StrikePoint Gold Inc.

Consolidated Financial Statements

Years Ended December 31, 2022 and 2021

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of
StrikePoint Gold Inc.

Opinion

We have audited the accompanying consolidated financial statements of StrikePoint Gold Inc. (the "Company"), which comprise the consolidated statements of financial position as at December 31, 2022 and 2021, and the consolidated statements of loss and comprehensive loss, cash flows, and changes in shareholders' equity for the years then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, these consolidated financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2022 and 2021, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards ("IFRS").

Basis for Opinion

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

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current year. 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.

We have determined that there are no key audit matters to communicate in our auditor's report.

Other Information

Management is responsible for the other information. The other information obtained at the date of this auditor's report includes 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 audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

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

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

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

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

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

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- 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 auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor's report is Zachary Faure.

Davidson & Company LLP

Vancouver, Canada　　　　Chartered Professional Accountants

April 26, 2023

STRIKEPOINT GOLD INC.
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
AS AT DECEMBER 31, 2022 AND 2021
(Expressed in Canadian dollars)

		2022		2021
ASSETS				
Current				
Cash and equivalents	$	2,701,220	$	5,912,983
Marketable securities (Note 3)		1,475,000		-
Receivables		581,087		234,332
Prepaid expenses and deposits		30,235		69,627
		4,787,542		6,216,942
Reclamation Bond (Note 4)		70,000		49,000
	$	4,857,542	$	6,265,942
LIABILITIES AND SHAREHOLDERS' EQUITY				
Current Liabilities				
Accounts payable and accrued liabilities (Note 5)	$	299,345	$	144,620
Flow-through share premium liability (Note 6)		-		504,224
		299,345		648,844
Shareholders' Equity				
Share capital (Note 6)		49,174,110		49,174,110
Reserves (Note 6)		10,290,884		10,220,674
Deficit		(54,906,797)		(53,777,686)
		4,558,197		5,617,098
	$	4,857,542	$	6,265,942

Nature of operations and going concern (Note 1)
Subsequent events (Note 12)

On behalf of the Board:

"Adrian Fleming" Director
Adrian Fleming

"Michael G. Allen" Director
Michael G. Allen

See accompanying notes to these consolidated financial statements

STRIKEPOINT GOLD INC.
CONSOLIDATED STATEMENTS OF LOSS AND COMPREHENSIVE LOSS
YEAR ENDED DECEMBER 31
(Expressed in Canadian dollars)

		2022		2021
EXPENSES				
Consulting (Note 7)	$	-	$	64,250
Exploration costs (Note 4)		2,688,108		4,124,378
Management fees (Note 7)		246,666		230,000
Office		84,957		57,917
Part XII.6 tax		-		18,231
Professional fees (Note 7)		169,138		167,186
Property investigation costs (Note 4)		37,061		-
Rent		43,349		16,800
Shareholder communication		262,840		354,920
Share-based payments (Note 6)		70,210		1,203,623
Transfer agent and filing fees		54,349		70,655
Travel and related costs		4,988		6,003
		(3,661,666)		(6,313,963)
Flow-through share premium reversal (Note 6)		504,224		969,705
Gain on sale of exploration properties (Note 4)		1,927,626		97,000
Interest income		705		5,052
Realized loss on sale of investments (Note 3)		-		(10,055)
Unrealized gain on marketable securities (Note 3)		100,000		-
		2,532,555		1,061,702
Loss and comprehensive loss for the year	$	(1,129,111)	$	(5,252,261)
Loss per common share (basic and diluted)	$	(0.01)	$	(0.03)
Weighted average number of common shares outstanding (basic and diluted)		207,346,886		198,234,399

See accompanying notes to these consolidated financial statements.

(Expressed in Canadian dollars)

	2022	2021
CASH FLOWS FROM OPERATING ACTIVITIES		
Loss for the year	$ (1,129,111)	$ (5,252,261)
Items not affecting cash:		
Flow through share premium reversal	(504,224)	(969,705)
Gain on sale of exploration properties	(1,927,626)	(97,000)
Realized loss on investments	-	10,055
Share-based payments	70,210	1,203,623
Unrealized gain on marketable securities	(100,000)	-
Change in non-cash working capital items:		
Change in receivables	(346,755)	(135,710)
Change in prepaid expenses and deposits	39,392	(44,492)
Change in accounts payable and accrued liabilities	154,725	(30,249)
Net cash used in operating activities	(3,743,389)	(5,315,739)
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from sale of exploration assets	552,626	20,000
Changes to reclamation bond	(21,000)	-
Proceeds from sale of marketable securities	-	66,945
Net cash provided by investing activities	531,626	86,945
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from the issuance of shares, net	-	4,277,300
Proceeds from the exercise of options and warrants	-	659,600
Net cash provided by financing activities	-	4,936,900
Change in cash and equivalents during the year	(3,211,763)	(291,894)
Cash and equivalents, beginning of year	5,912,983	6,204,877
Cash and equivalents, end of year	$ 2,701,220	$ 5,912,983
Cash and equivalents consists of:		
Cash	$ 2,600,712	$ 5,812,735
Guaranteed Investment Certificates	100,508	100,248
	$ 2,701,220	$ 5,912,983

Non-cash transactions during fiscal 2021 consisted of issuing finders' warrants valued at $76,246 and receiving marketable securities valued at $77,000 on the sale of an exploration project (Note 3).

Non-cash transactions during fiscal 2022 consisted of receiving marketable securities valued at $1,375,000 on the sale of an exploration project (Note 3).

See accompanying notes to these consolidated financial statements.

(Expressed in Canadian dollars)

	Share Capital				
	Number	Amount	Reserves	Deficit	Total
Balance at December 31, 2020	185,998,886	$ 45,147,022	$ 9,009,739	$ (48,525,425)	$ 5,631,336
Shares issued for private placement, net	18,050,000	4,201,054	76,246	-	4,277,300
Flow-through premium liability (Note 6)	-	(902,500)	-	-	(902,500)
Shares issued on the exercise of options and warrants (Note 6)	3,298,000	728,534	(68,934)	-	659,600
Share-based payments	-	-	1,203,623	-	1,203,623
Loss for the year	-	-	-	(5,252,261)	(5,252,261)
Balance at December 31, 2021	207,346,886	49,174,110	10,220,674	(53,777,686)	5,617,098
Share-based payments	-	-	70,210	-	70,210
Loss for the year	-	-	-	(1,129,111)	(1,129,111)
Balance at December 31, 2022	207,346,886	$ 49,174,110	$ 10,290,884	$ (54,906,797)	$ 4,558,197

See accompanying notes to these consolidated financial statements.

1. NATURE OF OPERATIONS AND GOING CONCERN

StrikePoint Gold Inc. (the "Company" or "Strikepoint") is incorporated under the laws of the Province of Alberta and is listed on the TSX Venture Exchange under the symbol "SKP". The Company is considered to be in the exploration stage with respect to its mineral properties. Based on the information available to date, the Company has not yet determined whether its mineral properties contain ore reserves. The Company's head office and principle address is Suite 3123 – 595 Burrard Street, PO Box 49139, Vancouver, BC, V7X 1J1.

These consolidated financial statements have been prepared by management on the basis of accounting principles applicable to a going concern, which assumes that the Company will continue in operation for the foreseeable future and will be able to realize its assets and discharge its liabilities in the normal course of operations. The Company's ability to continue as a going concern is dependent upon its ability to obtain the financing necessary to complete its exploration projects by issuance of share capital or through joint ventures, and/or to realize future profitable production or proceeds from the disposition of a property. As at December 31, 2022, the Company has an accumulated deficit of $54,906,797 and has working capital of $4,488,197. However, additional financing will be required to carry out exploration and development of its properties. The Company's current forecast indicates that it will have sufficient cash for at least the next year to continue as a going concern.

These consolidated financial statements do not include any adjustments relating to the recoverability and classification of recorded asset amounts and classification of liabilities that might be necessary should the Company be unable to continue in existence.

2. SIGNIFICANT ACCOUNTING POLICIES AND BASIS OF PREPARATION

These consolidated financial statements were authorized for issue on April 26, 2023 by the directors of the Company.

Principles of consolidation

These consolidated financial statements include the accounts of its wholly-owned subsidiaries, including Mount Rainey Silver Inc. During the year ended December 31, 2022, the Company incorporated 1391512 BC Ltd. and 1391515 BC Ltd. (both companies were incorporated under the BC Business Corporations Act) and Stimitant LLC, a company incorporated in Nevada, U.S.A. All entities incorporated during the year ended 2022 were inactive and contained no significant assets or liabilities during the year ended December 31, 2022.

All intercompany accounts and transactions have been eliminated on consolidation.

Basis of preparation

These consolidated financial statements, including comparatives, have been prepared using accounting policies consistent with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and interpretations of the International Financial Reporting Interpretations Committee ("IFRIC"). They have been prepared on a historical cost basis, except for financial instruments classified at fair value through profit and loss, which are stated at their fair value. In addition, these consolidated financial statements have been prepared using the accrual basis of accounting except for cash flow information. These consolidated financial statements are presented in Canadian dollars unless otherwise noted.

2. SIGNIFICANT ACCOUNTING POLICIES AND BASIS OF PREPARATION (cont'd)

Critical accounting estimates, judgments and assumptions

The preparation of these consolidated financial statements requires management to make certain estimates, judgments and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported expenses during the year. Actual results could differ from these estimates.

Significant assumptions about the future and other sources of estimation uncertainty that management has made at the end of the reporting period, 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:

i) The inputs used in calculating the fair value for share-based payments expense included in profit or loss and stock-based share issuance costs included in equity. The share-based payments expense and stock-based share issuance costs are estimated using the Black-Scholes options-pricing model as measured on the grant date to estimate the fair value of stock options. This model involves the input of highly subjective assumptions, including the expected price volatility of the Company's common shares, the expected life of the options, and the estimated forfeiture rate.

ii) The recognition of deferred tax assets. The Company considers whether the realization of deferred tax assets is probable in determining whether or not to recognize these deferred tax assets.

iii) The preparation of these consolidated financial statements requires management to make judgments regarding its ability to continue as a going concern as discussed in Note 1.

Functional and presentation currency

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

Exploration and evaluation expenditures

Exploration and evaluation expenditures include the costs of acquiring licenses, payments made and/or received under option and joint venture agreements and costs associated with exploration and evaluation activity.

Costs incurred before the Company has obtained the legal rights to explore an area are expensed in the consolidated statements of loss and comprehensive loss.

Exploration and evaluation expenditures related to the determination of a property or project's feasibility and exploration expenditures and payments pursuant to option and joint venture agreements made and/or received prior to the determination of the technical feasibility and commercial feasibility of a mineral property are expensed in profit or loss as incurred.

Proceeds from the sale of mineral licenses and related net smelter returns prior to the determination of the feasibility of the mineral property are recognized in profit or loss when sold.

2. SIGNIFICANT ACCOUNTING POLICIES AND BASIS OF PREPARATION (cont'd)

***Exploration and evaluation expenditures** (cont'd)*

Exploration and evaluation expenditures including payments pursuant to option and joint venture agreements made after a mineral property has been deemed commercially feasible are capitalized as development assets.

To date the Company's mineral properties have not advanced past the exploration stage and, accordingly, no amounts have been capitalized in respect of exploration and evaluation expenditures.

Share-based payments

The Company operates an employee stock option plan. 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 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 reserves. The fair value of options is determined using a Black–Scholes pricing model which incorporates all market vesting conditions. 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. When the options are exercised, the applicable amounts of reserves are transferred to share capital.

Loss per share

Basic loss per share is calculated by dividing the loss attributable to common shareholders by the weighted average number of common shares outstanding in the year. For all years presented, the loss attributable to common shareholders equals the reported loss attributable to owners of the Company. In calculating the diluted loss per share, the weighted average number of common shares outstanding assumes that the proceeds to be received on the exercise of dilutive share options and warrants are used to repurchase common shares at the average market price during the period. For the years presented, this calculation proved to be anti-dilutive.

Flow-through shares

The Company will, from time to time, issue flow-through common shares to finance a significant portion of its exploration program. Pursuant to the terms of flow-through share agreements, these shares transfer the tax deductibility of qualifying resources expenditures to investors. On issuance, the Company bifurcates the flow-through share into i) a flow-through share premium, equal to the estimated premium, if any, investors pay for the flow-through feature, which is recognized as a liability, and ii) share capital. Upon qualifying expenses being incurred, the Company derecognizes the liability and the premium is recognized as flow-through share premium reversal in profit or loss.

Cash and cash equivalents

For purposes of the Statement of Cash Flows, the Company considers all highly liquid debt instruments purchased with an original maturity of three months or less to be cash equivalents to the extent the funds are not being held for investment purposes. As of December 31, 2022, the Company had \$100,508 (2021 - \$100,248) in cash equivalents.

2. SIGNIFICANT ACCOUNTING POLICIES AND BASIS OF PREPARATION (cont'd)

Share capital

Common shares are classified as equity. Transaction costs directly attributable to the issue of common shares and share options are recognized as a deduction from equity, net of any tax effects. Common shares issued for consideration other than cash, are valued based on their market value at the date the shares are issued.

When share capital recognized as equity is repurchased, the amount of the consideration paid, which includes directly attributable costs, net of any tax effects, is recognized as a deduction from equity. Share capital is reduced by the average per-common-share carrying amount, with the difference between this amount and the consideration paid, added to or deducted from reserves.

The Company has adopted a residual value method with respect to the measurement of shares and warrants issued as private placement units. The residual value method first allocates value to the more easily measurable component based on fair value and then the residual value, if any, to the less easily measurable component. The Company considers the fair value of common shares issued in a unit private placement to be the more easily measurable component. The balance, if any, is allocated to the attached warrants. Any fair value attributed to the warrants is recorded as reserves.

Share issue costs

Costs directly identifiable with the raising of share capital financing are charged against share capital. Share issue costs incurred in advance of share subscriptions are recorded as non-current deferred assets. Share issue costs related to uncompleted share subscriptions are charged to operations.

Valuation of warrants

Proceeds from unit placements are allocated between shares and warrants using the residual value method whereby the shares are recorded at fair value and any residual is allocated to the warrant. The value of warrants issued to brokers is determined using the Black-Scholes model.

Financial instruments

Financial assets and liabilities are initially recognized at fair value on the statement of financial position when the Company becomes a party to the contractual provisions of the instrument. Subsequently, financial assets and liabilities are recognized based on the classification of these financial assets. The Company has classified financial assets into one of the following categories: (1) financial assets at fair value through profit or loss ("FVTPL"), (2) financial assets at fair value through other comprehensive income ("FVTOCI"), (3) financial assets at amortized cost. Financial liabilities are classified as either (1) financial liabilities at FVTPL or (2) financial liabilities at amortized cost. The Company maintained its accounting policy for investments (Note 3) as FVTPL.

Cash and cash equivalents and investments are classified as FVTPL and receivables (unrelated to sales tax receivables) and reclamation bond are classified at amortized cost and accounts payable and accrued liabilities are classified at amortized cost. Accounts receivable, where applicable, are net of a provision for expected credit losses.

2. SIGNIFICANT ACCOUNTING POLICIES AND BASIS OF PREPARATION (cont'd)

The Company recognizes a loss allowance for expected credit losses on financial assets that are measured at amortized cost. At each reporting date, the loss allowance for the financial asset is measured at an amount equal to the lifetime expected credit losses if the credit risk on the financial asset has increased significantly since initial recognition. If at the reporting date, the financial asset has not increased significantly since initial recognition, the loss allowance is measured for the financial asset at an amount equal to twelve month expected credit losses. For receivables, the Company applies the simplified approach to providing for expected credit losses, which allows the use of a lifetime expected loss provision. Impairment losses on financial assets carried at amortized cost are reversed in subsequent periods if the amount of the loss decreases and the decrease can be objectively related to an event occurring after the impairment was recognized. Due to the nature of its receivables and that expected credit loss is nominal, no provision for credit loss was recognized by the Company.

Impairment of non-current assets

The carrying amount of the Company's non-current assets is reviewed at each 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 whenever the carrying amount of an asset or its cash generating unit exceeds its recoverable amount. Impairment losses are recognized in the statements of loss and comprehensive loss.

The recoverable amount of assets is the greater of an asset's fair value less cost to sell and value in use. Fair value is determined as the amount that would be obtained from the sale of the asset in an arm's length transaction between knowledgeable and willing parties. 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. A reversal of an impairment loss is recognized immediately in the statements of loss and comprehensive loss.

Assets that have an indefinite useful life are not subject to amortization and are tested annually for impairment.

Income taxes

<u>Current income tax:</u>

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

Current income tax relating to items recognized directly in other comprehensive income or equity is recognized in other comprehensive income or equity and not in profit or loss. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

2. SIGNIFICANT ACCOUNTING POLICIES AND BASIS OF PREPARATION (cont'd)

Deferred tax:

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

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

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

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

Restoration and environmental obligations

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

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

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

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

The costs of restoration projects that were included in the provision are recorded against the provision as incurred. The costs to prevent and control environmental impacts at specific properties are capitalized in accordance with the Company's accounting policy for exploration and evaluation assets.

The Company does not have any significant restoration or environmental obligations as at December 31, 2022 and 2021.

(Expressed in Canadian dollars)

2. SIGNIFICANT ACCOUNTING POLICIES AND BASIS OF PREPARATION (cont'd)

New and future accounting standards

Other accounting standards or amendments to existing accounting standards that have been issued but have future effective dates have now been assessed by the Company and are not expected to have any impact on the Company's consolidated financial statements. The Company has not early adopted these standards.

3. MARKETABLE SECURITIES

(a) During the year ended December 31, 2021, the Company received 175,000 common shares of 1911 Gold Corp. (a Canadian public company) in conjunction with the sale of its Angelina property (Note 4), with an initial fair value of $77,000. The Company sold 175,000 common shares of 1911 Gold Corp. for proceeds totaling $66,945, thus recognizing a loss on sale of these marketable securities of $10,055 during the year ended December 31, 2021.

(b) During the year ended December 31, 2022, the Company received 500,000 common shares of Snowline Gold Corp. ("Snowline") in conjunction with the sale of the majority of its Yukon properties (Note 4), with an initial fair value of $1,375,000. The fair value of the Snowline shares at December 31, 2022 was $1,475,000, resulting in an unrealized gain of $100,000.

4. EXPLORATION AND EVALUATION ASSETS

Exploration Costs	Willoughby Property	Porter Idaho Property	Yukon Properties	Other Properties	Total – Year ended December 31, 2022
Drilling and assaying costs	$ 592,926	$ 347,645	$ -	$ -	$ 940,571
Field costs	108,502	69,020	-	-	177,522
Geological personnel	289,530	217,720	-	-	507,250
Geological consulting	235,554	165,292	-	-	400,846
Helicopter and fuel	332,713	350,206	-	-	682,919
Cost recovery	-	(21,000)	-	-	(21,000)
Total	$ 1,559,225	$ 1,128,883	$ -	$ -	$ 2,688,108

Exploration Costs	Willoughby Property	Porter Idaho Property	Yukon Properties	Other Properties	Total – Year ended December 31, 2021
Drilling and assaying costs	$ 1,737,087	$ 262,229	$ -	$ -	$ 1,999,316
Field costs	491,479	46,765	-	-	538,244
Geological personnel	401,848	48,138	-	-	449,986
Geological consulting	157,739	33,116	-	-	190,855
Helicopter and fuel	836,445	109,532	-	-	945,977
Total	$ 3,624,598	$ 499,780	$ -	$ -	$ 4,124,378

A) WILLOUGHBY PROPERTY

The Company holds a 100% interest in the Willoughby property, located in north-western British Columbia. In March 2019, the Company posted a reclamation bond payment in the amount of $39,000. During the year ended December 31, 2022, the Company sold a small track of land located near Willoughby for net cash proceeds of $52,626. The project is subject to a 1.5% net smelter return ("NSR") royalty, of which 0.5% can be purchased for a cash payment of $1,000,000.

4. EXPLORATION AND EVALUATION ASSETS (cont'd)

B) PORTER IDAHO PROPERTY

The Company holds a 100% interest in the Porter Idaho Property, located near Stewart, British Columbia. The property is subject to a 1% NSR, of which the Company has the option to purchase 0.5% for $750,000. As at December 31, 2022, the Company posted a reclamation bond payment in the amount of $31,000 (December 31, 2021 - $10,000) on the Porter Idaho Property.

C) YUKON PROPERTIES

Since the year ended 2017, the Company has held an interest in a portfolio of claims and properties located in the Yukon, Canada. A portion of the land package in the Yukon was sold during the year ended December 31, 2020 in two separate transactions. During the year ended December 31, 2022, the Company sold a significant portion of the Yukon properties to Snowline Gold Corp. ("Snowline"), a Canadian public company, for cash proceeds of $500,000 and the issuance of 500,000 common shares of Snowline to the Company, valued at $1,375,000. The Company recorded a gain on sale of mineral properties of $1,875,000.

As at December 31, 2022, the Company maintains a 100% interest in a total of 554 claims in the district of Dawson, Yukon, which expire at various times between 2023 and 2029.

D) HANDSOME JACK PROPERTY

The Company holds a 100% interest in the Handsome Jack property, adjacent to the Porter Idaho property, near Stewart, British Columbia. The property is subject to a 1% NSR, which the Company maintains the option to buy back 0.5% at a price of $500,000.

E) BIG, BADA AND BOOM PROPERTIES

During September 2018, the Company acquired, by staking, the Big, Bada and Boom properties contiguous to its Porter Idaho and Handsome Jack properties near Stewart, BC.

F) LOBSTICK PROPERTY – ONTARIO

The Company owned a 100% interest in the Lobstick property located in the Lobstick area near the Lake of the Woods, Ontario. The Lobstick property was subject to a 3% net smelter return royalty upon commencement of commercial production, for which the Company could repurchase two-thirds of the 3% net smelter return royalty for $1,000,000 for each one-third repurchased.

The Company was committed to pay and issue to the former optionor:

- $50,000 plus 100,000 common shares of the Company within 30 days of filing a technical report under National Instrument 43-101 demonstrating mineral resources on any part of the Lobstick Property; and
- $50,000 plus 100,000 common shares of the Company within 30 days of filing a positive, bankable feasibility study (as defined under National Instrument 43-101) with respect to any part of the Lobstick Property.

During the year ended December 31, 2021, the Company decided to drop its interest in the Lobstick property.

G) ANGELINA PROPERTY - MANITOBA

The Company owned a 100% interest in the Angelina Property, located in Rice Lake Belt, Manitoba. During the year ended December 31, 2021, the Company sold this property to 1911 Gold Corp. ("1911"), a Canadian public company, for consideration comprised of a cash payment of $20,000 (received), the receipt of 175,000 common shares of 1911 with a fair value of $77,000 (received) and the retention of a 1% NSR.

(Expressed in Canadian dollars)

4. EXPLORATION AND EVALUATION ASSETS (cont'd)

H) CUPRITE GOLD PROJECT – NEVADA

Subsequent to December 31, 2022, the Company completed the acquisition of a 100% interest in the Cuprite Gold Project, located in Nevada from Orogen Royalties Inc. ("Orogen"). Pursuant to the agreement, the Company issued 6,428,571 common shares (with a deemed value of $450,000) and paid US $35,208.

Orogen was granted a 3% NSR, 0.5% of the NSR can be purchased by the Company for US $2,500,000. Orogen will also retain a 1.5% NSR on any after-acquired internal claims held by third parties. Orogen will hold a one kilometre area of interest around the Cuprite project and additional claims staked within the area of interest will be subject to the 3% NSR (which is also subject to the 0.5% buy-back provision noted above).

During the year ended December 31, 2022, the Company expensed property investigation costs of $37,061.

5. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

As at:		December 31, 2022		December 31, 2021
Accounts payable	$	244,345	$	118,718
Accrued liabilities		55,000		25,902
Total	$	299,345	$	144,620

For the year ended December 31, 2022, included in accrued liabilities are costs associated with reclamation at the Willoughby and Porter Projects.

6. SHARE CAPITAL AND RESERVES

a) Authorized share capital

As of December 31, 2022, the authorized share capital of the Company is an unlimited number of common shares without par value. All issued shares, consisting only of common shares, are fully paid.

b) Issued share capital

There were no shares issued during the year ended December 31, 2022.

During the year ended December 31, 2021, the Company completed a non-brokered private placement for gross proceeds of $4,512,500, consisting of 18,050,000 flow-through common share units at a price of $0.25 per unit. Each unit was comprised of one common share and ½ non-flow-through share purchase warrant, with each full warrant exercisable at $0.35 per share, for an 18-month period. The Company recognized a flow through premium liability of $902,500 on issuance. To December 31, 2021, the Company expended $1,991,378 of the $4,512,500 flow-through funds raised on eligible exploration expenditures and, accordingly, the flow-through liability of $902,500 was derecognized by the amount of $398,276. During the year ended December 31, 2022, the Company spent the remaining $2,521,122 in flow through funds on eligible exploration expenditures, and as such, recognized a flow-through share premium reversal of $504,224. In conjunction with the completion of the private placement, the Company incurred finder's fees of $235,200 and issued 972,000 finder's warrants exercisable at $0.35 per warrant for an 18 month period, with a value of $76,246 using the Black-Scholes Option Pricing model assuming an expected life of 18 months, expected dividend yield of 0%, a risk-free interest rate of 0.45% and an expected volatility of 116%.

During the year ended December 31, 2021, 2,898,000 warrants were exercised for proceeds totalling $579,600. During the year ended December 31, 2021, 400,000 stock options were exercised for proceeds totalling $80,000. Upon exercise of options, $68,934 was reclassified from reserves to share capital.

(Expressed in Canadian dollars)

6. SHARE CAPITAL AND RESERVES (cont'd)

c) Stock options

During the year ended December 31, 2022, the Company adopted a new incentive stock option plan, which authorized to grant options to directors, employees, and consultants to acquire up to 20,713,950 common shares of the Company's issued and outstanding common shares. The plan is administered by the Board, who is tasked with the responsibility to interpret the plan, including determining the times when awards granted, to whom, the number of awards granted, the length of the exercise period and vesting provisions, subject to the terms of the plan, applicable securities laws, and regulatory requirements.

Details of stock options outstanding and exercisable as at December 31, 2022 are as follows:

Number of Shares	Exercise Price	Expiry Date
1,650,000	$0.20	September 25, 2023
1,500,000	$0.20	June 12, 2024
1,200,000	$0.20	July 31, 2024
4,450,000	$0.20	August 3, 2025
200,000	$0.20	September 9, 2025
2,000,000	$0.20	March 10, 2026
4,400,000	$0.25	June 6, 2026
500,000	$0.20	September 6, 2026
1,000,000	$0.20	January 31, 2027
16,900,000		

Stock option transactions are summarized as follows:

	Number of Options	Weighted Average Exercise Price
Balance, December 31, 2020	13,675,000	$ 0.21
Exercised	(400,000)	0.20
Expired	(2,675,000)	0.19
Granted	7,350,000	0.23
Balance, December 31, 2021	17,950,000	0.22
Expired	(2,050,000)	0.43
Granted	1,000,000	0.20
Balance, December 31, 2022	16,900,000	$ 0.21
Balance, exercisable, December 31, 2022	16,900,000	$ 0.21

c) Share-based payments

During January 2022, the Company granted stock options enabling the holder to acquire up to 1,000,000 common shares of the Company with a grant date fair value of $0.07 per share. These stock options have an exercise price of $0.20 per share, resulting in stock-based payments expense of $70,210 using the Black-Scholes option pricing model.

During September 2021, the Company granted stock options enabling the holder to acquire up to 500,000 common shares of the Company with a grant date fair value of $0.14 per share. These stock options have an exercise price of $0.20 per share, resulting in stock-based payments expense of $71,806 using the Black-Scholes option pricing model.

(Expressed in Canadian dollars)

6. SHARE CAPITAL AND RESERVES (cont'd)

d) Share-based payments (cont'd)

During June 2021, the Company granted stock options enabling the holders to acquire up to 4,850,000 common shares of the Company with a grant date fair value of $0.17 per share. These stock options have an exercise price of $0.25 per share, resulting in stock-based payments expense of $841,940 using the Black-Scholes option pricing model.

During March 2021, the Company granted stock options enabling the holder to acquire up to 2,000,000 common shares of the Company with a grant date fair value of $0.14 per share. These stock options have an exercise price of $0.20 per share, resulting in stock-based payments expense of $289,877 using the Black-Scholes option pricing model.

The Company applies the fair value method using the Black-Scholes option pricing model to account for stock options granted to directors, officers and consultants. The following weighted average assumptions were used to calculate the fair value of the stock options granted during the year:

	2022	2021
Risk-free interest rate	1.65%	0.89%
Expected life of options	5 years	5 years
Annualized volatility	95.8%	94%
Dividend rate	0%	0%
Forfeiture rate	0%	0%

e) Warrants

There were no warrants outstanding as at December 31, 2022.

	Number of Warrants		Weighted Average Exercise Price
Balance, December 31, 2020	74,185,415	$	0.21
Exercised	(2,898,000)		0.20
Issued	9,997,000		0.35
Balance, December 31, 2021	81,284,415		0.23
Expired unexercised	(81,284,415)		0.23
Balance, December 31, 2022	-	$	-

7. RELATED PARTY TRANSACTIONS

During the year ended December 31, 2022, the Company entered into the following transactions with related parties:

a) Paid or accrued management fees of $180,000 (2021 - $230,000) to the Chairman (and former CEO) of the Company.

b) Paid or accrued management fees of $66,666 (2021 - $Nil) to the CEO of the Company.

c) Paid or accrued professional fees of $120,000 (2021 - $102,500) to a company controlled by the Corporate Secretary of the Company.

(Expressed in Canadian dollars)

7. RELATED PARTY TRANSACTIONS (cont'd)

d) Paid or accrued geological consulting fees of $36,000 (2021 - $36,000) to a company controlled by a director of the Company and $550,663 (2021 - $618,361) to a company controlled by the Company's vice-president of exploration.

e) Recorded share-based payment expense of $70,210 (2021 - $607,586) to directors and officers of the Company.

Key management personnel compensation disclosed above (including senior officers and certain directors of the Company):

	December 31, 2022	December 31, 2021
Short-term benefits	$ 953,330	$ 986,861

As at December 31, 2022, accounts payable and accrued liabilities included $76,221 (2021 - $9,000) due to related parties.

8. FINANCIAL INSTRUMENTS AND RISK FACTORS

Fair value

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

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

The Company's financial instruments include cash and equivalents, receivables (excluding value-added tax receivable, reclamation bond and accounts payable and accrued liabilities. The carrying value of these financial instruments, other than cash and equivalents, approximates their fair value. Cash and equivalents is measured based on Level 1 inputs of the fair value hierarchy.

The following is an analysis of the Company's financial assets measured at fair value as at December 31, 2022 and December 31, 2021:

	As at December 31, 2022		
	Level 1	**Level 2**	**Level 3**
Cash and equivalents	$ 2,701,220	$ -	$ -

	As at December 31, 2021		
	Level 1	**Level 2**	**Level 3**
Cash and equivalents	$ 5,912,983	$ -	$ -

8. FINANCIAL INSTRUMENTS AND RISK FACTORS (cont'd)

Risk factors

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

Credit Risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. The Company has cash balances but no interest-bearing debt. The bank account is held with a major Canadian bank. As all of the Company's cash and equivalents are held by one bank, there is a concentration of credit risk with the bank. This risk is managed by using a major bank that is a high credit quality financial institution as determined by rating agencies. The Company's secondary exposure to risk is on its receivables. This risk is minimal as receivables consist primarily of refundable government sales taxes.

Currency Risk

Currency risk is the risk that arises from the change in price of one currency against another. The Company operates in Canada and is therefore not exposed to foreign exchange risk arising from transactions denominated in a foreign currency.

Interest Rate Risk

Interest rate risk is the risk due to variability of interest rates. The Company is exposed to interest rate risk on its bank account. The income earned on the bank account is subject to the movements in interest rates. The Company has cash balances and no-interest bearing debt, therefore, interest rate risk is nominal.

Liquidity Risk

Liquidity risk arises through the excess of financial obligations over available financial assets due at any point in time. The Company's objective in managing liquidity risk is to maintain sufficient readily available reserves in order to meet its liquidity requirements at any point in time. The Company achieves this by maintaining sufficient cash balances. The Company's ability to advance various projects is dependent upon its ability to raise additional funds through access to equity markets. If necessary, the Company may seek financing for capital projects or working capital needs. Such financing, if required, will depend on a number of unpredictable factors, which are often beyond the control of the Company. These would include the expected expenditures for exploration and acquisition of new assets, which could be curtailed should funding not be available.

9. CAPITAL MANAGEMENT

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to pursue the exploration and development of its exploration and evaluation interests, acquire additional exploration and evaluation interests and to maintain a flexible capital structure which optimizes the costs of capital at an acceptable risk. In the management of capital, the Company includes the components of shareholders' equity. The Company manages the capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust the capital structure, the Company may attempt to issue new shares, issue debt, acquire or dispose of assets or adjust the amount of cash.

In order to facilitate the management of its capital requirements, the Company prepares annual expenditure budgets that are updated as necessary depending on various factors, including successful capital deployment and general industry conditions. The annual and updated budgets are approved by the Board of Directors.

The Company currently is not subject to externally imposed capital requirements. There were no changes in the Company's approach to capital management.

(Expressed in Canadian dollars)

10. SEGMENTED INFORMATION

The Company operates in one reportable segment, being the exploration and evaluation of mineral properties in Canada and the United States. For the years presented, all the Company's non-current assets were located in Canada.

11. INCOME TAX

A reconciliation of income taxes at statutory rates with the reported taxes is as follows:

	2022	2021
Loss for the year	$ (1,129,111)	$ (5,252,261)
Combined statutory tax rate	27%	27%
Expected income tax recovery at statutory rates	$ (305,000)	$ (1,418,000)
Permanent difference	(131,000)	586,000
Impact of flow through shares	681,000	1,218,000
Share issue costs	(9,000)	(64,000)
Adjustment to prior years provision versus statutory tax returns and expiry of non-capital losses	(1,416,000)	-
Other	7,000	-
Change in unrecognized deductible temporary differences	1,173,000	(322,000)
Total income tax expense	$ -	$ -

The significant components of the Company's deferred tax assets that have not been included in the consolidated statement of financial position are as follows:

	2022	2021
Deferred tax assets (liabilities)		
Exploration and evaluation assets	$ 3,240,000	$ 3,035,000
Property and equipment	19,000	19,000
Share issue costs	78,000	86,000
Allowable capital losses	214,000	214,000
Non-capital losses available for future period	2,861,000	1,885,000
	6,412,000	5,239,000
Unrecognized deferred tax assets	(6,412,000)	(5,239,000)
Net deferred tax assets	$ -	$ -

(Expressed in Canadian dollars)

11. INCOME TAX (cont'd)

The significant components of the Company's temporary differences, unused tax credits and unused tax losses that have not been included on the consolidated statement of financial position are as follows:

	Expiry date range		2022		2021
Non-capital losses carried forward	2026-2042	$	10,548,000	$	6,981,000
Exploration and evaluation assets	No expiry	$	11,999,000	$	11,239,000
Property and equipment	No expiry	$	62,000	$	62,000
Share issue costs	2043-2046	$	289,000	$	320,000
Canadian eligible capital	No expiry	$	8,000	$	8,000
Allowable capital loss	No expiry	$	794,000	$	794,000

Tax attributes are subject to review, and potential adjustment, by tax authorities.

12. SUBSEQUENT EVENTS

Subsequent to December 31, 2022, the Company:

a) completed the acquisition of the Cuprite Gold project in Nevada (Note 4), and staked claims surrounding the project; and

b) granted 3,000,000 stock options, exercisable at $0.08 per share for five years; 2,000,000 stock options, exercisable at $0.055 per share for five years; and 250,000 stock options exercisable at $0.07 per share for five years, to directors, officers, and consultants of the Company. The Company also had a total of 3,800,000 options with an average exercise price of $0.21 expire.