

SMOOTH ROCK VENTURES CORP.

CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEARS ENDED DECEMBER 31, 2023 and 2022

(Expressed in Canadian dollars)



DALE MATHESON CARR-HILTON LABONTE LLP
CHARTERED PROFESSIONAL ACCOUNTANTS

Independent Auditor's Report

To the Shareholders of Smooth Rock Ventures Corp.

Opinion

We have audited the consolidated financial statements of Smooth Rock Ventures Corp. (the "Company"), which comprise the consolidated statements of financial position as at December 31, 2023 and 2022, and the consolidated statements of loss and comprehensive loss, cash flows and changes in equity for the years then ended, and notes to the consolidated financial statements, including material accounting policy information. (collectively referred to as the "financial statements").

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

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 Financial Statements section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Material Uncertainty Related to Going Concern

We draw attention to Note 1 to the financial statements, which indicates that the Company incurred a net loss of \$501,137 for the year ended December 31, 2023 and has a deficit of \$26,085,434 as at December 31, 2023. 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 financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

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Except for the matter described in the Material Uncertainty Related to Going Concern section, we have determined that there are no other key audit matters to communicate in our report.

Other Information

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

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

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 Financial Statements

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

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements. 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 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 financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

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

A handwritten signature in black ink that reads "DMCL." The letters are stylized and connected.

DALE MATHESON CARR-HILTON LABONTE LLP
CHARTERED PROFESSIONAL ACCOUNTANTS
Vancouver, BC

April 25, 2024

SMOOTH ROCK VENTURES CORP.
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
(Expressed in Canadian Dollars)

As at	Note	December 31, 2023	December 31, 2022
Assets			
Current Assets:			
Cash		\$ 458,372	\$ 661,705
Sales taxes receivable		416	7,326
Deposits	4	30,364	31,092
Prepaid expense		1,281	677
		490,433	700,800
Non-current Assets:			
Exploration and evaluation assets	4,7	1,391,331	1,284,290
		\$ 1,881,764	\$ 1,985,090
Liabilities and Shareholders' Equity			
Liabilities			
Current Liabilities:			
Accounts payable and accrued liabilities	6	\$ 237,335	\$ 174,751
Due to related parties	7	690,119	447,065
		927,454	621,816
Shareholders' Equity			
Share capital	5	22,102,042	22,102,042
Reserves	5	4,937,702	4,845,529
Deficit		(26,085,434)	(25,584,297)
		954,310	1,363,274
		\$ 1,881,764	\$ 1,985,090

Nature and continuance of operations (Note 1)

Approved on behalf of the Board of Directors on April 25, 2024

"Christos Doulis"
 Director

"Christopher Hobbs"
 Director

SMOOTH ROCK VENTURES CORP.
CONSOLIDATED STATEMENTS OF LOSS AND COMPREHENSIVE LOSS
(Expressed in Canadian Dollars)

		For the years ended	
	Note	December 31,	
		2023	2022
Operating expenses:			
Advertising and promotion		\$ 129	\$ 637
Audit and accounting		24,194	23,478
Consulting	7	138,000	118,500
Impairment on exploration and evaluation assets	4	-	392,021
Management fees	7	180,996	178,424
Office and administration		44,173	47,377
Share-based payment	7	92,173	122,477
Transfer agent and filing fees		17,481	20,092
Travel		3,696	3,086
Loss before other items		(500,842)	(906,092)
Foreign exchange gain (loss)		(295)	17,129
Net loss and comprehensive loss		\$ (501,137)	\$ (888,963)
Loss per share – basic and diluted		\$ (0.02)	\$ (0.04)
Weighted average number of common shares outstanding – basic and diluted		24,674,794	24,674,794

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

SMOOTH ROCK VENTURES CORP.
CONSOLIDATED STATEMENTS OF CASH FLOWS
(Expressed in Canadian Dollars)

	Years ended December 31,	
	2023	2022
Cash flows used in operating activities		
Net loss for the year	\$ (501,137)	\$ (888,963)
Non-cash items:		
Foreign exchange	2,876	(2,787)
Share-based payment	92,173	122,477
Impairment on exploration and evaluation assets	-	392,021
Changes in working capital items:		
Sales taxes receivable	6,910	(1,771)
Prepaid expense	(604)	-
Deposits	-	(4,521)
Accounts payable and accrued liabilities	62,559	27,388
Due to related parties	251,593	221,970
	<u>(85,630)</u>	<u>(134,186)</u>
Cash flows provided by (used in) investing activities		
Cash received from sale of NSR	-	444,081
Exploration and evaluation asset	(107,041)	(243,732)
	<u>(107,041)</u>	<u>200,349</u>
Foreign exchange impact on cash	(10,662)	-
Change in cash	(203,333)	66,163
Cash, beginning of the year	661,705	595,542
Cash, end of the year	\$ 458,372	\$ 661,705

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

SMOOTH ROCK VENTURES CORP.
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
(Expressed in Canadian Dollars)

	Number of shares	Amount	Reserves	Deficit	Total
Balance, December 31, 2021	24,674,794	\$ 22,102,042	\$ 4,723,052	\$ (24,695,334)	\$ 2,129,760
Share-based payment	-	-	122,477	-	122,477
Loss for the year	-	-	-	(888,963)	(888,963)
Balance, December 31, 2022	24,674,794	\$ 22,102,042	\$ 4,845,529	\$ (25,584,297)	\$ 1,363,274
Balance, December 31, 2022	24,674,794	\$ 22,102,042	\$ 4,845,529	\$ (25,584,297)	\$ 1,363,274
Share-based payment	-	-	92,173	-	92,173
Loss for the year	-	-	-	(501,137)	(501,137)
Balance, December 31, 2023	24,674,794	\$ 22,102,042	\$ 4,937,702	\$ (26,085,434)	\$ 954,310

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

SMOOTH ROCK VENTURES CORP.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022
(Expressed in Canadian Dollars)

1. Nature and Continuance of Operations

Smooth Rock Ventures Corp. (the “Company”) was incorporated on May 17, 1966, under the laws of the province of British Columbia. The Company’s principal activity is the acquisition and exploration of exploration and evaluation assets. The head office, principal address and the registered and records office of the Company are located at Suite 820 - 1130 West Pender Street, Vancouver, BC V6E 4A4. The Company’s shares are traded on the TSX Venture Exchange (“TSX-V”) under ticker symbol “SMRV”.

The Company incurred a net loss of \$501,137 for the year ended December 31, 2023 and has a deficit of \$26,085,434 as at December 31, 2023. These consolidated financial statements have been prepared using International Financial Reporting Standards (“IFRS”) applicable to a going concern, which assume 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. Different basis of measurement may be appropriate if the Company is not expected to continue operations for the foreseeable future. As at December 31, 2023, the Company had not advanced its exploration and evaluation assets to commercial production and is not able to finance the day-to-day activities through its operations. The Company’s continuation as a going concern is dependent upon the successful results from its exploration activities on its exploration and evaluation properties and its ability to attain profitable operations and generate funds from there and/or raise equity capital to meet current and future obligations. These matters indicate the existence of a material uncertainty that may cast significant doubt about the Company’s ability to continue as a going concern. These consolidated financial statements do not include any adjustments to the recoverability and classification of recorded asset amounts and classification of liabilities that might be necessary should the Company be unable to continue as a going concern. Such adjustments could be material.

2. Statement of Presentation

The consolidated financial statements of the Company have been prepared in accordance with IFRS as issued by the International Accounting Standards Board (“IASB”) and interpretations of the International Financial Reporting Interpretations Committee (“IFRIC”). The principal accounting policies applied in the preparation of these consolidated financial statements are set out in Note 3. These policies have been consistently applied to all years presented, unless otherwise stated.

These consolidated financial statements were approved by the board of directors for issue on April 25, 2024.

Basis of measurement

The consolidated financial statements have been prepared on an accrual basis, except for cash flow information, and are based on historical costs, except for certain financial instruments that are measured at fair value.

Principles of consolidation

These consolidated financial statements consolidate the accounts of the Company and its wholly owned subsidiary, Smooth Rock Ventures LLC. All inter-company balances and transactions are eliminated on consolidation.

SMOOTH ROCK VENTURES CORP.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022
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3. Material Accounting Policy Information and Critical Accounting Estimates and Judgments

Loss per share

Basic loss per share is computed by dividing the loss attributable to the common shareholders by the weighted average number of common shares outstanding during the period. For all periods presented, the loss attributable to common shareholders equals the reported loss attributable to the owners of the Company. Diluted loss per share is calculated by the treasury stock method. Because the Company incurred net losses, the effect of dilutive instruments would be anti-dilutive and therefore diluted loss per share equals basic loss per share.

Foreign currency

These consolidated financial statements are presented in Canadian dollars, which is the functional currency of the Company and its wholly owned subsidiary. Transactions in currencies other than the functional currency are translated into Canadian dollars on the following basis:

- Monetary assets and liabilities at the rate of exchange in effect at the statement of financial position date;
- Non-monetary assets and liabilities at the rates of exchange in effect on the respective dates of transactions; and
- Revenues and expenses (excluding depreciation, which is translated at the same rate as the related asset), 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.

Financial instruments

Classification

The Company classifies its financial instruments in the following categories: at fair value through profit or loss (“FVTPL”), at fair value through other comprehensive loss (“FVTOCI”) or at amortized cost. The Company determines the classification of financial assets at initial recognition. The classification of financial instruments is driven by the Company’s business model for managing the financial assets and their contractual cash flow characteristics. Equity instruments that are held for trading are classified as FVTPL. For other equity instruments, on the day of acquisition the Company can make an irrevocable election (on an instrument-by-instrument basis) to designate them as at FVTOCI. Financial liabilities are measured at amortized cost, unless they are required to be measured at FVTPL (such as instruments held-for-trading or derivatives) or the Company has opted to measure them at FVTPL.

The following table shows the classification of financial assets and financial liabilities:

Financial assets/liabilities	Classification
Cash	FVTPL
Deposits	Amortized cost
Due to related parties	Amortized cost
Accounts payable	Amortized cost

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Financial assets

On initial recognition, financial assets are recognized at fair value and are subsequently classified and measured at: (i) amortized cost; (ii) FVTOCI; or (iii) FVTPL. The classification of financial assets is generally based on the business model in which a financial asset is managed and its contractual cash flow characteristics.

A financial asset is measured at fair value net of transaction costs that are directly attributable to its acquisition except for financial assets at FVTPL where transaction costs are expensed.

All financial assets not classified and measured at amortized cost or FVTOCI are measured at FVTPL. On initial recognition of an equity instrument that is not held for trading, the Company may irrevocably elect to present subsequent changes in the investment's fair value in other comprehensive income or loss.

The Company derecognizes financial assets only when the contractual rights to cash flows from the financial assets expire, or when it transfers the financial assets and substantially all of the associated risks and rewards of ownership to another entity.

The classification determines the method by which the financial assets are carried on the consolidated statement of financial position subsequent to initial recognition and how changes in value are recorded.

Financial liabilities

Financial liabilities are designated as either: (i) FVTPL; or (ii) other financial liabilities. All financial liabilities are classified and subsequently measured at amortized cost except for financial liabilities at FVTPL. The classification determines the method by which the financial liabilities are carried on the consolidated statement of financial position subsequent to initial recognition and how changes in value are recorded. Accounts payable are classified under other financial liabilities and carried on the consolidated statements of financial position at amortized cost.

The Company derecognizes a financial liability when its contractual obligations are discharged or cancelled, or expire. The Company also derecognizes a financial liability when the terms of the liability are modified such that the terms and/or cash flows of the modified instrument are substantially different, in which case a new financial liability based on the modified terms is recognized at fair value.

Gains and losses on derecognition are generally recognized in profit or loss. The Company does not have any derivative financial assets and liabilities as at the year ends presented.

Share-based payments

Share-based payments to employees are measured at the fair value of the instruments issued and amortized over the vesting periods. Share-based payments to non-employees are measured at the fair value of goods or services received or the fair value of the equity instruments issued, if it is determined 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 Black-Scholes Pricing Model. The number of shares and options expected to vest is reviewed and adjusted at the end of each reporting period such that the amount recognized for services received as consideration for the equity instruments granted shall be based on the number of equity instruments that eventually vest.

Valuation of equity units issued in private placements

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 fair value of common shares issued in private placements was determined to be the more easily measurable component and are valued at their fair value, as determined by the closing quoted bid price on the announcement date. The balance, if any, is allocated to attached warrants. Any fair value attributed to warrants is recorded to reserves.

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Exploration and evaluation assets

Costs incurred before the Company has obtained the legal rights to explore an area are expensed as incurred.

Exploration and evaluation expenditures include the costs of acquiring licenses and costs associated with exploration and evaluation activities. Option payments are considered acquisition costs provided that the Company has the intention of exercising the underlying option.

Property option agreements are exercisable entirely at the option of the optionee. Therefore, option payments (or recoveries) are recorded when payment is made (or received) and are not accrued.

Exploration and evaluation expenditures are capitalized. The Company capitalizes costs to specific blocks of claims or areas of geological interest.

Exploration and evaluation assets are tested for impairment if facts or circumstances indicate that impairment exists. Examples of such facts and circumstances are as follows:

- the period for which the Company has the right to explore in the specific area has expired during the period or will expire in the near future, and is not expected to be renewed;
- substantive expenditure on further exploration for and evaluation of mineral resources in the specific area is neither budgeted nor planned;
- exploration for and evaluation of mineral resources in the specific area have not led to the discovery of commercially viable quantities of mineral resources and the entity has decided to discontinue such activities in the specific area; and
- sufficient data exist to indicate that, although a development in the specific area is likely to proceed, the carrying amount of the exploration and evaluation asset is unlikely to be recovered in full from successful development or by sale.

After technical feasibility and commercial viability of extracting a resource are demonstrable, the Company stops capitalizing expenditures for the applicable block of claims or geological area of interest and tests the asset for impairment. The capitalized balance, net of any impairment recognized, is then reclassified to either tangible or intangible development assets according to the nature of the asset.

Impairment of assets

The carrying amount of the Company's assets are 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 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 consolidated statement 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. 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. Assets that have an indefinite useful life are not subject to amortization and are tested annually for impairment.

Restoration and environmental obligations

The Company recognizes liabilities for statutory, contractual, constructive or legal obligations associated with the retirement of long-term assets, when those obligations resulted from the acquisition, construction, 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 capitalized to the related asset along with a corresponding increase in the restoration provision in the period incurred. Discount rates using

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a pre-tax rate that reflect the time value of money are used to calculate the net present value.

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 the related asset 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. These changes are recorded directly to the related asset with a corresponding entry to the provision.

Changes in the net present value, excluding changes in the Company's estimates of restoration costs, are charged to the statement of loss and comprehensive loss for the period.

The net present value of restoration costs arising from subsequent site damage that is incurred on an ongoing basis during production are charged to the consolidated statement of loss and comprehensive 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.

Income taxes

Current income tax:

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 (loss) or equity is recognized in other comprehensive income (loss) 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.

Deferred income tax:

Deferred income tax is recognized, using the asset and liability method, on temporary differences at the reporting date arising 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 income tax assets against current income tax liabilities and the deferred income taxes relate to the same taxable entity and the same taxation authority.

Use of estimates and judgment:

The preparation of financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates. Estimates and

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underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the year in which the estimates are revised and in any future years affected.

Estimates and assumptions where there is significant risk of material adjustments to assets and liabilities in future accounting periods include the following:

- (i) The recoverability and carrying value of exploration and evaluation assets; and
- (ii) the measurement of income taxes payable and deferred tax assets and liabilities requires management to make judgments in the interpretation and application of the relevant tax laws. Deferred tax assets require management to assess the likelihood that the Company will generate taxable income in future periods in order to utilize the recognized deferred tax assets.

The most significant judgements applicable to the Company's consolidated financial statements include:

- (i) The assessment of the Company's ability to continue as a going concern and whether there are events or conditions that may give rise to significant uncertainty;
- (ii) the classification of financial instruments; and
- (iii) the determination of the functional currency of the parent company and its subsidiary.

4. Exploration and Evaluation Assets

	Palmetto Property	Giroux Property	Total
Acquisition costs, December 31, 2022	\$225,270	\$ 303,488	\$ 528,758
Cash paid	-	26,480	26,480
	225,270	329,968	555,238
Deferred exploration costs, December 31, 2022	723,740	31,792	755,532
Additions:			
Geologist fees, expenses and assays	33,338	10,870	44,208
BLM Fees	27,483	8,870	36,353
	784,561	51,532	836,093
Total exploration and evaluation assets, December 31, 2023	\$ 1,009,831	\$ 381,500	\$ 1,391,331

	Garfield Flats	Palmetto Property	Loman Property	Giroux Property	Total
Acquisition costs, December 31, 2021	\$ -	\$ 669,350	\$ 225,000	\$ 277,860	\$ 1,172,210
Cash paid/(received)	-	(444,080)	-	25,628	(418,452)
Write off property	-	-	(225,000)	-	(225,000)
	-	225,270	-	303,488	528,758
Deferred exploration costs, December 2021	143,290	505,636	23,731	31,792	704,449
Additions:					
Geologist fees, expenses and assays	-	218,104	-	-	218,104
Write off property	(143,290)	-	(23,731)	-	(167,021)
	-	723,740	-	31,792	755,532
Total exploration and evaluation assets, December 31, 2022	\$ -	\$ 949,010	\$ -	\$ 335,280	\$ 1,284,290

SMOOTH ROCK VENTURES CORP.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
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(Expressed in Canadian Dollars)

Palmetto Property

The Company holds an undivided interest in 79 unpatented mining claims known as the Palmetto Property, located in Esmeralda County, Nevada, within the southern portion of the Walker Lane gold trend.

On January 27, 2022, the Company, through its subsidiary Smooth Rock Ventures, LLC, entered into a binding Purchase Agreement with Nevada Canyon, LLC, a wholly owned subsidiary of Nevada Canyon Gold Corp. ("Nevada Canyon") to sell a 2% net smelter returns royalty ("NSR") on the Palmetto Project for total cash proceeds of \$444,080 (US\$350,000). The cash payment was received in full on February 7, 2022. The Vice President and director of the Company is a director, CEO, and President of Nevada Canyon.

As at December 31, 2023, the Company had \$13,697 (US\$10,356) (2022 - \$14,026) bond posted with US Federal Bureau of Land Management ("BLM") to cover future decommissioning costs on the Palmetto Property.

Giroux Property

On April 20, 2020, the Company entered into an exploration lease with option to purchase agreement (the "Agreement") with MSM Resources, LLC ("MSM") on the Giroux Property, located in Mineral County, Nevada, within the Walker Lane shear zone.

Full consideration of the Agreement consisted of the following:

- (i) 1,000,000 common shares, which were issued on April 22, 2020 with a value of \$225,000;
- (ii) \$27,956 (US\$20,000) paid at the time of the execution of the Agreement; and
- (iii) annual fee equivalent to US\$20,000 payable on every subsequent anniversary date until the option is exercised.

To exercise its option to purchase the Giroux Property, the Company will be required to pay US\$200,000. The Giroux Property is subject to a 1.5% Gross Production Royalty payable to the property vendor, of which one-half of a percent (0.5%) may be purchased from the vendor at any time prior to commencement of commercial production for a cash payment of US\$200,000. The term of the Agreement is for 10 years, subject to the right to extend for two additional terms of 10 years each, and subject to the option to purchase 100% of the Giroux Property.

Subsequent to the execution of the Agreement, the individual controlling MSM was appointed as the Vice President and director of the Company.

Garfield Flats Property

On June 3, 2019, the Company entered into an agreement with an option to form a joint venture on the Garfield Flats Property with Walker River Resources Corp. ("Walker"). Pursuant to the agreement, the Company had a right to earn an undivided 50% interest in the Garfield Flats Property by funding \$600,000 in exploration expenditures as follows:

- i) for an initial 25% interest of the Garfield Flats project, complete \$300,000 in exploration expenditures within a one-year period, extended on June 2, 2021 to June 3, 2022; and
- ii) for an additional 25% interest, incur an additional \$300,000 in exploration expenditures within a two-year period, extended on June 2, 2021 to June 3, 2023.

On June 7, 2022, Walker decided not to renew its annual lease on the Garfield Flats Property and the Garfield Flats project was dropped. As a result, the Company lost its right to the 50% interest in Garfield Flats Property and wrote off the balance of the Garfield Flats Property in full.

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Loman Property

On December 27, 2019, the Company entered into a purchase agreement to acquire a 100% undivided interest in the Loman Property, located in Mineral County, Nevada, within the Walker Lane gold trend. The Loman Property consists of 50 unpatented mining claims. The Company closed the acquisition on January 6, 2020, by issuing 1,000,000 common shares which were valued at \$225,000.

The Loman property is adjacent and continuous to the Garfield Flats Property. After the Company's JV partner, Walker, dropped the Garfield Flats project, management did not find it feasible to renew the claims included in the Loman Property. On September 1, 2022, the Loman Property was abandoned and the Company wrote off the balance of the Loman Property in full.

Chucker Property

As of December 31, 2023, the Company had \$16,667 (US\$12,602) (2022 - \$17,066) bond posted with US Federal Bureau of Land Management to cover future decommissioning costs on the Chucker Property. During the year ended December 31, 2020, the Company decided not to move forward with the project and fully impaired the balance of the Chucker Property.

5. Share Capital

Authorized: An unlimited number of common shares without par value; and
An unlimited number of non-voting preferred shares without par value.

Issued and Outstanding:

As at December 31, 2023, the Company had 24,674,794 issued and outstanding common shares (2022 - 24,674,794).

No shares were issued during the years ended December 31, 2023 and 2022.

Stock Options

The Company has a rolling stock option plan whereby it can issue stock options up to 10% of the issued and outstanding common shares.

On February 6, 2023, the Company granted an incentive stock option to a director of the Company to acquire up to 350,000 common shares of the Company and options to acquire up to 650,000 common shares of the Company to certain consultants of the Company. These options fully vested upon grant, are exercisable at a price of \$0.07 per common share for a period of five years. The fair value of the options was estimated to be \$92,173 using the Black-Scholes Option Pricing Model with the following assumptions: estimated volatility of 146%, expected life of five years, risk-free interest rate of 3.17%, and expected dividend yield of Nil.

On April 4, 2022, the Company granted 1,000,000 incentive stock options, fully vested upon grant, to certain officers and directors of the Company to purchase up to a total of 1,000,000 common shares of the Company at a price of \$0.13 per common share for a period of five years. The fair value of the options was estimated to be \$122,477 using the Black-Scholes Option Pricing Model with the following assumptions: estimated volatility of 167%, expected life of five years, risk-free interest rate of 2.44%, and expected dividend yield of Nil.

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A continuity of stock options is as follows:

	Year ended December 31, 2023		Year ended December 31, 2022	
	Number of Options	Weighted average exercise price	Number of Options	Weighted average exercise price
Options outstanding, beginning	1,333,333	\$ 0.15	1,333,333	\$ 0.23
Granted	1,000,000	\$ 0.07	1,000,000	\$ 0.13
Cancelled	-	-	(1,000,000)	\$ 0.23
Options outstanding, ending	2,333,333	\$ 0.12	1,333,333	\$ 0.15

A summary of stock options outstanding and exercisable as of December 31, 2023, is as follows:

Outstanding and exercisable	Exercise Price	Expiry Date
166,667 ⁽¹⁾	\$ 0.23	March 1, 2024
166,666	\$ 0.21	May 7, 2025
1,000,000	\$ 0.13	April 4, 2027
1,000,000	\$ 0.07	February 6, 2028
2,333,333	\$ 0.12	

⁽¹⁾ These options expired unexercised subsequent to December 31, 2023

As at December 31, 2023, the average remaining contractual life of the outstanding stock options was 3.26 years.

Share Purchase Warrants

At December 31, 2023 and 2022, the Company had no share purchase warrants issued and outstanding.

Reserves

The reserve records items recognized as share-based compensation expense and other share-based payments until such time that the equity instrument is exercised, at which time the corresponding amount is transferred to share capital.

6. Accounts payable and accrued liabilities

	December 31, 2023	December 31, 2022
Accounts payable	\$ 44,335	\$ 44,251
Accrued liabilities	193,000	130,500
	\$ 237,335	\$ 174,751

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7. Related Party Transactions

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

The following balances are due to related parties:

	December 31, 2023	December 31, 2022
Company controlled by a director and officer of the Company	\$ 416,619	\$ 331,065
Company controlled by a director and officer of the Company	97,500	-
Director and officer of the Company	176,000	116,000
	\$ 690,119	\$ 447,065

Below is a summary of compensation to key management personnel:

	December 31, 2023	December 31, 2022
Consulting fees	\$ 78,000	\$ 58,500
Deferred exploration expenses	40,764	117,842
Exploration lease payments	26,480	25,628
Management fees	180,996	178,424
Share-based payments	32,260	122,477
	\$ 358,500	\$ 502,871

During the year ended December 31, 2023, the Company granted stock options to its director to purchase up to 350,000 common shares (December 31, 2022 – 1,000,000) of the Company at a price of \$0.07 per common share for a period of five years. The fair value of the options was estimated to be \$32,260 (December 31, 2022 – \$122,477) (Note 5).

During the year ended December 31, 2023, the Company paid or accrued \$120,996 (December 31, 2022- \$118,424) in management fees to an entity controlled by a director and officer of the Company and \$60,000 (December 31, 2022- \$60,000) in management fees to another director and officer of the Company.

During the year ended December 31, 2023, the Company paid \$40,764 (December 31, 2022 - \$117,842) in deferred exploration expenses to an entity controlled by a director and officer of the Company.

During the year ended December 31, 2023, the Company made an annual exploration lease payment on the Giroux Property totaling \$26,480 (US\$20,000) (December 31, 2022 - \$25,628 (US\$20,000)). The lease payment was made to MSM Resources, LLC, an entity controlled by a director and officer of the Company.

During the year ended December 31, 2023, the Company paid or accrued \$78,000 (December 31, 2022- \$58,500) in consulting fees to a company controlled by a director and officer of the Company.

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8. Financial Instruments and Financial Risk Financial risk management

The Company is exposed in varying degrees to a variety of financial instrument-related risks. The Board of Directors approves and monitors the risk management processes, inclusive of documented investment policies, counterparty limits, and controlling and reporting structures. The type of risk exposure and the way in which such exposure is managed is provided as follows:

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's primary exposure to credit risk is on its cash held in bank accounts. The majority of cash is deposited in bank accounts held with major banks in Canada and the United States. As most of the Company's cash is held by two banks there is a concentration of credit risk. This risk is managed by using major banks that are rated high credit quality financial institutions.

Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company has a planning and budgeting process in place to help determine the funds required to support the Company's normal operating requirements on an ongoing basis. The Company ensures that there are sufficient funds to meet its short-term business requirements, considering its anticipated cash flows from operations and its holdings of cash. Historically, the Company's sole source of funding has been the issuance of equity securities for cash, primarily through private placements. The Company's access to financing is always uncertain. There can be no assurance of continued access to significant equity funding.

Currency risk

Currency risk is the risk that the fair values of future cash flows of a financial instrument will fluctuate because they are denominated in currencies that differ from the respective functional currency. The Company is exposed to foreign currency risk on fluctuations related to cash, prepaid expenses, deposits, accounts payable and related party payables that are denominated in US dollars.

The following table illustrates the impact of a 10% increase and a 10% decrease in foreign exchange rate on the fair value of the financial assets and liabilities as at December 31, 2023:

	Currency	Balance at December 31, 2023	10% Increase in FX rate	10% decrease in FX rate
Cash	US\$	\$ 315,372	\$ 346,909	\$ 283,835
Prepays and other current assets	US\$	30,364	33,401	27,328
Related party payables	US\$	(416,619)	(458,281)	(374,957)
Total		\$ (70,883)	\$ (77,971)	\$ (63,795)

Interest rate risk

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company is not exposed to significant interest rate risk.

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Fair value

The fair value of the Company's financial assets and liabilities approximates their carrying amount due to their short terms of maturity. 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 classified as level 1 include cash.

9. Capital Management

The Company manages its capital, consisting of share and working capital, in a manner consistent with the risk characteristic of the assets it holds. All sources of financing are analyzed by management and approved by the Board of Directors. The Company's objectives when managing capital is to safeguard the Company's ability to continue as a going concern and to support the exploration and development of its exploration and evaluation assets and to sustain future development of its business. The Company is meeting its objective of managing capital through preparing short-term and long-term cash flow analysis to ensure an adequate amount of liquidity. The Company is not subject to any externally imposed capital restrictions. There were no changes in the Company's approach to capital management during the period.

10. Income Taxes

The income tax provisions differ from the expected amounts calculated by applying Canadian combined federal and provincial corporate income tax rates to the Company's loss before income taxes. The components of these differences are as follows:

	December 31, 2023	December 31, 2022
Loss before income taxes	\$ (501,137)	\$ (888,963)
Corporate tax rate	27%	27%
Expected tax recovery	(135,000)	(240,000)
Adjustment to prior years provision versus statutory tax returns	119,902	-
Other	(888)	(116,486)
Permanent differences	24,887	33,356
Change in unrecognized deferred assets	(8,900)	323,130
Income tax recovery	\$ -	\$ -

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The Company's tax-effected deferred income tax assets and liabilities are estimated as follows:

	December 31, 2023	December 31, 2022
Deferred income tax assets		
Exploration and evaluation assets	\$ 2,232,000	\$ 2,352,000
Non-capital losses available	1,813,000	1,696,000
Share issuance costs	3,500	9,400
Equipment	23,000	23,000
Potential deferred income tax assets	4,071,500	4,080,400
Less: Unrecognized deferred income tax assets	(4,071,500)	(4,080,400)
Deferred Tax Assets	—	—

The Company has approximately \$6,714,000 of non-capital losses which can be applied to reduce future taxable income, expiring in between 2027 and 2043. Tax attributes are subject to review, and potential adjustment, by tax authorities.