

EXGEN RESOURCES INC.

Consolidated Financial Statements
Years ended December 31, 2022 and 2021
(Expressed in Canadian dollars)



DALE MATHESON CARR-HILTON LABONTE LLP
CHARTERED PROFESSIONAL ACCOUNTANTS

Independent Auditor's Report

To the Shareholders of Exgen Resources Inc.:

Opinion

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

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.

Vancouver

1500 - 1140 West Pender St.
Vancouver, BC V6E 4G1
604.687.4747

Surrey

200 - 1688 152 St.
Surrey, BC V4A 4N2
604.531.1154

Tri-Cities

700 - 2755 Lougheed Hwy
Port Coquitlam, BC V3B 5Y9
604.941.8266

Victoria

320 - 730 View St.
Victoria, BC V8W 3Y7
250.800.4694

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 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 David Goertz.



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

May 1, 2023

EXGEN RESOURCES INC.

Consolidated Statements of Financial Position
(Expressed in Canadian dollars)
As at December 31,

	December 31 2022	December 31 2021
Assets		
Current assets:		
Cash	\$ 2,628,135	\$ 486,822
GST receivable	51,045	40,367
Prepaid expenses	9,231	-
Marketable securities (note 5)	651,685	1,224,000
	3,340,096	1,751,189
Deposits (note 4)	34,626	34,626
Receivable from sale of royalty (note 7)	2,022,194	1,758,430
Investment in associate (note 6)	170,045	213,561
Mineral properties (note 7)	-	17,380
	\$ 5,566,961	\$ 3,775,186

Liabilities and Shareholders' Equity

Current liabilities:		
Accounts payable and accrued liabilities (notes 8 and 9)	\$ 352,077	\$ 606,213
Shareholders' equity:		
Share capital (note 8)	23,062,276	20,216,265
Shares to be issued (note 8)	-	60,000
Reserves (note 8)	628,680	186,070
Contributed surplus (note 8)	4,286,644	4,286,644
Accumulated other comprehensive (loss) income	(186,922)	427,390
Deficit	(22,575,794)	(22,007,396)
	5,214,884	3,168,973
	\$ 5,566,961	\$ 3,775,186

Nature of business and going concern (note 1)

Commitments (note 11)

Subsequent events (note 14)

See accompanying notes to consolidated financial statements.

On behalf of the Board:

(Signed) "Jason Riley" _____ Director

(Signed) "Dennis Thomas" _____ Director

EXGEN RESOURCES INC.

Consolidated Statements of Comprehensive Loss
(Expressed in Canadian dollars)
Years ended December 31,

	2022	2021
Operating (expenses) recoveries:		
Impairment of mineral properties (note 7)	\$ (37,055)	\$ (26,350)
General and administrative (note 9 and 10)	(153,102)	(76,143)
Consulting and professional fees (note 9)	(340,056)	(770,293)
Foreign exchange loss	(3,871)	(3,998)
Additional consideration on mineral property (note 7)	180,051	2,339,401
Share-based payments (note 8)	(442,610)	-
	(796,643)	1,462,617
Accretion income (note 7)	263,764	75,107
Tax provision adjustment (note 12)	-	119,627
Share of loss in associate (note 6)	(35,519)	(33,092)
Net income (loss)	(568,398)	1,624,259
Other comprehensive gain (loss):		
Unrealized gain (loss) on investments in marketable securities (note 5)	(606,315)	290,890
Foreign currency translation of equity accounted investee (note 6)	(7,997)	1,711
Total comprehensive income (loss)	\$ (1,182,710)	\$ 1,916,860
Earnings (loss) per share - basic and diluted (note 8)	\$ (0.01)	\$ 0.05
Weighted average number of shares outstanding – basic and diluted	57,580,679	35,093,008

See accompanying notes to consolidated financial statements.

EXGEN RESOURCES INC.

Consolidated Statements of Changes in Shareholders' Equity
(Expressed in Canadian dollars)

	Number of shares	Share capital	Reserves	Contributed surplus	Shares to be Issued	Accumulated other comprehensive loss	Deficit	Total equity
December 31, 2020	35,093,008	\$ 20,216,265	\$ 287,770	\$ 4,184,944	-	\$ 134,789	\$ (23,631,655)	\$ 1,192,113
Warrants expired	-	-	(101,700)	101,700	-	-	-	-
Shares to be issued	-	-	-	-	60,000	-	-	60,000
Net income	-	-	-	-	-	-	1,624,259	1,624,259
Other comprehensive income	-	-	-	-	-	292,601	-	292,601
December 31, 2021	35,093,008	\$ 20,216,265	\$ 186,070	\$ 4,286,644	\$ 60,000	\$ 427,390	\$ (22,007,396)	\$ 3,168,973
Share issuance	28,800,000	2,880,000	-	-	(60,000)	-	-	2,820,000
Share issuance costs	-	(33,989)	-	-	-	-	-	(33,989)
Share-based compensation	-	-	442,610	-	-	-	-	442,610
Net income	-	-	-	-	-	-	(568,398)	(568,398)
Other comprehensive loss	-	-	-	-	-	(614,312)	-	(614,312)
December 31, 2022	63,893,008	\$ 23,062,276	\$ 628,680	\$ 4,286,644	\$ -	\$ (186,922)	\$ (22,575,794)	\$ 5,214,884

See accompanying notes to consolidated financial statements.

EXGEN RESOURCES INC.

Consolidated Statements of Cash Flows
(Expressed in Canadian dollars)
Years ended December 31,

	2022	2021
Cash provided by (used in):		
Operations:		
Net income (loss)	\$ (568,398)	\$ 1,624,259
Non-cash items		
Impairment of mineral properties	37,055	17,423
Accretion income	(263,764)	(75,107)
Share-based payments	442,610	-
Write-off of tax provision (note 11)	-	(119,627)
Consideration on mineral property received in shares	(34,000)	(20,000)
Share of loss of associate	35,519	33,092
Change in working capital	(274,045)	(1,248,520)
	(625,023)	211,520
Investing:		
Cash used for additions in mineral properties	(19,675)	(17,423)
	(19,675)	(17,423)
Financing:		
Cash received for subscription received in advance	-	60,000
Cash paid for share issuance costs	(33,989)	-
Share issuance	2,820,000	-
	2,786,011	60,000
Change in cash	2,141,313	254,097
Cash, beginning	486,822	232,725
Cash, ending	\$ 2,628,135	\$ 486,822

See accompanying notes to consolidated financial statements.

EXGEN RESOURCES INC.

Notes to Consolidated Financial Statements
Years ended December 31, 2022 and 2021
(Expressed in Canadian dollars)

1. Nature of operations and going concern

ExGen Resources Inc. (the “Company” or “ExGen”) is incorporated under the laws of the Province of Alberta, Canada. The Company’s head office is located at 1240-1140 West Pender Street, Vancouver, British Columbia, V6E 4G1. The Company is engaged in the exploration of copper-gold mineral properties in Canada and the United States. The Company’s properties are currently in the exploration stage. Its common shares trade on the TSX Venture Exchange (“TSX-V”).

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 obligations in the normal course of operations. Several adverse conditions indicate the existence of a material uncertainty that may cast significant doubt on the validity of this assumption. At December 31, 2022, the Company had working capital of \$2,988,019, an accumulated deficit of \$22,575,794 and incurred a net loss of \$568,398 for the year then ended. The Company has incurred operating losses to date and is currently unable to self-finance any future operations. The Company’s ability to continue as a going concern is dependent upon raising additional capital or evaluating strategic alternatives.

These consolidated financial statements do not reflect adjustments that would be necessary if the going concern assumption was not appropriate. If the going concern assumption was not appropriate for these condensed consolidated financial statements, adjustments would be necessary in statement of financial position classifications used. Such adjustments could be material.

2. Basis of Preparation:

(a) Statement of compliance

The consolidated financial statements of the Company comply 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”). These consolidated financial statements and compliance with IFRS were approved by the Board of Directors on May 1, 2023.

(b) Basis of preparation

These consolidated financial statements have been prepared on a historical cost basis except for financial instruments classified as financial instruments at fair value through profit or loss, which are stated at their fair values and available-for-sale financial assets which are initially recorded at fair value with changes in fair value recorded in other comprehensive income. These consolidated financial statements have been prepared using the accrual basis of accounting except for cash flow information.

EXGEN RESOURCES INC.

Notes to Consolidated Financial Statements
Years ended December 31, 2022 and 2021
(Expressed in Canadian dollars)

2. Basis of Preparation (continued):

(c) Basis of consolidation

These consolidated financial statements comprise the Company and its wholly-owned US subsidiary, 3 Amigos Exploration Inc. and its formerly wholly-owned Canadian subsidiary, Konnex Resources Inc. ("Konnex") up to the date of loss of control, June 29, 2017. On June 29, 2017, the Company's interest in Konnex was reduced to 20% resulting in deconsolidation of Konnex, and Konnex subsequently being accounted for as an associate undertaking (note 6).

Subsidiaries are entities controlled by the Company. Control exists when the Company (i) has power over the investee, (ii) is exposed, or has rights, to variable returns from its involvement with the investee and (iii) has the ability to affect those returns through its power over the investee. The financial statements of a subsidiary are included in the consolidated financial statements from the date that control commences until the date that control ceases. All intercompany balances and transactions are eliminated on consolidation.

(d) Functional and presentational currency

All amounts on the consolidated financial statements are presented in Canadian dollars which is the functional currency of the Company.

(e) Use of estimates and judgments

The preparation of financial statements in conformity with IFRS requires management to make estimates, judgments and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements, and the reported amounts of expenses during the reporting period. Actual results could differ from these estimates. Significant areas requiring the use of management estimates and judgments include:

Estimates:

- i) Amounts recorded for mineral properties represent costs incurred to date and are not intended to reflect present or future fair values. The recoverability of amounts shown for mineral properties is dependent upon the discovery of economically recoverable reserves, future production or proceeds from the disposition thereof.
- ii) The determination of the fair value of stock options or warrants using pricing models require the input of highly subjective assumptions, including the expected price volatility and forfeiture rates. Changes in the subjective input assumptions could materially affect the fair value estimate; therefore the existing models do not necessarily provide a reliable single measure of the fair value of the Company's stock options and warrants.
- iii) Deferred tax asset and liability calculations require subjective assumptions regarding future income tax rates and the probability of utilization of available tax losses. Changes in these assumptions could have a material impact on these calculations.
- iv) The estimated annual gains or losses from income and dilution on the investment in associate.
- v) The estimated annual gains or losses on the investment in marketable securities.

EXGEN RESOURCES INC.

Notes to Consolidated Financial Statements
Years ended December 31, 2022 and 2021
(Expressed in Canadian dollars)

2. Basis of Preparation (continued):

(e) Use of estimates and judgments (continued):

Estimates:

- vi) The determination of the fair value of shares received under option or sale agreements entered into by the Company requires the use of assumptions. Many factors can impact this determination, including if non-public shares, the underlying asset value of the shares or value of the claims under option or sale. The determination is highly subjective.
- vii) The Company performs ongoing evaluations to assess the probability of collecting its receivable from sale of royalty (Note 7).

Judgments:

- i) The Company is required to make significant judgments regarding the capitalization of exploration expenditures on mineral properties. The Company is also required to make significant judgments on the ongoing feasibility of mineral exploration, whether further exploration plans will change, or whether development of a specific area is unlikely to recover existing exploration costs. If any of these indicators are present, management needs to assess whether the mineral property should be impaired.
- ii) Although the Company has taken steps to verify title to mineral properties in which it has an interest, in accordance with industry norms for the current stage of exploration of such properties, these procedures do not guarantee the Company's title. Mineral claims may be subject to unregistered prior agreements or inadvertent non-compliance with regulatory requirements. The Company is required to make judgements with respect to the going concern assumption that the Company will continue in operation for the foreseeable future.
- iii) Investment in associates - The Company uses judgment in its assessment of whether the Company has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee, including but not limited to, the ability to exercise significant influence through board representation, material transactions with the investee, provision of technical information, and the interchange of managerial personnel. Whether an investment is classified as an investment in associate can have a significant impact on the entries made on and after acquisition.

EXGEN RESOURCES INC.

Notes to Consolidated Financial Statements
Years ended December 31, 2022 and 2021
(Expressed in Canadian dollars)

3. Significant accounting policies

(a) Investment in associate:

The Company accounts for its investment in associate using the equity method. Under the equity method, the Company's investment in an associate is initially recognized at cost and subsequently increased or decreased to recognize the Company's share of earnings and losses of the associate and for impairment losses after the initial recognition date. Where change in an investment in an entity results in the Company retaining significant influence over the investee, the investee is accounted for using the equity method, and the initial cost of investment in an associate is the fair value of the investment retained in the former subsidiary when control was lost. The Company's share of an associate's losses that are in excess of its investment in the associate are recognized only to the extent that the Company has incurred legal or constructive obligations or made payments on behalf of the associate. The Company's share of earnings and losses of an associate are recognized through profit or loss during the period. Distributions received from an associate are accounted for as a reduction to the carrying amount of the Company's investment in the associate. Intercompany transactions between the Company and an associate are recognized only to the extent of unrelated investors' interests in the associate.

At the end of each reporting period, the Company assesses whether there is any objective evidence that its investment in an associate is impaired. Objective evidence includes observable data indicating that there is a measurable decrease in the estimated future cash flows of the associate's operations. When there is objective evidence that its investment in an associate is impaired, the carrying amount of such investment is compared to its recoverable amount, being the higher of its fair value less cost to sell and value in use (i.e. present value of its future cash flows). If the recoverable amount of investment in an associate is less than its carrying amount then an impairment loss is recognized in that period. When an impairment loss reverses in a subsequent period, the carrying amount of the investment in an associate is increased to the revised estimate of recoverable amount to the extent that the increased carrying amount does not exceed the carrying amount that would have been determined had an impairment loss not been previously recognized. A reversal of an impairment loss is recognized through profit or loss in the period that the reversal occurs.

(b) Mineral properties:

Mineral properties include the costs of exploration and evaluation ("E&E") activities, which consist of cash consideration paid, the fair market value of any shares issued for exploration and mining concessions, mineral property options, contracts and share-based payments directly attributable to E&E activities, and also include the cost of activities such as exploration drilling, trenching, sampling, and activities in relation to evaluating the technical feasibility and commercial viability of extracting a mineral resource. Mineral properties also include the fair value (at acquisition date) of E&E assets acquired in a business combination or an asset acquisition. Acquisition and exploration costs are capitalized and deferred until such time as the property is put into production, or the property is disposed of through sale or abandonment.

EXGEN RESOURCES INC.

Notes to Consolidated Financial Statements
Years ended December 31, 2022 and 2021
(Expressed in Canadian dollars)

3. Significant accounting policies (continued)

(b) Mineral properties (continued):

E&E costs incurred prior to obtaining ownership, or the right to explore a property, are expensed as incurred in profit or loss. Proceeds received from partial sales or options of any interest in a property are credited against the carrying value of the property. When proceeds exceed the carrying costs the excess is recorded in profit or loss in the period the excess is received. If a property is abandoned, or considered to have no future economic potential, the acquisition and deferred exploration costs are written off to profit or loss. Once the technical feasibility and commercial viability of extracting the mineral resource has been determined, the property is considered to be a mine under development and is classified as “mines under construction”. Mineral properties are tested for impairment before the assets are transferred to development properties. Should a property be put into production, the costs will be depleted on the units-of-production method over the estimated economic life of the mine to which they relate.

(c) Impairment of non-financial assets

The carrying amounts of the Company’s non-financial assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset’s recoverable amount is estimated. The recoverable amount of an asset is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For the purpose of impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of cash inflows of other assets or groups of assets (the “cash generating unit”).

An impairment loss is recognized if the carrying amount of an asset or cash-generating unit exceeds its estimated recoverable amount. Impairment losses are recognized in profit or loss. Impairment losses recognized in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reduced if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is only reversed to the extent that the asset’s carrying amount does not exceed the carrying amount that would have been determined, net of amortization, if no impairment loss had been recognized.

(d) Decommissioning obligation (“DO”):

The Company records the fair value of a DO as a liability in the period in which it incurs a constructive or legal obligation associated with the decommissioning of long-lived assets that result from the acquisition, construction, development, and/or the normal use of the assets. The associated decommissioning costs are capitalized as part of the carrying amount of the long-lived asset and subsequently allocated in a rational and systematic method over the underlying asset’s useful life. Subsequent to the initial measurement of the DOs, the obligations are adjusted at the end of each period to reflect the passage of time and changes in the estimated future cash flows underlying the obligation. The Company does not have any material DOs as at December 31, 2022 and 2021.

EXGEN RESOURCES INC.

Notes to Consolidated Financial Statements
Years ended December 31, 2022 and 2021
(Expressed in Canadian dollars)

3. Significant accounting policies (continued)

(e) Foreign currency translation:

Foreign currency transactions are translated into Canadian dollars using the exchange rates prevailing at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are translated using year-end exchange rates. Non-monetary assets and liabilities are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when fair value is determined. Exchange gains and losses resulting from the settlement of such transactions and from the translation of assets and liabilities denominated in a currency other than the functional currency are reflected in profit or loss immediately, except for exchange gains and losses arising on equity instruments classified as fair value through other comprehensive income that are recorded in other comprehensive income.

Assets and liabilities of operations with a functional currency other than the Canadian dollar are translated at the year-end rates of exchange, and the results of its operations are translated at average rates of exchange for the year. The resulting translation adjustments are recognized in other comprehensive income.

(f) Share-based compensation:

The Company accounts for all share-based payments using the fair value method, under which an expense is recorded based on the estimated fair value of the equity instrument subject to vesting conditions. Fair value is determined at the time of the grant using the Black-Scholes option-pricing model and are expensed over the vesting period with a corresponding entry to contributed surplus. The fair value is adjusted by the estimate of the number of options that are expected to vest. Non-vesting conditions and market vesting conditions are factored into the fair value of the options granted. The expected volatility is based on the historical volatility of the Company's common stock based on the weekly quoted closing trading prices. Each tranche in an award with graded vesting is considered a separate grant with a different vesting date and fair value. Each grant is accounted for on that basis over the applicable vesting period. At each reporting date, the Company reviews its estimate of the number of options that are expected to vest and if a revision is required, the difference is recognized in profit or loss.

As long as all other vesting conditions are satisfied, a charge is made irrespective of whether these vesting conditions are satisfied. The cumulative expense is not adjusted for failure to achieve a market vesting condition or where a non-vesting condition is not satisfied.

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

Where equity instruments are granted to non-employees, they are recorded at the fair value of the goods or services received in the Company's profit or loss, unless they are related to the issuance of shares. Amounts related to the issuance of shares are recorded as a reduction of share capital.

EXGEN RESOURCES INC.

Notes to Consolidated Financial Statements
Years ended December 31, 2022 and 2021
(Expressed in Canadian dollars)

3. Significant accounting policies (continued)

(g) Share-based compensation plan (continued):

When the value of goods or services received in exchange for the share-based payment cannot be reliably estimated, the fair value is measured by use of the Black-Scholes valuation model. The expected life used in the model is adjusted, based on management's best estimate, for effects of non-transferability, exercise restrictions and behavioral considerations.

Upon the exercise of the stock options, the consideration received together with the amount previously recognized in contributed surplus is recorded as an increase in share capital.

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

(h) Loss per share:

Basic per share information is calculated on the basis of the weighted average number of common shares outstanding during the year.

Diluted per share amounts are calculated using the treasury stock method. Diluted calculations reflect the weighted average incremental common shares that would be issued upon exercise of dilutive options and warrants assuming proceeds would be used to repurchase shares at average market prices for the period. Anti-dilutive options and warrants are not included in the calculation. There were no dilutive options or warrants as at December 31, 2022 and 2021.

(i) Share capital:

Common shares are classified as equity. Incremental costs directly attributable to the issue of common shares are recognized as a deduction from equity, net of any tax effects. Proceeds related to the issue of units are allocated between the common shares and warrants on a residual basis. Under this method, the proceeds are allocated first to the common shares based on the fair value as determined by the quoted bid price and any residual value is allocated to the warrants reserve.

EXGEN RESOURCES INC.

Notes to Consolidated Financial Statements
Years ended December 31, 2022 and 2021
(Expressed in Canadian dollars)

3. Significant accounting policies (continued)

(j) Income taxes:

Income tax is recognized in profit or loss except to the extent that it relates to items recognized directly in equity, in which case it is recognized in equity. Current tax expense is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the date of the statement of financial position.

Deferred income tax assets and liabilities are determined based on temporary differences between the accounting basis and the tax basis of the underlying assets and liabilities and losses carried forward and are measured using the substantively enacted tax rates and laws expected to apply when these differences reverse. Deferred tax assets are recorded in the consolidated financial statements to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related deferred tax benefit will be realized.

(k) Cash and cash equivalents:

Cash and cash equivalents consist of cash and short-term deposits with an original maturity date of ninety days or less, or redeemable on demand. As at December 31, 2022 and 2021, the Company did not have any cash equivalents.

(l) Financial Instruments

The following is the Company's accounting policy for financial instruments under IFRS 9 Financial Instruments:

(i) Classification

The Company classifies its financial instruments in the following categories: at fair value through profit and loss ("FVTPL"), at fair value through other comprehensive income (loss) ("FVTOCI") or at amortized cost. The Company determines the classification of financial assets at initial recognition. The classification of debt 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 if the Company has opted to measure them at FVTPL.

The following table shows the classification under IFRS 9:

Financial assets/liabilities	Classification
Cash	FVTPL
Receivable from sale of royalty	Amortized cost
Accounts payable	Amortized cost
Marketable securities	FVTOCI

EXGEN RESOURCES INC.

Notes to Consolidated Financial Statements
Years ended December 31, 2022 and 2021
(Expressed in Canadian dollars)

3. Significant accounting policies (continued)

(I) Financial Instruments (continued)

(ii) Measurement

Financial assets and liabilities at amortized cost:

Financial assets and liabilities at amortized cost are initially recognized at fair value plus or minus transaction costs, respectively, and subsequently carried at amortized cost less any impairment.

Financial assets and liabilities at FVTPL:

Financial assets and liabilities carried at FVTPL are initially recorded at fair value and transaction costs are expensed to profit or loss. Realized and unrealized gains and losses arising from changes in the fair value of the financial assets and liabilities held at FVTPL are included in profit or loss in the period in which they arise.

Debt investments at FVTOCI:

These assets are subsequently measured at fair value. Interest income calculated using the effective interest method, foreign exchange gains and losses and impairment are recognized in profit or loss. Other net gains and losses are recognized in other comprehensive income ("OCI"). On derecognition, gains and losses accumulated in OCI are reclassified to profit or loss.

Equity investments at FVTOCI:

These assets are subsequently measured at fair value. Dividends are recognized as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognized in OCI and are never reclassified to profit or loss.

(iii) Impairment of financial assets at amortized cost

The Company recognizes a loss allowance for expected credit losses on financial assets that are measured at amortized cost. At each reporting date, the Company measures the loss allowance for the financial asset 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 credit risk of the financial asset has not increased significantly since initial recognition, the Company measures the loss allowance for the financial asset at an amount equal to the twelve month expected credit losses. The Company shall recognize in the statements of loss and comprehensive loss, as an impairment gain or loss, the amount of expected credit losses (or reversal) that is required to adjust the loss allowance at the reporting date to the amount that is required to be recognized.

(iv) Derecognition

Financial assets:

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.

EXGEN RESOURCES INC.

Notes to Consolidated Financial Statements
Years ended December 31, 2022 and 2021
(Expressed in Canadian dollars)

3. Significant accounting policies (continued)

(I) Financial Instruments (continued)

Financial liabilities:

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 is 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.

4. Deposits

The Company has reclamation bonds with the Bureau of Land Management in the State of Nevada to insure the completion of future asset retirement obligations as estimated utilizing a standardized reclamation cost estimating system for the State of Nevada. The Company has made cash deposits and these deposits are not releasable until such time that sufficient reclamation has been completed.

5. Marketable securities

As at December 31, 2022, the Company held 1,330,000 shares (2021 – 1,330,000 shares) in Phoenix Copper Ltd. (“Phoenix”) (formerly Phoenix Mining Global Ltd.) and 300,000 shares in Mountain Boy Minerals Ltd (2021 – 100,000 shares). During the year ended December 31, 2022, the Company recorded an unrealized loss of \$606,315 (2021 – gain of \$290,890).

	December 31, 2022	December 31, 2021
Opening balance	\$ 1,224,000	\$ 913,110
Shares received from mineral properties option agreement	34,000	20,000
Unrealized (loss) gain	(606,315)	290,890
Ending balance	\$ 651,685	\$ 1,224,000

EXGEN RESOURCES INC.

Notes to Consolidated Financial Statements
Years ended December 31, 2022 and 2021
(Expressed in Canadian dollars)

6. Investment in associate

On June 29, 2017, Phoenix exercised its option to acquire an 80% ownership in Konnex. Konnex is involved in exploration and evaluation of mineral properties and holds title to the Empire Mine property located in the United States (see note 7). The acquisition by Phoenix diluted the Company's ownership in Konnex from 100% to 20% resulting in deconsolidation of Konnex and accordingly the Company's interest in Konnex is recorded as an investment in an associate accounted for using the equity method.

Investment in Konnex	December 31, 2022	December 31, 2021
Opening balance	\$ 213,561	\$ 244,942
Share of loss of Konnex	(35,519)	(33,092)
Equity – other comprehensive income (loss)	(7,997)	1,711
Ending balance	\$ 170,045	\$ 213,561
As at	December 31, 2022	December 31, 2021
Current assets ¹	\$ 780,362	\$ 596,750
Non-current assets	36,851,489	25,547,620
Current liabilities	(827,705)	(437,314)
Non-current liabilities	(36,367,312)	(25,124,982)
Net assets	436,834	582,074
The Company's share of net assets – 20% (2021 – 20%)	\$ 87,367	\$ 116,415

¹ Inclusive of Cash of \$780,362 at December 31, 2022 (\$596,750 – December 31, 2021).

EXGEN RESOURCES INC.

Notes to Consolidated Financial Statements
 Years ended December 31, 2022 and 2021
 (Expressed in Canadian dollars)

7. Mineral properties

Expenditures by activity:

	December 31, 2021	(Proceeds)	December 31, 2022
Property acquisitions	\$ 4,260,296	\$ 15,441	\$ 4,275,737
Lease costs, net of reversals	1,913,736	4,234	1,917,970
Geological and geophysical services	6,270,302	-	6,270,302
Drilling	3,772,553	-	3,772,553
Impairment	(14,729,033)	(37,055)	(14,766,088)
Deconsolidation	(1,470,474)	-	(1,470,474)
	\$ 17,380	\$ (17,380)	\$ -

Expenditures by activity:

	December 31, 2020	(Proceeds)	December 31, 2021
Property acquisitions	\$ 4,246,804	\$ 13,492	\$ 4,260,296
Lease costs, net of reversals	1,909,805	3,931	1,913,736
Geological and geophysical services	6,270,302	-	6,270,302
Drilling	3,772,553	-	3,772,553
Impairment	(14,711,610)	(17,423)	(14,729,033)
Deconsolidation	(1,470,474)	-	(1,470,474)
	\$ 17,380	\$ -	\$ 17,380

Expenditures by property:

	December 31, 2021	Additions	Impairment	December 31, 2022
Boss	\$ -	\$ 620	\$ (620)	\$ -
Buena Vista	-	12,106	(12,106)	-
Gordon Lake	17,380	2,715	(20,095)	-
DOK	-	4,234	(4,234)	-
	\$ 17,380	\$ 19,675	\$ (37,055)	\$ -

Expenditures by property:

	December 31, 2020	Additions	Impairment	December 31, 2021
Boss	\$ -	\$ 466	\$ (466)	\$ -
Buena Vista	-	11,799	(11,799)	-
Gordon Lake	17,380	1,228	(1,228)	17,380
DOK	-	3,931	(3,931)	-
	\$ 17,380	\$ 17,423	\$ (17,423)	\$ 17,380

The Company has no current mineral resources or mineral reserves on any of its properties.

EXGEN RESOURCES INC.

Notes to Consolidated Financial Statements
Years ended December 31, 2022 and 2021
(Expressed in Canadian dollars)

7. Mineral properties (continued)

United States Properties

Boss Property

The Company's 100% owned Boss property consists of a lease agreement with a patented claim owner, as well as 2 unpatented mineral claims. The agreement provides for advance royalty payments of \$1,500 per month. On commencement of production, the advance royalty will be converted to a production royalty, which will be equal to a 1.5% Net Smelter Returns ("NSR") royalty on commercial production. The owner can convert the advance royalty payments to a 20% working interest at any time before completion of a feasibility study.

Empire Mine

The Company held a 100% interest in the Empire Mine property and is required to pay a 4% net smelter return royalty.

On July 15, 2015, ExGen, together with Konnex signed an option agreement with Phoenix, for Phoenix to secure an option to acquire 80% of the issued shares of Konnex, which holds the leases to the Empire Mine Project. On November 9, 2016, ExGen, together with Konnex signed an amended option agreement ("Amendment") with Phoenix on the terms and conditions noted below, including a term requiring the return of the Konnex common shares to ExGen in certain circumstances, as discussed further below. The terms of the original option with Phoenix (the "Original Option") remain in place except as amended below.

On September 8, 2021, the Company sold its wholly owned 2.5% NSR royalty on the Empire Mine project to a private company with directors and officers in common for total cash considerations of \$2,750,000 and potential further cash payments depending on the exploration and development milestones achieved on the Empire Mine Project, as outlined below.

Scheduled Cash Payments Totaling \$2,750,000:

- \$500,000 within 10 days of the closing of the NSR Royalty Sale (received);
- \$500,000 on the earlier of: (i) 10 days of the listing of the Purchaser on a stock exchange in Canada or the United States or the Purchaser's shareholders receiving shares of an entity listed on such an exchange; or (ii) 18 months the closing of the NSR Royalty Sale (received subsequent to year end); and
- \$1,750,000 in cash payments made in seven \$250,000 cash payments, with the first \$250,000 cash payment made on January 15, 2023 (received), and a further six \$250,000 cash payments made every three months (\$500,000 received subsequent to year end).

The discounted value of \$1,683,322 for the scheduled cash payments has been recognized in the statement of comprehensive income as additional consideration from mineral properties and receivables on the statement of financial position. During the year ended December 31, 2022, the Company recognized \$263,764 (2021 - \$75,107) as accretion income.

EXGEN RESOURCES INC.

Notes to Consolidated Financial Statements
Years ended December 31, 2022 and 2021
(Expressed in Canadian dollars)

7. Mineral properties (continued)

Empire Mine (continued)

100% of the Empire Mine Project Residual Interest - Milestone Based Contingent Cash Payments:

- \$100,000 on completion of a NI 43-101 compliant Pre-Feasibility Study on the Empire Mine Project; and
- on the date of filing a NI 43-101 compliant Feasibility Study, an additional \$250,000 per each 100,000,000 lbs of copper reserves at the Empire Mine Project as determined by such NI 43-101 compliant Feasibility Study.

Project Participation

- Upon the deposit by Phoenix of USD \$1,000,000 into the Konnex bank account (discussed below under Project Expenditures by Phoenix), 80% of Konnex's common shares were transferred to Phoenix.
- ExGen to retain a 20% carried interest in Konnex until commencement of mine construction.
- ExGen granted a 2.5% net smelter returns royalty for all metals on the Empire Mine Project.
- If any of the cash or share payments, or project expenditure requirements, set out below, are not completed as required pursuant to the Original Option and the Amendment, or if the Original Option is terminated, then the 80% of the Konnex common shares will be returned to ExGen without ExGen paying any consideration.

Cash and Shares

- Exgen to be paid cash payments totaling \$250,000 USD (received).
- ExGen to be issued pre-consolidated 11,300,000 common shares of Phoenix on signing the Original Agreement (received – see note 5).
- ExGen to be paid USD \$100,000 on each anniversary date of the earlier of the Phoenix IPO or March 31, 2017 (the "IPO Anniversary Payment") until the completion of a bankable feasibility study on the Empire Mine Project. During the year ended December 31, 2022, the Company received USD \$100,000 (\$126,051 CAD) (2021 - USD 100,000 (\$126,079 CAD)) from Phoenix to complete their 2022 anniversary payment for Empire Mine (note 7).
- The IPO Anniversary Payment increases 100% to USD \$200,000 for any payment where during the prior 12 months period the minimum expenditures on the Empire Mine Project has not been met (see below for minimum expenditure requirements).

Project Expenditures by Phoenix

- Phoenix to have deposited a minimum of USD \$1,000,000 into the Konnex bank account by the earlier of the Phoenix IPO date or by June 30, 2017 (deposited).
- Phoenix to spend the USD \$1,000,000 on the Empire Mine Project within 12 months of deposit into the Konnex bank account (incurred).

EXGEN RESOURCES INC.

Notes to Consolidated Financial Statements
Years ended December 31, 2022 and 2021
(Expressed in Canadian dollars)

7. Mineral properties (continued)

Empire Mine (continued)

Project Expenditures by Phoenix (continued)

- Phoenix to fund all Empire Mine Project property maintenance and sustaining costs of Konnex.
- Phoenix to spend a minimum of \$500,000 USD on the Empire Mine Project every 12 months until completion of the bankable feasibility study (incurred for 2020).

Deal Protection and Corporate Structure

- Should Phoenix sell its 80% interest in Konnex prior to the commencement of commercial production, ExGen shall have the right but not the obligation to sell its 20% interest in Konnex on the same terms as Phoenix.

On June 29, 2017, Phoenix fulfilled all necessary obligations in order to exercise its option to acquire 80% interest in Konnex.

Buena Vista Property

ExGen acquired an 100% interest in the property located in central Nevada by making expenditures on the property of \$1,000,000 USD, assuming the obligations on 53 unpatented claims, and making cash payments of USD \$80,000 by 2011.

Canadian Properties

Gordon Lake Property

The Company holds 100% interest in the Gordon Lake gold property located in the Northwest Territories.

DOK Property

On May 16, 2011, the Company signed an option agreement with two private property owners to earn a 100% interest in the DOK copper-gold porphyry property in northern British Columbia, Canada. The property consists of 17 contiguous mineral claims covering approximately 18,500 acres. The option agreement was amended on December 15, 2011, April 13, 2014, July 19, 2016, and July 22, 2019.

Under the amended terms of the Option Agreement, the Company has the right to earn a 100% interest in the DOK property by making the following payments and exploration commitments:

- a) Cash payments totaling \$340,000 over six years (paid).
- b) Exploration expenditures totaling \$3,000,000 due as follows:
 - \$500,000 on or before by April 30, 2012 (incurred), and
 - \$2,500,000 on or before April 30, 2025 (amended July 22, 2019 detailed below),
- c) A 3% NSR to the property vendors, of which the Company has the right to repurchase 2% of the NSR at any time prior to the commencement of commercial production for \$2,000,000.

EXGEN RESOURCES INC.

Notes to Consolidated Financial Statements
Years ended December 31, 2022 and 2021
(Expressed in Canadian dollars)

7. Mineral properties (continued)

DOK Property (continued)

On July 22, 2019, the Company entered into an amending agreement with the following terms replacing the commitment of \$2,500,000 exploration expenditures on or before April 30, 2025:

- \$16,000 on execution of the Amendment (paid);
 - \$20,000 on or before July 19, 2017 (paid);
 - \$40,000 on or before July 19, 2018 (paid);
 - \$50,000 on or before July 19, 2019 (paid);
 - \$90,000 on or before July 19, 2020 (paid); and
- granted a 5-year extension (from April 30, 2020 to April 30, 2025) to incur \$2,537,328 of exploration and development expenditures.

As at December 31, 2022, the Company incurred exploration expenditures totaling \$2,537,328 (2021 - \$2,135,061).

On May 10, 2021, the Company signed an option agreement with Mountain Boy Minerals Ltd. ("Mountain Boy"), whereby Mountain Boy may earn a 60% interest in the DOK property. In order to earn the 60% interest, Mountain Boy must spend \$2,500,000, deliver 1,500,000 shares, and pay \$230,000 to the Company. The first-year requirement is \$30,000 cash, 300,000 shares, and \$150,000 of work, with the balance of the earn-in requirements spread over another four years.

A first payment of \$10,000 was received on May 11, 2021. Remaining cash and share payments owing to the Company and work spend requirements on the DOK property are as follows (on or before the following dates):

Date	Cash	Shares	Work	Cumulative Work
Closing	\$10,000	100,000		
January 15, 2022	\$20,000*	200,000*	150,000	150,000
January 15, 2023	\$20,000**	200,000**	500,000	650,000
January 15, 2024	\$50,000	200,000	500,000	1,150,000
January 15, 2025	\$60,000	200,000	600,000	1,750,000
January 15, 2026	\$70,000	600,000	750,000	2,500,000

* Shares and cash were received during the year

** Shares and cash were received subsequent to December 31, 2022

The Company has substantially completed the earn-in requirements, including all cash payments to the underlying vendors, with the remaining requirement being a further work expenditure on the property of \$500,000 before April 30, 2025 (to hold a 100% interest) subject to a 3% royalty payable to vendors in the underlying agreement, with the Company retaining the right to purchase 2% of the vendor's NSR Royalty.

EXGEN RESOURCES INC.

Notes to Consolidated Financial Statements
Years ended December 31, 2022 and 2021
(Expressed in Canadian dollars)

8. Share capital

(a) Authorized:

Unlimited number of common shares without nominal or par value.

Unlimited number of preferred shares without nominal or par value of which none have been issued.

On March 10, 2022, the Company issued 28,800,000 shares for gross proceeds of \$2,880,000 and net proceeds of \$2,846,011.

During the year ended December 31, 2021, the Company did not issue any common shares.

(b) Warrants:

As at December 31, 2022, there were nil warrants outstanding. During the year ended December 31, 2022, 620,000 warrants expired unexercised.

	2022		2021	
	Number of warrants	Amount	Number of warrants	Amount
Outstanding, beginning of year	620,000	\$ 186,070	920,000	\$ 287,770
Expired	(620,000)	(186,070)	(300,000)	(101,700)
Outstanding, end of year	–	\$ –	620,000	\$ 186,070

(c) Share options:

Under the Company's stock option plan, the Company may grant equity-settled options to consultants, officers and directors equal to 10% of the then issued and outstanding common shares. The exercise price and vesting period of options granted is not less than the market price of the common shares traded less the available discount under TSX-V policies and is determined by the Board of Directors. Options granted can have a term of up to 10 years.

On July 25, 2022, the Company issued 6,375,000 options to current directors, officers and consultants of the Company. The options have an exercise price of \$0.12 and fully vest on grant date, with an expiry date of July 24, 2027. The grant date fair value of the options was \$442,610, based on the Black-Scholes Option Pricing Model, with the following assumptions: risk free rate 2.87%; volatility of 242.5%; dividend rate 0%; forfeiture rate 0%; and expected life of 5 years. The share-based compensation expense recognized in the year for the vesting of these options was \$442,610.

As of December 31, 2022, the Company has 6,375,000 options outstanding (2021 - nil).

EXGEN RESOURCES INC.

Notes to Consolidated Financial Statements
Years ended December 31, 2022 and 2021
(Expressed in Canadian dollars)

8. Share capital (continued)

(c) Share options (continued):

	2022		2021	
	Number of options	Amount	Number of options	Amount
Outstanding, beginning of year	–	\$ –	–	\$ –
Issued	6,375,000	442,610	–	–
Outstanding, end of year	6,375,000	\$ 442,610	–	\$ –

Options outstanding at December 31, 2022:

Expiry	Exercise Price	Number
July 24, 2027	\$0.12	6,375,000
		<u>6,375,000</u>

Average remaining life of the options outstanding were 4.56 years.

(d) Share-based compensation:

Compensation expense is recognized for stock options granted over the vesting period, being 12.5% on date of grant with a further 12.5% vesting each quarter thereafter. Options granted are non-transferable and expire after ten years. In accordance with the Company's incentive stock option plan, these options have an exercise price equal to or greater than the market price at the date of grant.

(e) Per share amounts:

In computing loss per share, all options and warrants were excluded from the dilution calculation, as they were anti-dilutive. For the year ended December 31, 2022, the weighted average number of common shares outstanding was 57,580,679 (December 31, 2021 – 35,093,008).

9. Related party transactions

Key Management Personnel:

Key management personnel include those persons having authority and responsibility for planning, directing and controlling the activities of the Company as a whole. The Company has determined that key management personnel consist of members of the Company's Board of Directors and corporate officers.

Total compensation to key management personnel of \$654,360 (2021 - \$593,000) consisted of management and consulting fees to officers and share-based compensation to directors and officers.

At December 31, 2022, accounts receivable and receivables on NSR sale included \$2,038,984 which was owing from companies held by officers of the Company (December 31, 2021 - \$1,785,347).

At December 31, 2022, accounts payable and accrued liabilities included \$270,890 which was owing to officers of the Company (December 31, 2021 - \$58,287).

EXGEN RESOURCES INC.

Notes to Consolidated Financial Statements
Years ended December 31, 2022 and 2021
(Expressed in Canadian dollars)

9. Related party transactions (continued)

Other Related Parties:

During the year ended December 31, 2022, the Company incurred a charge to a spouse of a director \$15,000 in rent (2021 - \$15,000). At December 31, 2022, accounts payable and accrued liabilities included \$12,500 (December 31, 2021 - \$97,500) relating to such services.

10. General and administrative

Expenditures by nature:

	December 31, 2022	December 31, 2021
Accounting	\$ 22,500	\$ 18,000
Bank fees	2,502	1,333
Insurance	15,428	15,005
Investor relations and filing fees	14,542	738
Listing and transfer agent fees	14,619	10,203
Office fees	18,511	15,864
Rent	15,000	15,000
Travel	50,000	-
	<u>\$ 153,102</u>	<u>\$ 76,143</u>

11. Commitments

During the year ended December 31, 2012, the Company raised flow-through share proceeds of \$247,354 and renounced the expenditure deductions to investors effective December 31, 2012. The Company was unable to incur \$160,105 of these expenditures. The Company agreed to indemnify the flow-through shareholders for certain costs they incurred as a result of not meeting its obligation to spend the flow-through share proceeds on qualifying Canadian exploration expenditures in compliance with the applicable tax rules and pursuant to the share subscription agreement entered into.

Prior to the year ended December 31, 2022, the Company has included a provision for the indemnification of flow-through shareholders. During the year ended December 31, 2021, the Company wrote off \$119,627 of the provision.

EXGEN RESOURCES INC.

Notes to Consolidated Financial Statements
Years ended December 31, 2022 and 2021
(Expressed in Canadian dollars)

12. Deferred income taxes

	2022		2021	
Year ended December 31,				
Income (loss) before tax	\$	(1,182,710)	\$	1,624,259
Statutory tax rate		27%		27%
Expected tax expense (recovery)		(319,332)		438,000
Non-deductible expenses and other		210,947		249,000
Shares received		(4,455)		-
Share issue costs		(9,177)		-
Recognition of previously unrecognized tax losses		1,295		4,000
Change in valuation allowance		120,722		(691,000)
Tax recovery for the year	\$	-	\$	-

The temporary differences are as follows:

Year ended December 31,	2022		2021	
Mineral properties	\$	2,982,525	\$	2,973,000
Investment in Konnex		63,367		54,000
Property and equipment		13,607		14,000
Share issue costs		7,342		-
Marketable securities		(38,931)		(125,000)
Non-capital losses		1,465,813		1,457,000
Less: Valuation allowance		(4,493,723)		(4,373,000)
Unrecognized deferred tax assets	\$	-	\$	-

The Company has non-capital loss of \$5,428,937 which may apply against future Canadian taxable income for Canadian income between 2025 and 2042.

EXGEN RESOURCES INC.

Notes to Consolidated Financial Statements
Years ended December 31, 2022 and 2021
(Expressed in Canadian dollars)

13. Financial instruments and financial risk management

The Company's financial instruments include cash, marketable securities and accounts payable.

Fair value

Fair values are determined directly by reference to published price quotations in an active market, when available, or by using a valuation technique that uses inputs observed from relevant markets.

The three levels of the fair value hierarchy are described below:

- Level 1 – Unadjusted quoted prices in active markets that are accessible at the measurement date for identical, unrestricted assets or liabilities.
- Level 2 – Inputs that are observable, either directly or indirectly, but do not qualify as Level 1 inputs (i.e. quoted prices for similar assets or liabilities).
- Level 3 – Prices or valuation techniques that require inputs that are both significant to the fair value measurement and unobservable (i.e., supported by little or no market activity)

The fair value of financial instruments traded in active markets is based on quoted market prices at the balance sheet date. A market is regarded as active if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis. The quoted market price used for financial assets held by the group is the current bid price. These instruments are included in Level 1. Instruments included in Level 1 comprise primarily publicly-traded equity investments classified as FVTOCI securities.

Risk management

The Company's risk management policies are established to identify and analyze the risks faced by the Company, to set appropriate risk limits and controls, and to monitor risks and adhere to market conditions. The Company has exposure to credit risk, liquidity risk and market risk as a result of its use of financial instruments. This note presents information about the Company's exposure to each of the above risks and the Company's objectives, policies and processes for measuring and managing these risks. Further quantitative disclosures are included as applicable.

The Board of Directors has the overall responsibility for the establishment and oversight of the Company's risk management framework. The Board has implemented and monitors compliance with risk management policies.

(a) Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations. The Company's credit risk is attributable to cash balances and deposits.

The carrying amount of financial assets recorded in the financial statements, net of any allowances for losses, represents the Company's maximum exposure to credit risk. Cash is held with Schedule I Canadian banks, while the deposits are held with a governmental authority. Therefore, management believes the risk of loss to be minimal.

EXGEN RESOURCES INC.

Notes to Consolidated Financial Statements
Years ended December 31, 2022 and 2021
(Expressed in Canadian dollars)

13. Financial instruments and financial risk management (continued)

Risk management (continued)

(b) Liquidity risk

Liquidity risk is the risk that the Company will incur difficulties meeting its financial obligations as they become due. The Company's approach to managing liquidity is to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when they become due, under both normal and stressed conditions, without incurring unacceptable losses or risking harm to the Company's reputation.

As at December 31, 2022, the Company's financial liabilities were comprised of accounts payable and accrued liabilities of \$352,077 (December 31, 2021 - \$606,213) which have either contractual or expected maturities of less than one year. In order for the Company to settle its expected future obligations the Company will be required to raise funds through private placements. See note 1 for discussion of going concern.

(c) Market risk

Market risk consists of currency risk, commodity price risk, other price risk, and interest rate risk. The objective of market risk management is to manage and control market risk exposures within acceptable limits, while maximizing returns:

i) Currency risk

Foreign currency exchange rate risk is the risk that the fair value or future cash flows will fluctuate as a result of changes in foreign exchange rates. Although the Company is considered to be in the exploration stage and has not yet developed commercial mineral interests, the underlying market prices in Canada for minerals are impacted by changes in the exchange rate between the Canadian and United States dollar. As the Company has transactions that are denominated in United States dollars the Company is exposed to foreign currency exchange risk. At December 31, 2022, the Company held, disclosed in US Dollars, US cash of \$19,553 (2021 - \$129,345), US deposits of \$27,312 (2021 - \$27,312) and US accounts payable of \$2,000 (2021 - \$2,000). Every \$0.01 change in the foreign exchange rate at December 31, 2022 would have impacted net income by \$489 (2021 - \$1,547).

The Company is also exposed to fluctuations in the exchange rate between the Canadian dollar and British pounds through its investment in Phoenix (see note 5). At December 31, 2022, the Company held Phoenix shares of \$618,685. Every \$0.01 change in the foreign exchange rate at December 31, 2022 would have impacted other comprehensive income by \$3,791 (2021 - \$7,049).

EXGEN RESOURCES INC.

Notes to Consolidated Financial Statements
Years ended December 31, 2022 and 2021
(Expressed in Canadian dollars)

13. Financial instruments and financial risk management (continued)

Risk management (continued)

(c) Market risk (continued)

ii) Commodity price risk

Commodity price risk is the risk that the fair value or future cash flows will fluctuate as a result of changes in commodity prices. Commodity prices for minerals are impacted by world economic events that dictate the levels of supply and demand as well as the relationship between the Canadian and United States dollar, as outlined above. As the Company has not yet developed commercial mineral interests, it is not exposed to commodity price risk at this time.

iii) Other price risk

Other price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer or by factors affecting all similar financial instruments traded in the market. The Company is exposed to other price risk through its investments in Phoenix and Mountain Boy shares traded in an active market. A 10% change in the share price, holding other factors consistent, would impact other comprehensive income by \$65,169 (2021 - \$120,700).

iv) Interest rate risk

Interest rate risk is the risk that future cash flows will fluctuate as a result of changes in market interest rates. The Company has no variable rate debt, however is exposed to interest rate risk on its cash or deposits. The Company did not hold any cash equivalents at December 31, 2022 and had no interest rate swap or financial contracts in place at December 31, 2022.

14. Subsequent events

In January 2023, the Company received \$20,000 and 200,000 shares from Mountain Boy as part of the option agreement with Mountain Boy (Note 7).

The Company received \$250,000 in February 2023 and \$750,000 in April 2023 as part of its receivable from sale of royalty (Note 7).