amount greater than \$nil, and therefore recorded an impairment provision in accordance with Level 3 of the fair value hierarchy at that time.

Swift Katie, British Columbia

The property is located near Salmo, British Columbia and is subject to a 3% net smelter royalty ("NSR") of which the Company has the option to purchase one-half (1.5%) for \$1,000,000 per 1% and the option to purchase a further one-sixth (0.5%) for an additional \$1,500,000 at any time prior to the commencement of commercial production.

Beginning December 31, 2010 and annually thereafter, the Company is required to make an annual advance minimum royalty ("AMR") payment of \$50,000. These payments are adjusted annually according to the Consumer Price Index base of December 31, 2006 and are deductible from future NSR payments (December 31, 2021, 2022, and 2023 - unpaid).

In addition to the NSR and the AMR, if the Company completes a positive feasibility study, the Company will issue 2,500 common shares to the optionors and if the Company achieves commercial production, the Company will issue 5,000 common shares to the optionors.

Thompson Nickel Belt, Manitoba

On October 13, 2023, the Company signed a definitive agreement with CanAlaska Uranium Ltd. ("CanAlaska") to earn up to an 80% interest in the contiguous Strong, Strong Extension, Moak North and Wilson Mineral Exploration Licenses in the Thompson Nickel Belt ("TNB"), Manitoba (the "Licenses"). The four Licenses are located 30 km north of the Thompson Nickel Mine and cover an area of 30,283 hectares.

7. Mineral Properties, continued

Thompson Nickel Belt, Manitoba, continued

The transaction, which is subject to the approval of the TSX Venture Exchange (not yet approved), will provide that the Company may earn:

- A 49% interest in the Licenses by making a cash payment of \$35,000, issuing 5,000,000 common shares ("Shares") and incurring exploration expenditures of \$2,000,000 over the first 2 years;
- An increased interest to 70% by making an additional cash payment of \$50,000, issuing an additional 7,500,000 Shares and incurring additional exploration expenditures of \$3,500,000 by the end of the third year; and
- An increased interest to 80% by making an additional cash payment of \$65,000, issuing an additional 25,000,000 Shares and incurring additional exploration expenditures of \$3,500,000 by the end of the fifth year.

In the event any share issuance would cause CanAlaska to become a new Control Person, then the Company will be required to obtain shareholder approval before issuing such shares. If shareholder approval is not received, the Company may then pay the outstanding obligation in cash in lieu of shares based on the fair market value of the shares at the time of payment.

During the 49% and 70% earn-in stages, CanAlaska will be the operator and will be entitled to charge an operator fee. The Company will have deciding voting rights on annual exploration programs while sole funding at the various option stages and will have the right to assume operatorship after successfully earning a 70% interest.

The Company will also pay CanAlaska \$3,000,000 after completing a positive feasibility study on the Licenses with such payment able to be satisfied in common shares at the Company's sole discretion.

After the successful completion of the last of the 49%, 70% and 80% earn-in stages, the parties will enter into a joint venture agreement, under which the parties will either co-contribute on a simple pro-rata basis or dilute on a pre-defined straight-line dilution formula. Any party diluting to a 10% interest will automatically forfeit its interest and in lieu thereof will be granted a 2% net smelter return royalty, half of which may be purchased by the other party at its sole discretion for \$2,000,000 at any time prior to the commencement of commercial production.

The Company has agreed with the optionor to hold completion of the agreement conditions in abeyance pending satisfaction of certain conditions precedent.

Weepah, Nevada, USA

With respect to a terminated option agreement, a contractual obligation remains outstanding of US\$98,750 (2022 - US\$98,750) and is included in accounts payable and accrued liabilities.

Nickelex Resource Corporation
(Formerly Valterra Resource Corporation)
Notes to the Consolidated Financial Statements
Years Ended December 31, 2023 and 2022
(Expressed in Canadian Dollars)

7. Mineral Properties, continued

Exploration and Evaluation Expenditures

Exploration and evaluation expenditures for the years ended December 31, 2023 and 2022 were:

	Swift Katie		Strong		Los Reyes		Total	Total
	\$	\$	\$	\$	\$	\$	\$	\$
	2023	2022	2023	2022	2023	2022	2023	2022
Equipment rental, supplies	-	2,381	-	-	-	-	-	2,381
Geological Services	13,225	11,893	18,609	-	-	-	31,834	11,893
Project Supervision	2,020	4,385	-	-	-	1,010	2,020	5,395
Travel	-	590	5,134	-	-	1,147	5,134	1,737
	15,245	19,249	23,743	-	-	2,157	38,988	21,406
General							1,855	6,841
							40,843	28,247

Environmental

The Company is subject to the 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 problems 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 conducts its mineral exploration activities in compliance with applicable environmental protection legislation. The Company is not aware of any existing environmental problems related to any of its current or former properties that may result in material liability to the Company. Environmental legislation is becoming increasingly stringent, and costs and expenses of regulatory compliance are increasing. The impact of new and future environmental legislation on the Company's operations may cause additional expenses and restrictions. If the restrictions adversely affect the scope of exploration and development on the mineral properties, the potential for production on the properties may be diminished or negated.

Title to Mineral Properties

Title to mineral properties involves certain inherent risks due to the difficulties of determining the validity of certain claims as well as the potential for problems arising from the frequently ambiguous conveyance history of many mineral properties.

The Company has investigated title to its mineral property interests in accordance with industry standards for the current stage of exploration of such properties and, to the best of its knowledge, title to its properties is in good standing; however, these procedures do not guarantee the Company's title. Property title may be subject to unregistered prior agreements or transfers and title may be affected by undetected defects.

7. Mineral Properties, continued

Realization of Assets

Realization of the Company's investment in mineral properties is dependent upon the establishment of legal ownership, the obtaining of permits, the satisfaction of governmental requirements, the attainment of successful production from the properties, or from the proceeds of their disposal. The attainment of commercial production is in turn dependent upon the existence of economically recoverable reserves, the ability of the Company to obtain necessary financing to complete the development of the property interest, and upon future profitable production.

8. Reclamation Bonds

The Company has posted non-interest-bearing reclamation bonds against any potential land restoration costs that may be incurred in the future. The funds are held in trust and may be released after required reclamation is satisfactorily completed.

As at December 31, 2023, amounts on deposit were \$12,000 (2022 - \$12,000) relating to Swift Katie.

9. Other Investments

The Company owns 4,000,000 common shares of Pilar Gold Inc. ("Pilar"), a non-publicly traded company. On August 1, 2023, the Company received 500,000 common shares of Laiva Gold Inc. ("Laiva"), a non-publicly traded company, as a result of a spin out of certain property held in Pilar at a fair value of \$0.50 per share, representing a value of \$250,000.

All investments are classified as FVTPL and are recorded at fair value. Management undertook a review of sector comparables, with a focus on entities with gold mining operations in Brazil and Finland, reviewed other listed entities with similar investment holdings and obtained limited representations from management of Pilar and Laiva.

With the decline in the sector comparables, review of similar investments and management disclosures, the Company recorded an unrealized fair value investment loss of \$950,000 (2022 - \$nil) against Pilar in accordance with Level 3 of the fair value hierarchy.

Other investments as of December 31, 2023, were:

	Pilar Gold	Laiva Gold	Total
	\$	\$	\$
Balance, December 31, 2021 and 2022	2,400,000	-	2,400,000
Spin out	(250,000)	250,000	-
Unrealized loss	(950,000)	-	(950,000)
Balance, December 31, 2023	1,200,000	250,000	1,450,000

10. Related Party Balances and Transactions

Except as disclosed elsewhere, the Company entered into the following related party transactions:

(a) Fees were charged by a Manex Resource Group Inc., a company indirectly controlled by Killian Ruby, a director of the Company effective August 31, 2023, as follows:

- \$8,763 (2022 - \$nil) for professional services;
- \$11,239 (2022 - \$nil) for consulting services;
- \$11,419 (2022 - \$nil) for corporate development services;
- \$580 (2022 - \$nil) for geological services; and
- \$167 (2022 - \$nil) for mark-up on out-of-pocket expenses.

Amounts payable as of December 31, 2023 were \$301,231 including \$266,343 incurred prior to August 31, 2023 and reclassified from non-related party accounts payable.

(b) Fees in the amount of \$12,000 (2022 - \$12,000) were charged by Graham Thatcher, an officer of the Company, for consulting services. Amounts payable as of December 31, 2023 were \$5,250 (2022 - \$1,050).

(c) Legal fees in the amount of \$19,921 (2022 - \$7,300) were charged by, or accrued to, Page Law Corporation, a company controlled by Arie Page, an officer of the Company. Fees are included in professional fees, mineral property acquisition or exploration expenditures or share issue costs where applicable. Amounts payable as of December 31, 2023 were \$16,920 (2022 - \$1,299).

(d) Amounts payable related to prior year legal fees charged by Aspen West Investments Inc. (formerly Page Law Corporation) and Lawrence Page K.C. Law Corporation, companies controlled by Lawrence Page, a director of the Company, as of December 31, 2023 were \$123,396 (2022 - \$123,396).

(e) Amounts payable related to prior year geological consulting services charged by Joseph A. Kizis, Jr., a director of the Company, as of December 31, 2023 were \$38,084 (US\$28,750) (2022 - \$38,948 (US\$28,750)).

These transactions were in the normal course of operation and were measured at the fair value of the services rendered. Amounts due to related parties are unsecured, non-interest-bearing, and have no formal terms of repayment.

The Company has no long-term employee or post-employment benefits. A summary of compensation awarded to key management, including amounts in (b) above, was as follows:

	December 31, 2023	December 31, 2022
	\$	\$
Short-term benefits	12,000	12,000
Share-based payments	29,657	-
	41,657	12,000

11. Share Capital

(a) Authorized

Unlimited number of common shares without par value and an unlimited number of preferred shares without par value.

(b) Other

Year ended December 31, 2023

On October 24, 2023, the Company announced two non-brokered private placements and received subscription proceeds totaling \$22,000. Subsequent to the year end, both private placements expired, and the Company returned all subscription proceeds. As at December 31, 2023, the subscription proceeds were included in other liabilities.

Year ended December 31, 2022

On May 19, 2022, the Company issued 7,798,086 common shares with a fair value of \$0.02 per common share, to settle accounts payable of \$389,904 (Note 14).

(c) Stock Options

The Company has a rolling stock option plan (the "Plan") allowing for the reservation of common shares issuable under the Plan to a maximum 10% of the number of issued and outstanding common shares of the Company at any given time.

The term of stock options granted under the Plan may not exceed ten years and the exercise price may not be less than the closing price of the Company's shares on the last business day immediately preceding the date of grant, less any permitted discount. On an annual basis, the Plan requires approval by the Company's shareholders and submission for regulatory review and acceptance.

On October 17, 2023, 3,650,000 stock options were granted to directors, officers, and consultants exercisable at \$0.05 per common share for a period of five years. On November 1, 2028, 300,000 stock options were granted to a director and 300,000 stock options were granted to a consultant each exercisable at \$0.05 per common share for a period of five years.

Nickelex Resource Corporation
(Formerly Valterra Resource Corporation)
Notes to the Consolidated Financial Statements
Years Ended December 31, 2023 and 2022
(Expressed in Canadian Dollars)

11. Share Capital, continued

(c) Stock Options, continued

Stock options outstanding and exercisable as of December 31, 2023 were:

	Number of options	Weighted average exercise price (per share)	Weighted average remaining life (years)
Balance, December 31, 2021	5,040,000	\$0.13	3.68
Expired	(390,000)	\$0.50	
Balance, December 31, 2022	4,650,000	\$0.10	2.97
Granted	4,250,000	\$0.05	
Balance, December 31, 2023	8,900,000	\$0.08	3.33

Expiry date	Exercise price	Remaining life (years)	Options Outstanding
October 19, 2025	\$0.08	1.80	100,000
December 21, 2025	\$0.10	1.98	4,550,000
October 17, 2028	\$0.05	4.80	3,650,000
November 1, 2028	\$0.05	4.84	600,000
			8,900,000

The weighted average fair value of stock options expired was \$nil (2022 - \$0.48).

(d) Share Purchase Warrants

Share purchase warrants outstanding as of December 31, 2023 were:

	Number of warrants	Weighted average exercise price (per share)	Weighted average remaining life (years)
Balance, December 31, 2021	53,638,491	\$0.11	1.57
Balance, December 31, 2022	53,638,491	\$0.11	1.57
Expired	(12,416,091)	\$0.13	
Balance, December 31, 2023	41,222,400	\$0.10	0.77

Expiry date	Exercise price	Remaining life (years)	Warrants Outstanding
June 15, 2024	\$0.10	0.46	7,260,000
June 15, 2024	\$0.10	0.46	177,800
July 9, 2024	\$0.10	0.52	20,910,000
July 9, 2024	\$0.10	0.52	398,300
August 3, 2024	\$0.10	0.59	4,135,000
August 3, 2024	\$0.10	0.59	341,300
October 21, 2025	\$0.10	1.81	8,000,000
			41,222,400

11. Share Capital, continued

(d) Share Purchase Warrants, continued

Other contingently exercisable share purchase warrants outstanding as of December 31, 2023 were:

	Number of warrants	Weighted average exercise price (per share)	Weighted average remaining life (years)
Balance, December 31, 2021	120,000	\$0.50	2.11
Expired	(90,000)	\$0.50	
Balance, December 31, 2022	30,000	\$0.50	0.61
Expired	(30,000)	\$0.50	
Balance, December 31, 2023	-	-	-

The weighted average fair value of warrants expired was \$0.11 (2022 - \$nil) and the weighted average fair value of contingently exercisable warrants expired was \$0.24 (2022 - \$0.24).

(e) Fair Value Determination

The weighted average fair value of stock options granted was \$0.01 (2022 - \$nil). Fair value was estimated using the Black-Scholes option pricing model with the following weighted average assumptions:

	Options Granted
Risk-free interest rate	4.25%
Expected volatility	130.49%
Expected life in years	5.00
Expected dividend yield	0.00%

Expected stock price volatility was derived from an average volatility based on historical movements in the closing prices of the Company's stock for a length of time equal to the expected life of the options. The risk-free rate of return is the yield on a zero-coupon Canadian Treasury Bill of a term consistent with the assumed option life. The expected average option term is the average expected period to exercise, based on the historical activity patterns for each individually vesting tranche. The expected dividend rate is estimated at 0.00% as the Company does not have a history of issuing and paying dividends.

For the year ended December 31, 2023, the Company recorded aggregate share-based compensation expense, arising from grant of options, of \$51,785 (2022 - \$nil).

Nickelex Resource Corporation
(Formerly Valterra Resource Corporation)
Notes to the Consolidated Financial Statements
Years Ended December 31, 2023 and 2022
(Expressed in Canadian Dollars)

12. Supplemental Cash Flow Information

	December 31, 2023	December 31, 2022
	\$	\$
Cash:		
Interest paid	-	-
Non-Cash Working Capital:		
Debt forgiven for no consideration	-	34,236
Shares issued for accounts payable	-	155,962
Financing Activities:		
Fair value of options expired	-	187,389
Fair value of warrants expired	8,527	21,569

13. Income Tax

A reconciliation of the income tax expense computed at statutory rates to the reported loss before taxes is as follows:

	December 31 2023	December 31 2022
	\$	\$
Statutory tax rate	27%	27%
Income tax (expense) recovery at statutory rate	341,546	(478)
Permanent differences	(275,930)	675
Other	(102)	(928)
Change in timing differences	321,261	49,235
Unused tax losses and tax offsets not recognized	(386,775)	(48,504)
	-	-

The Company's unrecognized deductible temporary differences and unused tax losses for which no deferred tax asset is recognized consist of the following amounts:

	December 31 2023	December 31 2022
	\$	\$
Non-capital losses	7,185,527	6,946,839
Capital losses	140,158	140,158
Marketable securities	1,038	475
Investments	1,200,000	-
Share issue costs	24,200	44,138
Mineral properties	2,735,335	2,721,839
Income tax credits	21,432	21,432
Equipment	29,417	29,417
	11,337,107	9,904,298

13. Income Tax, continued

The Company has Canadian unrecognized non-capital losses totaling \$7,018,000 that expire between 2026 and 2043 (2022 - \$6,775,000 expire between 2026 and 2042).

The Company has approximately US\$34,000 in unrecognized US non-capital losses available to carry forward indefinitely that do not expire. Mexican tax losses are separated into normal and pre-operating expenses. Pre-operating expenses are amortized over 10 years. All Mexican tax losses expire within 10 years of recognition.

14. Gain on Settlement of Debt

On May 19, 2022, pursuant to a debt settlement agreement between the Company and a private company formerly controlled by a director and officer of the Company, the Company issued 7,798,086 common shares with a fair value of \$155,962 to settle accounts payable of \$389,904. A gain on settlement of debt was recognized of \$233,942.

On October 31, 2022, pursuant to a debt forgiveness agreement between the Company and a private company, the Company settled accounts payable of \$34,236 for no consideration. A gain on settlement of debt was recognized of \$34,236.

15. Segmented Information

The Company has one operating segment, the acquisition and exploration of mineral properties. As of December 31, 2023, the Company's non-current assets were located in Canada (\$12,000), Brazil (\$1,200,000), and Finland (\$250,000) (2022 - Canada (\$12,000) and Brazil (\$2,400,000)).

16. Events after the Reporting Period

Other than disclosed elsewhere, the following events occurred subsequent to December 31, 2023:

On April 19, 2024 the Company signed a letter agreement with Origen Resources Inc. ("Origen") (the "Arlington Agreement"), to earn a 100% interest in nine claims, totaling 3,572 ha, located within the Boundary District of south-central British Columbia (the "Arlington Property"). The Arlington Agreement, which is subject to TSX Venture Exchange acceptance ("Exchange Approval"), provides that the Company may earn a 100% interest in the Arlington Property by:

- Making a cash payment of \$80,000 within seven business days of completing an equity financing (\$30,000 of which is reimbursement of costs associated with a bond permit to be assigned to the Company) and a cash payment of \$50,000 on or before the first anniversary of Exchange Approval;
- Issuing common shares to Origen valued at \$200,000 within seven business days of Exchange Approval; and issuing additional common shares to Origen valued at \$200,000, or 2 million common shares, whichever is greater in aggregate value, by the first anniversary of Exchange Approval, with the number of common shares to be calculated on the basis of the volume-weighted average price of the common shares for the most recent twenty trading days prior; and
- Incurring exploration expenditures of \$250,000 on the Arlington Property on or before the first anniversary of Exchange Approval.

Origen will retain a royalty of 2% of net smelter returns, provided that the Company may purchase 1% of such royalty at any time for the price of \$1,000,000.