

**TEUTON RESOURCES CORP.**

Financial Statements

Years Ended December 31, 2023 and 2022

(Expressed in Canadian dollars)

## INDEPENDENT AUDITOR'S REPORT

To the Shareholders of:  
Teuton Resources Corp.

### Opinion

We have audited the financial statements of Teuton Resources Corp. (the "Company"), which comprise the statement of financial position as at December 31, 2023, and the statements of loss and comprehensive loss, changes in shareholders' equity and cash flows for the year then ended, and notes to the financial statements, including material accounting policy information.

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 its financial performance and its cash flows for the year then ended in accordance with IFRS.

### Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the 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.

### Other Matters

The financial statements of Teuton Resources Corp. for the year ended December 31, 2022 were audited by another auditor who expressed an unmodified opinion on those statements on April 28, 2023.

### 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 for the year ended December 31, 2023. These matters were addressed in the context of our audit of the financial statements as a whole, prepared under the conditions mentioned above, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

We have determined the matter described below to be the key audit matter to be communicated in our auditor's report:

#### Assessment of Impairment Indicators of Exploration and Evaluation Assets

As described in Note 5 of the financial statements, the carrying amount of the Company's exploration and evaluation assets amounted to \$3,413,386 as at December 31, 2023. This amount includes an impairment charge of \$191,835 which was recorded during the year then ended. As more fully described in Note 2 to the financial statements, management assesses for indicators of impairment at each statement of financial position date.

The assessment of impairment indicators for exploration and evaluation assets is identified as a key audit matter due to significant judgment made by management, which in turn led to additional auditor judgment, subjectivity, and effort in performing procedures to evaluate audit evidence relating to the judgments made by management in this area, particularly regarding the estimation of the recoverable amounts of these assets.

Addressing this matter involved performing procedures and evaluating audit evidence in connection with forming our overall opinion on the financial statements. Our audit procedures included, among others:

- Evaluated management's assessment of impairment indicators;
- Evaluated the intent for the exploration and evaluation assets through discussion and communication with management;



- Assessed compliance with agreements and expenditures requirements including reviewing option agreements; and
- Obtained, on a test basis through government websites, confirmation of title to ensure mineral rights underlying the exploration and evaluation assets are in good standing.

### **Other Information**

Management is responsible for the other information. The other information comprises the Management 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 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. 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 IFRS, 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 auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

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

*Charlton & Company*

**CHARTERED PROFESSIONAL ACCOUNTANTS**

Vancouver, BC

April 29, 2024

**TEUTON RESOURCES CORP.**Statements of Financial Position  
(Expressed in Canadian dollars)

	December 31, 2023 \$	December 31, 2022 \$
<b>Assets</b>		
Current assets		
Cash	1,228,229	2,410,982
Marketable securities (Note 3)	8,686,816	8,449,916
Taxes receivable	46,728	43,026
Due from related party (Note 6)	10,600	23,161
Prepaid expenses and deposits	74,852	36,887
<b>Total current assets</b>	<b>10,047,225</b>	10,963,972
Non-current assets		
Reclamation bonds (Note 5)	264,366	268,366
Property and equipment (Note 4)	925,139	940,260
Exploration and evaluation assets (Notes 5 and 6)	3,413,386	3,486,431
<b>Total non-current assets</b>	<b>4,602,891</b>	4,695,057
<b>Total assets</b>	<b>14,650,116</b>	15,659,029
<b>Liabilities</b>		
Current liabilities		
Accounts payable and accrued liabilities	62,148	74,189
Due to related party (Note 6)	8,667	17,653
<b>Total liabilities</b>	<b>70,815</b>	91,842
<b>Shareholders' equity</b>		
Share capital (Note 7)	32,918,236	32,918,236
Share-based payment reserve (Notes 6 and 8)	6,620,186	5,698,098
Deficit	(24,959,121)	(23,049,147)
<b>Total shareholders' equity</b>	<b>14,579,301</b>	15,567,187
<b>Total liabilities and shareholders' equity</b>	<b>14,650,116</b>	15,659,029

Nature and continuance of operations (Note 1)

Approved and authorized for issuance on behalf of the Board of Directors on April 29, 2024:

/s/ "Dino Cremonese"

Dino Cremonese, Director

/s/ "Robert Smiley"

Robert Smiley, Director

(The accompanying notes are an integral part of these financial statements)

**TEUTON RESOURCES CORP.**Statements of Loss and Comprehensive Loss  
(Expressed in Canadian dollars)

For the years ended	December 31, 2023 \$	December 31, 2022 \$
<b>Expenses</b>		
Consulting	110,000	110,000
Depreciation (Note 4 and 5)	28,479	21,223
Investor relations	16,798	42,876
Office, rent, and telephone (Note 6)	37,985	27,912
Professional fees	64,100	105,764
Salaries and benefits (Note 6)	196,300	190,630
Share-based compensation (Notes 6 and 8)	922,088	2,007,464
Transfer agent and regulatory fees	82,245	38,181
Travel	4,098	3,417
	(1,462,093)	(2,547,467)
<b>Other income (expense)</b>		
Interest income	52,988	26,648
Write-off of exploration and evaluation assets (Note 5)	(191,835)	–
Loss on disposal of marketable securities (Note 3)	(48,298)	–
Option proceeds received in excess of capitalized costs (Note 5)	150,805	165,874
Fair value change in marketable securities (Note 3)	(411,541)	(7,837,578)
	(447,881)	(7,645,056)
<b>Net and comprehensive loss for the year</b>	(1,909,974)	(10,192,523)
<b>Loss per share, basic and diluted</b>	(0.03)	(0.18)
<b>Weighted average number of common shares outstanding</b>	57,346,881	56,591,621

(The accompanying notes are an integral part of these financial statements)

**TEUTON RESOURCES CORP.**Statements of Changes in Shareholders' Equity  
(Expressed in Canadian dollars)

	Share capital		Share-based payment reserve \$	Deficit \$	Total shareholders' equity \$
	Number of shares	Amount \$			
Balance, December 31, 2021	56,216,881	32,489,118	3,894,002	(12,856,624)	23,526,496
Shares issued pursuant to stock options exercised	1,130,000	429,118	(203,368)	–	225,750
Share-based compensation	–	–	2,007,464	–	2,007,464
Loss for the year	–	–	–	(10,192,523)	(10,192,523)
Balance, December 31, 2022	57,346,881	32,918,236	5,698,098	(23,049,147)	15,567,187
Share-based compensation	–	–	922,088	–	922,088
Loss for the year	–	–	–	(1,909,974)	(1,909,974)
<b>Balance, December 31, 2023</b>	<b>57,346,881</b>	<b>32,918,236</b>	<b>6,620,186</b>	<b>(24,959,121)</b>	<b>14,579,301</b>

(The accompanying notes are an integral part of these financial statements)

**TEUTON RESOURCES CORP.**Statements of Cash Flows  
(Expressed in Canadian dollars)

For the year ended	December 31, 2023 \$	December 31, 2022 \$
<b>Cash flows provided by (used in)</b>		
<b>Operating activities</b>		
Loss for the year	(1,909,974)	(10,192,523)
Items not involving cash:		
Depreciation	28,479	21,223
Write-off of exploration and evaluation assets	191,835	–
Loss on disposal of marketable securities	48,298	–
Option proceeds received in excess of capitalized costs	(150,805)	(165,874)
Share-based compensation	922,088	2,007,464
Fair value change in marketable securities	411,541	7,837,578
Changes in non-cash operating working capital items:		
Taxes receivable	(3,702)	80,887
Prepaid expenses and deposits	(37,965)	(26,346)
Accounts payable and accrued liabilities	(12,041)	(35,298)
Due to/from related parties, net	3,575	21,450
<b>Net cash used in operating activities</b>	<b>(508,671)</b>	<b>(451,439)</b>
<b>Investing activities</b>		
Purchase of marketable securities	(684,000)	(2,600,000)
Proceeds from disposal of marketable securities	126,261	–
Purchase of property and equipment	(16,661)	(580,055)
Proceeds from disposal of exploration and evaluation assets	100,000	–
Exploration and evaluation asset expenditures	(335,682)	(216,766)
Mineral property option payments received/cost recoveries	132,000	103,733
Refund of reclamation bond	4,000	–
<b>Net cash used in investing activities</b>	<b>(674,082)</b>	<b>(3,293,088)</b>
<b>Financing activities</b>		
Proceeds from shares issued	–	225,750
<b>Net cash provided by financing activities</b>	<b>–</b>	<b>225,750</b>
<b>Change in cash</b>	<b>(1,182,753)</b>	<b>(3,518,777)</b>
<b>Cash, beginning of year</b>	<b>2,410,982</b>	<b>5,929,759</b>
<b>Cash, end of year</b>	<b>1,228,229</b>	<b>2,410,982</b>
Non-cash investing and financing activities:		
Depreciation of property and equipment included in exploration and evaluation assets	3,303	4,129
Fair value of marketable securities received as mineral property option payments	139,000	100,500
Fair value of stock options exercised transferred from share-based payment reserve to share capital	–	203,368
Cash paid for interest and taxes	–	–

(The accompanying notes are an integral part of these financial statements)

# TEUTON RESOURCES CORP.

Notes to the Financial Statements  
Years Ended December 31, 2023 and 2022  
(Expressed in Canadian dollars)

## 1. Nature and Continuance of Operations

Teuton Resources Corp. (the "Company") is an exploration stage company and is in the business of acquiring, exploring and dealing in mineral properties in the province of British Columbia, Canada. There has been no determination whether properties held contain economically recoverable ore reserves. The Company jointly conducts business and exploration activities with another publicly listed company, Silver Grail Resources Ltd. ("Silver Grail"). Silver Grail shares office premises and consultants and has common directors. The Company's head office and principal place of business is 2130 Crescent Road, Victoria, BC, Canada. The Company is listed as a Tier 2 mining issuer on the TSX Venture Exchange ("TSX-V") under the symbol "TUO".

In the ordinary course of business, the Company sells or options property interests to third parties, accepting as consideration cash and/or securities of the acquiring party. The Company attempts to realize upon the value of securities as opportunities present themselves. The recoverability of valuations assigned to mineral properties is dependent upon the discovery of economically recoverable reserves, confirmation of the Company's interest in the properties, the ability to obtain necessary financing to complete development, and future profitable production or proceeds from disposition.

These financial statements have been prepared on the going concern basis, which assumes that the Company will be able to realize its assets and discharge its liabilities in the normal course of business. As at December 31, 2023, the Company has no source of recurring revenue, generates negative cash flows from operating activities, and has an accumulated deficit of \$24,959,121 (2022 - \$23,049,147). However, as at December 31, 2023, the Company had a working capital of \$9,976,410 (2022 - \$10,872,130). The continued operations of the Company are dependent on its ability to generate future cash flows or obtain additional financing. Management is of the opinion that the Company has sufficient working capital to meet the Company's liabilities and commitments as they become due. If necessary, capital will be obtained from external financings. There is a risk that additional financing will not be available on a timely basis or on terms acceptable to the Company due to the current economic climate brought about by factors subsequent to the COVID-19 pandemic. These factors may lead to adverse financing conditions which may have an effect on the Company's future operating results and financial position.

## 2. Material Accounting Policy Information

### (a) Basis of Preparation

#### Statement of Compliance

The accompanying financial statements have been prepared in accordance with IFRS, as issued by the International Accounting Standards Board ("IASB") on a going concern basis.

#### Basis of Measurement

These financial statements have been prepared on a historical cost basis except for certain financial assets measured at fair value. These financial statements are presented in Canadian dollars, which is the Company's functional currency.

### (b) Use of Estimates and Judgments

The preparation of the financial statements in conformity with IFRS requires the Company's management to make judgments, estimates, and assumptions that affect the application of accounting policies and reported amounts of assets, contingent assets, liabilities, contingent liabilities, revenues, and expenses. Actual results may differ from these estimates. These financial statements include estimates which, by their nature, are uncertain.

Critical judgments exercised by management in applying accounting policies that have the most significant effect on the amounts presented in these financial statements are as follows:

## TEUTON RESOURCES CORP.

Notes to the Financial Statements  
Years Ended December 31, 2023 and 2022  
(Expressed in Canadian dollars)

### 2. Material Accounting Policy Information (continued)

#### (b) Use of Estimates and Judgments (continued)

##### (i) Title to exploration and evaluation assets

Although the Company has taken steps to verify title to mineral properties that it currently has under option, these procedures do not guarantee the Company's title. Such properties may be subject to prior agreements or transfer and title may be affected by undetected defects. Management has determined that exploratory drilling, exploration evaluation, and related costs incurred which have been capitalized have future economic benefits and are economically recoverable.

##### (ii) Going concern

The assessment of whether the going concern assumption is appropriate requires management to take into account all available information about the future, which is at least, but is not limited to, 12 months from the end of the reporting period. The Company is aware that material uncertainties related to events or conditions may cast significant doubt upon the Company's ability to continue as a going concern.

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

##### (iii) Valuation of share-based payments

The Company uses the Black-Scholes Option Pricing Model for valuation of share-based payments. Option pricing models require the input of subjective assumptions including expected price volatility, interest rates and forfeiture rates. Changes in the input assumptions can materially affect fair value estimates and the Company's net loss and its share-based payment reserve.

##### (iv) Determination of the useful lives of property and equipment

Management applies estimates when determining the useful lives and residual values of property and equipment. Management reviews the estimated useful lives, residual values and depreciation methods at the end of each financial year or when events and circumstances indicate that such a review should be made. Changes to estimated useful lives, residual values or depreciation methods resulting from such review are accounted for prospectively.

##### (v) Impairment of property and equipment and exploration and evaluation assets

Management considers both external and internal sources of information in assessing whether there are any indications that the Company's property and equipment and exploration and evaluation assets are impaired. External sources of information management considerations include changes in the market, economic and legal environments in which the Company operates that are not within its control and that affect the recoverable amount of its property and equipment and exploration and evaluation assets. Internal sources of information that management considers include the manner in which property and equipment are being used or are expected to be used and indications of economic performance of the assets.

Reductions in metal price forecasts, increases in estimated future costs of production, increases in estimated future non-expansory capital expenditures, reductions in exploration potential, and adverse current economic conditions are examples of factors that could result in a write down of the carrying amounts of the Company's property and equipment and exploration and evaluation assets. If indicators of impairment exist, management estimates the recoverable amount of the assets and records an impairment charge if the carrying value exceeds the recoverable amount.

## TEUTON RESOURCES CORP.

Notes to the Financial Statements  
Years Ended December 31, 2023 and 2022  
(Expressed in Canadian dollars)

### 2. Material Accounting Policy Information (continued)

#### (b) Use of Estimates and Judgments (continued)

##### (vi) Deferred income taxes

The determination of income tax expense and the composition of deferred income tax assets and liabilities involves judgment and estimates as to the future taxable earnings, expected timing of reversals of deferred income tax assets and liabilities, and interpretations of tax laws. The Company is subject to assessments by tax authorities who may interpret the tax law differently. Changes in these interpretations, judgments, and estimates may materially affect the final amount of deferred income tax provisions, deferred income tax assets and liabilities, and results of operations.

#### (c) Cash and Cash Equivalents

Cash includes deposits held with banks that are available on demand. The Company considers all highly liquid instruments which are subject to insignificant risk of changes in value and which have a short term maturity, to be cash equivalents.

#### (d) Property and Equipment

Property and equipment is carried at cost, less accumulated depreciation and accumulated impairment losses. Cost consists of the purchase price, any costs directly attributable to bringing the asset to the location and condition necessary for its intended use and an initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located. Repairs and maintenance costs are charged to the statement of loss and comprehensive loss during the period in which they are incurred.

The Company depreciates the cost of property and equipment over their estimated useful lives using the declining balance basis at the following annual rates:

Building	5%
Computer equipment	30%
Field and drilling equipment	20%
Furniture and equipment	20%
Vehicle	30%

Depreciation expense of assets used in exploration are recorded to exploration expenditures.

#### (e) Exploration and Evaluation Expenditures

Exploration and evaluation expenditures include the costs of acquiring licenses, costs associated with exploration and evaluation activity, and the fair value (at acquisition date) of exploration and evaluation assets acquired in a business combination. Costs incurred before the Company has obtained the legal rights to explore an area are charged to operations. Exploration and evaluation expenditures incurred after the legal rights to the property have been obtained are capitalized.

Exploration and evaluation assets are assessed for impairment if (i) sufficient data exists to determine technical feasibility and commercial viability is unlikely, (ii) 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, (iii) substantive expenditures on further exploration for and evaluation of mineral resources in a specific area is neither budgeted nor planned, and (iv) facts and circumstances suggest that the carrying amount exceeds the recoverable amount.

## TEUTON RESOURCES CORP.

Notes to the Financial Statements  
Years Ended December 31, 2023 and 2022  
(Expressed in Canadian dollars)

### 2. Material Accounting Policy Information (continued)

#### (f) Exploration and Evaluation Expenditures (continued)

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

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

Some of the Company's exploration activities are conducted jointly with others and, accordingly, the financial statements reflect only the Company's proportionate interest in such activities.

#### *Mineral Property Options*

The Company does not record any expenditures made by the optionee in its accounts. The Company re-designates any costs previously capitalized in relation to the whole interest as relating to the partial interest retained and any consideration received directly from the optionee is credited against costs previously capitalized. Any consideration received in excess of costs previously capitalized is recognized in comprehensive loss.

#### *Joint Arrangements*

From time-to-time, the Company's exploration activities are conducted under joint operation arrangements with others. These financial statements reflect only the Company's proportionate interest in such activities.

#### (g) Impairment of Non-Financial Assets

At each reporting date, the Company reviews the carrying amounts of its non-financial assets to determine whether there are any indications of impairment. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment, if any. Where the asset does not generate cash flows that are independent from other assets, the Company estimates the recoverable amount of the cash generating unit ("CGU") to which the asset belongs. The recoverable amount is determined as the higher of fair value less direct costs to sell and the asset's value-in-use. In assessing value-in-use, the estimated future cash flows are discounted to their present value. Estimated future cash flows are calculated using estimated recoverable reserves, estimated future commodity prices and the expected future operating costs. The pre-tax discount rate applied to the estimated future cash flows reflects current market assessments of the time value of money and the risks specific to the asset for which the future cash flow estimates have not been adjusted.

If the carrying amount of an asset or CGU exceeds its recoverable amount, the carrying amount of the asset or CGU is reduced to its recoverable amount through an impairment charge to the statement of loss and comprehensive loss.

Assets that have been impaired are tested for possible reversal of the impairment whenever events or changes in circumstance indicate that the impairment may have reversed. When an impairment subsequently reverses, the carrying amount of the asset or CGU is increased to the revised estimate of its recoverable amount, but only so that the increased carrying amount does not exceed the carrying amount that would have been determined (net of depreciation, depletion and amortization) had no impairment loss been recognized for the asset or CGU in prior periods. A reversal of impairment is recognized as a gain in the statement of loss and comprehensive loss.

## TEUTON RESOURCES CORP.

Notes to the Financial Statements  
Years Ended December 31, 2023 and 2022  
(Expressed in Canadian dollars)

### 2. Material Accounting Policy Information(continued)

#### (h) Reclamation and Remediation Provisions

The Company recognizes a provision for statutory, contractual, constructive or legal obligations associated with decommissioning of mining operations and reclamation and rehabilitation costs arising when environmental disturbance is caused by the exploration or development of mineral properties and equipment. Provisions for site closure and reclamation are recognized in the period in which the obligation is incurred or acquired, and are measured based on expected future cash flows to settle the obligation, discounted to their present value. The discount rate used is a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability including risks specific to the countries in which the related operation is located.

When an obligation is initially recognized, the corresponding cost is capitalized to the carrying amount of the related asset in mineral properties and equipment. These costs are depreciated using either the unit of production or straight-line method depending on the asset to which the obligation relates.

Due to uncertainties concerning environmental remediation, the ultimate cost to the Company of future site restoration could differ from the amounts provided. The estimate of the total provision for future site closure and reclamation costs is subject to change based on amendments to laws and regulations, changes in technology, price increases and changes in interest rates, and as new information concerning the Company's closure and reclamation obligations becomes available.

#### (i) Financial Instruments

##### (i) Recognition and initial measurement and classification

Financial assets and financial liabilities are recognized when the Company becomes a party to the contractual provisions of the respective instrument.

##### *Financial assets*

On initial recognition, a financial asset is classified as measured at: (i) amortized cost; (ii) fair value through other comprehensive income ("FVOCI"); or (iii) fair value through profit or loss ("FVTPL"). Financial assets are not reclassified subsequent to their initial recognition unless the Company changes its business model for managing financial assets in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

A financial asset is measured at amortized cost if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

A debt investment is measured at FVOCI if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

## TEUTON RESOURCES CORP.

Notes to the Financial Statements  
Years Ended December 31, 2023 and 2022  
(Expressed in Canadian dollars)

### 2. Material Accounting Policy Information (continued)

#### (i) Financial Instruments (continued)

##### (i) Recognition and initial measurement and classification (continued)

On initial recognition of an equity investment that is not held for trading, the Company may irrevocably elect to present subsequent changes in the investment's fair value in OCI. This election is made on an investment-by-investment basis. All financial assets not classified as measured at amortized cost or FVOCI as described above are measured at FVTPL. This includes all derivative financial assets. On initial recognition, the Company may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortized cost, FVOCI, or FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

##### (ii) Classification and subsequent measurement

###### *Financial assets: Subsequent measurement and gains and losses*

- Financial assets at FVTPL: These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognized in the statement of loss and comprehensive loss. The Company's cash and marketable securities are measured at FVTPL.
- Financial assets at amortized cost: These assets are subsequently measured at amortized cost using the effective interest method. The amortized cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognized in the statement of loss and comprehensive loss. Any gain or loss on derecognition is recognized in the statement of loss and comprehensive loss. The Company's due from related party is measured at amortized cost.
- Debt investments at FVOCI: 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 the statement of operations and comprehensive loss. Other net gains and losses are recognized in OCI. On derecognition, gains and losses accumulated in OCI are reclassified to the statement of operations and comprehensive loss. The Company does not have any assets classified as debt investments at FVOCI.

###### *Financial liabilities*

Financial liabilities are classified as measured at amortized cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held-for-trading, it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognized in the statement of loss and comprehensive loss. Other financial liabilities are subsequently measured at amortized cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognized in the statement of loss and comprehensive loss. Any gain or loss on derecognition is also recognized in the statement of loss and comprehensive loss. The Company's accounts payable and accrued liabilities and due to a related party are measured at amortized cost.

##### (iii) Derecognition

###### *Financial assets*

The Company derecognizes a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred.

## TEUTON RESOURCES CORP.

Notes to the Financial Statements  
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### 2. Material Accounting Policy Information (continued)

#### (i) Financial Instruments (continued)

##### (iii) Derecognition (continued)

The Company enters into transactions whereby it transfers assets recognized in its statement of financial position but retains either all or substantially all of the risks and rewards of the transferred assets. In these cases, the transferred assets are not derecognized.

##### *Financial liabilities*

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

On derecognition of a financial liability, the difference between the carrying amount extinguished and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognized in the statements of loss and comprehensive loss.

#### (iv) Offsetting

Financial assets and financial liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Company has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realize the asset and settle the liability simultaneously.

#### (v) Impairment

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 of the credit risk on the financial asset has increased significantly since initial recognition. If at the reporting date, the financial asset has not increased significantly since initial recognition, the 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.

#### (j) 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. Current income tax relating to items recognized directly in other comprehensive income or equity is recognized in other comprehensive income or equity and not in the statement of operations and comprehensive 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.

## TEUTON RESOURCES CORP.

Notes to the Financial Statements  
Years Ended December 31, 2023 and 2022  
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### 2. Material Accounting Policy Information (continued)

#### (j) Income Taxes (continued)

##### *Deferred income tax*

Deferred income tax is provided using the statement of financial position method on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes. The carrying amount of deferred income tax assets is reviewed at the end of each reporting period and recognized only to the extent that it is probable that sufficient taxable income will be available to allow all or part of the deferred income tax asset to be utilized. Deferred income 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 income tax assets and deferred income tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current income tax liabilities and the deferred income taxes relate to the same taxable entity and the same taxation authority.

#### (k) Flow-through Shares

The resource expenditure deductions for income tax purposes related to exploration and development activities funded by flow-through share arrangements are renounced to investors in accordance with Canadian tax legislation. On issuance, the premium recorded on the flow-through share, being the difference in price paid for the common share (or unit) less the market value of the common share (or unit) is recognized as a liability. Proceeds received from the issuance of flow-through shares are restricted to be used only for Canadian resource exploration expenditures within a two-year period. As the required expenditures are incurred, the deferred income tax liability associated with the renounced tax deductions is recognized through the statement of loss and comprehensive loss with a pro-rata portion of the deferred premium.

The Company may be subject to a Part XII.6 tax and additional indemnity provisions on flow-through proceeds renounced under the Government of Canada flow-through regulations if the expenditure obligations are not met within the specified timeframe.

#### (l) Foreign Currency Translation

The functional and reporting currency of the Company is the Canadian dollar. Transactions denominated in foreign currencies are translated at exchange rates prevailing on the dates of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange in effect at the statement of financial position date. Non-monetary items are translated using the historical rate on the date of the transaction. Revenues and expenses are translated at the exchange rates approximating those in effect on the date of the transactions. Foreign exchange gains and losses are included in the statements of loss and comprehensive loss.

#### (m) Loss Per Share

Basic loss per share is computed using the weighted average number of common shares outstanding during the period. The treasury stock method is used for the calculation of diluted loss per share, whereby all "in-the-money" stock options and share purchase warrants are assumed to have been exercised at the beginning of the period and the proceeds from their exercise are assumed to have been used to purchase common shares at the average market price during the period. When a loss is incurred during the period, basic and diluted loss per share are the same as the exercise of stock options and share purchase warrants is considered to be anti-dilutive. As at December 31, 2023, the Company had 5,352,500 (2022 – 4,452,500) potentially dilutive shares outstanding.

## TEUTON RESOURCES CORP.

Notes to the Financial Statements  
Years Ended December 31, 2023 and 2022  
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### 2. Material Accounting Policy Information (continued)

#### (n) Share-based Payments

Under the Company's stock option plan, it may grant stock options to acquire common shares of the Company to directors, officers, employees and consultants. The grant date fair value of share-based payment awards granted to employees is recognized as an employee expense, with a corresponding increase in equity, over the period that the employees unconditionally become entitled to the awards. The amount recognized as an expense is adjusted to reflect the number of awards for which the related service and non-market vesting conditions are expected to be met, such that the amount ultimately recognized as an expense is based on the number of awards that meet the related service and non-market performance conditions at the vesting date. For share-based payment awards with non-vesting conditions, the grant date fair value is measured to reflect such conditions and there is no true-up for differences between expected and actual outcomes.

Share-based payment arrangements in which the Company receives goods or services as consideration for its own equity instruments are accounted for as equity-settled, share-based payment transactions, regardless of how the equity instruments are obtained by the Company.

The fair value of the options is measured at the grant date using the Black-Scholes Option Pricing Model. The fair value is recognized as an expense over the vesting period, which is the period over which all of the specified vesting conditions are satisfied with a corresponding increase in equity. For awards with graded vesting, the fair value of each tranche is recognized over its respective vesting period. Non-market vesting conditions are considered in making assumptions about the number of awards that are expected to vest. When the options are exercised, any proceeds received are credited to share capital along with the amount reflected in share-based payment reserve.

Where equity instruments are granted to parties other than employees, they are recorded by reference to the fair value of the goods or services received. If the fair value of the goods or services received cannot be reliably estimated, the Company measures the services received by reference to the fair value of the equity instruments granted, measured at the date the counterparty renders service.

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 modification, is also charged to the statements loss and comprehensive loss over the remaining vesting period.

#### (o) New accounting policies

Certain pronouncements have been issued by the IASB that are effective for accounting periods beginning on or after January 1, 2023. With the exception of changing the Company's accounting policies from "significant" to "material", the Company has reviewed all other updates and determined that many of these updates are not applicable or consequential to the Company and have been excluded from discussion within the material accounting policy information.

#### (p) Accounting Standards Issued but Not Yet Effective

A number of new standards, and amendments to standards and interpretations, are not yet effective for the year ended December 31, 2023, and have not been early adopted in preparing these financial statements.

Other accounting standards or amendments to existing accounting standards that have been issued but have future effective dates are either not applicable or are not expected to have a significant impact on the Company's financial statements.

## TEUTON RESOURCES CORP.

Notes to the Financial Statements  
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### 3. Marketable Securities

December 31, 2023	Opening balance \$	Additions \$	Disposals \$	Unrealized loss \$	Closing balance \$
<b>Marketable securities</b>	<b>8,449,916</b>	<b>823,000</b>	<b>(174,559)</b>	<b>(411,541)</b>	<b>8,686,816</b>

December 31, 2022	Opening balance \$	Additions \$	Disposals \$	Unrealized loss \$	Closing balance \$
<b>Marketable securities</b>	<b>13,586,994</b>	<b>2,700,500</b>	<b>–</b>	<b>(7,837,578)</b>	<b>8,449,916</b>

The Company holds equity securities in publicly traded companies. During the year ended December 31, 2023, the Company recorded a loss on fair value adjustments of \$411,541 (2022 – \$7,837,578). During the year ended December 31, 2022, the Company sold marketable securities for total proceeds of \$126,262 (2022 - \$nil). On the sale of the securities, the Company recognized a loss of \$48,298 (2022 –\$nil).

### 4. Property and Equipment

	Land \$	Building \$	Computer equipment \$	Field and drilling equipment \$	Furniture and equipment \$	Vehicle \$	Total \$
<b>Cost:</b>							
Balance, December 31, 2021	205,294	182,386	6,963	116,080	64,148	58,229	633,100
Additions	508,000	7,447	–	–	–	64,607	580,054
Balance, December 31, 2022	713,294	189,833	6,963	116,080	64,148	122,836	1,213,154
Additions	–	–	–	–	13,371	3,290	16,661
<b>Balance, December 31, 2023</b>	<b>713,294</b>	<b>189,833</b>	<b>6,963</b>	<b>116,080</b>	<b>77,519</b>	<b>126,126</b>	<b>1,229,815</b>
<b>Accumulated depreciation:</b>							
Balance December 31, 2021	–	37,339	4,883	95,434	61,364	48,523	247,543
Additions	–	7,439	624	4,129	556	12,603	25,351
Balance December 31, 2022	–	44,778	5,507	99,563	61,920	61,126	272,894
Additions	–	7,253	437	3,303	1,783	19,006	31,782
<b>Balance December 31, 2023</b>	<b>–</b>	<b>52,031</b>	<b>5,944</b>	<b>102,866</b>	<b>63,703</b>	<b>80,132</b>	<b>304,676</b>
<b>Carrying amounts:</b>							
As at December 31, 2022	713,294	145,055	1,456	16,517	2,228	61,710	940,260
<b>As at December 31, 2023</b>	<b>713,294</b>	<b>137,802</b>	<b>1,019</b>	<b>13,214</b>	<b>13,816</b>	<b>45,994</b>	<b>925,139</b>

## TEUTON RESOURCES CORP.

Notes to the Financial Statements  
Years Ended December 31, 2023 and 2022  
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### 5. Exploration and Evaluation Assets

Exploration and evaluation assets consist of:

For the year ended	December 31, 2023 \$	December 31, 2022 \$
<b>Balance, beginning of year</b>	<b>3,486,431</b>	3,303,895
Acquisition costs	–	500
Assays	<b>21,467</b>	4,207
Depreciation	<b>3,303</b>	4,129
Engineering (Note 6)	<b>41,000</b>	55,819
Equipment rental, safety personnel, and supplies	<b>13,221</b>	14,460
Geological and geophysical	<b>84,953</b>	68,875
Helicopters	<b>136,243</b>	41,261
Property taxes	<b>24,680</b>	16,784
Staking	<b>1,281</b>	367
Travel and accommodations	<b>12,837</b>	14,493
	<b>338,985</b>	220,895
B.C. mineral exploration tax credits	–	(28,733)
Impairment of exploration and evaluation assets	<b>(191,835)</b>	–
Disposal of exploration and evaluation assets	<b>(100,000)</b>	–
Property option and cost recoveries received	<b>(271,000)</b>	(175,500)
Option proceeds in excess of capitalized costs recorded as income	<b>150,805</b>	165,874
	<b>(412,030)</b>	(38,359)
<b>Balance, end of year</b>	<b>3,413,386</b>	3,486,431

#### (a) Skeena Mining Division, British Columbia

The Company owns or originally owned a 100% interest in the following properties in the Skeena Mining Division.

##### (i) Treaty Creek Property

On April 4, 2007, the Company entered into an option agreement with American Creek Resources Ltd. (“American Creek”) whereby American Creek had the right to earn a 51% interest in the Company’s Treaty Creek Property. Under the terms of the option agreement, American Creek earned a 51% interest in the Treaty Creek Property by issuing 100,000 shares and incurring exploration expenditures on the Treaty Creek Property aggregating \$5,000,000.

St. Andrew Goldfields Ltd. has a 2% net smelter return royalty (“NSR”) on 24 of the 44 mineral claims included in the Treaty Creek property. A buy-back of 1% of the NSR for \$1,000,000 is exercisable at any time until six months has passed from the commencement of commercial production.

On May 10, 2016, the Company entered into a joint venture agreement with Tudor Gold Corp. (“Tudor Gold”) and American Creek with respect to the Treaty Creek property. Pursuant to this joint venture agreement, Tudor Gold will issue 500,000 common shares in the capital of Tudor Gold to each of American Creek and the Company to purchase American Creek’s 31% interest and the Company’s 29% interest, respectively, in the property (received). Tudor Gold must also incur \$1,000,000 in exploration expenditures during the year ended December 31, 2016 (incurred).

## TEUTON RESOURCES CORP.

Notes to the Financial Statements  
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### 5. Exploration and Evaluation Assets (continued)

#### (a) Skeena Mining Division, British Columbia (continued)

##### (i) Treaty Creek Property (continued)

Thereafter, Tudor Gold will hold an immediate 60% interest, and the Company and American Creek will each hold an immediate 20% interest in the joint venture. Both the Company and American Creek's interests are fully carried during the exploration period until a production notice is given. Once a production notice has been received, the Company and American Creek will each be responsible for 20% of the costs going forward under the terms of the joint venture agreement.

The Company retains a 0.98% NSR on certain core claims within the property and 0.49% NSR on peripheral claims.

##### (ii) Bonsai Property

The Company owns a 100% interest in the Bonsai property located in the Skeena Mining Division.

##### (iii) Leduc Silver Property

The Company owns a 100% interest in the Leduc Silver property located in the Skeena Mining Division.

##### (iv) Stamp Claims

The Company owns a 100% interest in the Stamp property located in the Skeena Mining Division.

##### (v) Four J's Claims

The Company owns a 100% interest in the Four J's property located in the Skeena Mining Division.

##### (vi) Lord Nelson Property

On August 24, 2020, the Company entered into an agreement whereby Decade can earn up to a 75% interest in Lord Nelson property.

To earn a 55% interest in the property, Decade must do the following:

Cash consideration to be paid to the Company:

- \$10,000 to be paid upon execution of the agreement (received);
- a further \$15,000 to be paid on or before the earlier of August 24, 2021 and the date which is 30 days after the date on which Decade has completed the year one exploration expenditures (received);
- a further \$20,000 to be paid on or before the earlier of August 24, 2022 and the date which is 30 days after the date on which Decade has completed the year two exploration expenditures (extended to August 24, 2025);
- a further \$25,000 to be paid on or before the earlier of August 24, 2023 and the date which is 30 days after the date on which Decade has completed the year three exploration expenditures (extended to August 24, 2025); and
- a further \$30,000 to be paid on or before the earlier of August 24, 2024 and the date which is 30 days after the date on which Decade has completed the year four exploration expenditures (extended to August 24, 2025).

## TEUTON RESOURCES CORP.

Notes to the Financial Statements  
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### 5. Exploration and Evaluation Assets (continued)

#### (a) Skeena Mining Division, British Columbia (continued)

##### (vi) Lord Nelson Property (continued)

Share consideration to be paid by Decade:

- 400,000 shares to be issued upon Exchange approval (received);
- a further \$15,000 worth of shares on the earlier of August 24, 2021 and 30 days after the date that Decade has completed the year one exploration expenditures (received);
- a further \$20,000 worth of shares on the earlier of August 24, 2022 and 30 days after the date that Decade has completed the year two exploration expenditures (extended to August 24, 2025);
- a further \$25,000 worth of shares on the earlier of August 24, 2023 and 30 days after the date that Decade has completed the year three exploration expenditures (extended to August 24, 2025); and
- a further \$30,000 worth of shares on the earlier of August 24, 2024 and 30 days after the date that Decade has completed the year four exploration expenditures (extended to August 24, 2025).

Exploration expenditures to be incurred by Decade:

- \$200,000 on or before August 24, 2021 (incurred);
- a further \$250,000 on or before August 24, 2022 (extended to August 24, 2025);
- a further \$300,000 on or before August 24, 2023 (extended to August 24, 2025);
- a further \$500,000 on or before August 24, 2024 (extended to August 24, 2025); and
- a further \$750,000 on or before August 24, 2025.

Decade has the right to earn an additional 20% interest by placing the property into production. The Company retains a 2% NSR.

##### (vii) High South Claims

On April 11, 2011, the Company issued 600,000 common shares with a fair value of \$342,000 pursuant to an agreement to purchase 12 mineral claims situated in the High South region. These claims are subject to a 2% NSR.

##### (viii) Fairweather Property

On December 15, 2015, the Company entered into an option agreement with Tudor Gold Corp. ("Tudor") whereby Tudor had the right to earn a 100% interest in the Company's Fairweather property located in the Skeena Mining Division. During the year ended December 31, 2020, all agreements were fully executed and the Company transferred its 100% interest in the Fairweather Property to Tudor. The Company retains an NSR of 1.0% to 2.0% on the property with no option for Tudor to buy back the royalty.

##### (ix) Tennyson Property

The Company owns a 100% interest in the Tennyson gold-copper property located in the Skeena Mining Division.

##### (x) Harry Property

On September 13, 2021, the Company entered into an agreement with Optimum Ventures Ltd. ("Optimum") whereby Optimum has the right to earn 80% interest in the Company's Harry Property located in the Skeena Mining Division.

On June 28, 2023, the Company entered into a consent agreement with Optimum pursuant to a proposed transaction with Blackwolf Copper ("Blackwolf") and Gold Ltd. Upon completion of the transaction, Optimum will be a wholly-owned subsidiary of Blackwolf, and Blackwolf will assume the obligation to issue any optionee shares.

## TEUTON RESOURCES CORP.

Notes to the Financial Statements  
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### 5. Exploration and Evaluation Assets (continued)

#### (a) Skeena Mining Division, British Columbia (continued)

##### (x) Harry Property (continued)

To earn an 80% interest in the property, Optimum must do the following:

Cash consideration to be paid:

- \$50,000 to be paid upon receipt of Exchange approval (November 15, 2021) (received);
- a further \$75,000 to be paid on or before the earlier of November 15, 2022 and the date which is 30 days after the date on which Optimum has completed the Year One Expenditures (received);
- a further \$100,000 to be paid on or before the earlier November 15, 2023 and the date which is 30 days after the date on which Optimum has completed the Year Two Expenditures (received);
- a further \$150,000 to be paid on or before the earlier of November 15, 2024 and the date which is 30 days after the date on which Blackwolf has completed the Year Three Expenditures;
- a further \$400,000 to be paid on or before the earlier of November 15, 2025 and the date which is 30 days after the date on which Blackwolf has completed the Year Four Expenditures; and
- a further \$725,000 to be paid on or before the earlier of November 15, 2026 and the date which is 30 days after the date on which Blackwolf has completed the Year Five Expenditures.

Share consideration to be paid by Optimum:

- 200,000 shares to be issued upon Exchange approval (received);
- a further 300,000 shares to be issued on the earlier of November 15, 2022 and 30 days after the date that Optimum has completed the year one exploration expenditures (received);
- a further 300,000 shares to be issued on the earlier of November 15, 2023 and 30 days after the date that Optimum has completed the year two exploration expenditures (received);
- a further 455,000 shares to be issued on the earlier of November 15, 2024 and 30 days after the date that Blackwolf has completed the year three exploration expenditures;
- a further 650,000 shares to be issued on the earlier of November 15, 2025 and 30 days after the date that Blackwolf has completed the year four exploration expenditures; and
- a further 975,000 shares to be issued on the earlier of November 15, 2026 and 30 days after the date that Blackwolf has completed the year five exploration expenditures.

Exploration expenditures to be incurred by Optimum:

- \$500,000 on or before November 15, 2022 ("Year One Expenditures") (incurred);
- a further \$1,000,000 on or before November 15, 2023 ("Year Two Expenditures") (incurred);
- a further \$1,500,000 on or before November 15, 2024 ("Year Three Expenditures");
- a further \$2,000,000 on or before November 15, 2025 ("Year Four Expenditures"); and
- a further \$4,000,000 on or before November 15, 2026 ("Year Five Expenditures").

Upon the exercise of the option and Blackwolf acquiring an 80% interest, the parties will enter into a joint venture agreement for the operation of the project. The Company will be granted a 2% Net Smelter Royalty with no buyback.

## TEUTON RESOURCES CORP.

Notes to the Financial Statements  
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### 5. Exploration and Evaluation Assets (continued)

#### (a) Skeena Mining Division, British Columbia (continued)

##### (xi) Delta Property

On March 1, 2016, the Company entered into an option agreement with Tudor whereby Tudor had the right to earn a 100% interest in the Company's Delta property located in the Skeena Mining Division. As of December 31, 2022, all agreements related to the Delta property were fully executed and Tudor acquired a 100% interest in the property. The Company retains an NSR of 1.5 to 2.5% in the property with no option for buyback.

##### (xii) High North Property

On March 1, 2016, the Company entered into an option agreement with Tudor whereby Tudor had the right to earn a 100% interest in the Company's High North property located in the Skeena Mining Division. As of December 31, 2020, all agreements related to the High North property were fully executed and Tudor acquired a 100% interest in the property. The Company retains an NSR of 2.5% in the property with no option for buyback.

##### (xiii) Orion Claims

On June 1, 2016, the Company entered into an option agreement with Tudor whereby Tudor had the right to earn a 100% interest in the Company's Orion property located in the Skeena Mining Division. As of December 31, 2021, all agreements related to the Orion property were fully executed and Tudor acquired a 100% interest in the property. The Company retains an NSR of 2.5% in the property with no option for buyback.

##### (xiv) Del Norte and Midas Properties

The Company owns a 100% interest in the Del Norte Property and a 75% interest in the Midas Property. The Del Norte property consists of 23 claims. The Midas property is jointly owned with Silver Grail and consists of 7 claims.

On January 7, 2020, the Company entered into an option agreement with Decade Resources Ltd. ("Decade") whereby Decade can earn up to a 75% interest in the Del Norte property.

To earn a 55% interest in the property, Decade must do the following:

Cash consideration to be paid by Decade:

- \$20,000 to be paid on January 7, 2020 (received);
- a further \$30,000 to be paid on or before the earlier of January 7, 2021 and 30 days after the date that Decade has made the Year One Expenditures (received);
- a further \$40,000 to be paid on or before the earlier of January 7, 2022 and 30 days after the date that Decade has made the Year Two Expenditures (received);
- a further \$50,000 to be paid on or before the earlier of January 7, 2023 and 30 days after the date that Decade has made the Year Three Expenditures (received); and
- a further \$60,000 to be paid on or before the earlier of January 7, 2024 and 30 days after the date that Decade has made the Year Four Expenditures (received \$32,000 in cash and 280,000 Decade shares in lieu of the remaining balance).

Share consideration to be paid by Decade:

- 800,000 shares to be issued upon receipt of Exchange approval (received);
- a further \$30,000 worth of shares (based on the weighted average closing price for shares for the 20 trading days preceding the date of issuance) on the earlier of January 7, 2021 and 30 days after the date that Decade has made the Year One Expenditures (received);

## TEUTON RESOURCES CORP.

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### 5. Exploration and Evaluation Assets (continued)

#### (a) Skeena Mining Division, British Columbia (continued)

##### (xiv) Del Norte and Midas Properties (continued)

- a further \$40,000 worth of shares (based on the weighted average closing price for shares for the 20 trading days preceding the date of issuance) on the earlier of January 7, 2022 and 30 days after the date that Decade has made the Year Two Expenditures (received);
- a further \$50,000 worth of shares (based on the weighted average closing price for shares for the 20 trading days preceding the date of issuance) on the earlier of January 7, 2023 and 30 days after the date that Decade has made the Year Three Expenditures (received); and
- a further \$60,000 worth of shares (based on the weighted average closing price for shares for the 20 trading days preceding the date of issuance) on the earlier of January 7, 2024 and 30 days after the date that Decade has made the Year Four Expenditures (received).

Exploration expenditures to be incurred by Decade:

- \$400,000 on or before January 7, 2021 ("Year One Expenditures") (incurred)
- a further \$500,000 on or before January 7, 2022 ("Year Two Expenditures") (incurred);
- a further \$600,000 on or before January 7, 2023 ("Year Three Expenditures") (incurred);
- a further \$1,000,000 on or before January 7, 2024 ("Year Four Expenditures") (incurred); and
- a further \$1,500,000 on or before January 7, 2025 ("Year Five Expenditures").

Decade has the right to earn an additional 20% interest by placing the property into production. The Company retains a 2% NSR.

##### (xv) King Tut, Tuck, and Silver Crown West Claims

On July 14, 2015 and as amended on April 21, 2016, the Company entered into an option agreement with Pretium Resources Inc. ("Pretium") whereby Pretium has the right to earn a 100% interest in the Company's King Tut, Tuck, and Silver Crown West properties located in the Skeena Mining Division. As of December 31, 2020, all agreements related to the King Tut, Tuck, and Silver Crown West properties were fully executed and Pretium acquired a 100% interest in the properties.

The Company retains an NSR of 2% with no buyback option. Under a concurrent agreement, Silver Grail is entitled to one-half of any NSR from the Silver Crown West property.

##### (xvi) Clone Property

On November 28, 2005, the Company and Silver Grail entered into an option agreement with Makena Resources Inc. ("Makena") whereby Makena had the right to earn a 50% interest in Silver Grail's and the Company's jointly owned Clone property, then comprised of 9 claims. An additional 10 claims were added to the property by staking in 2006.

Under the terms of the option agreement, Makena earned a 50% interest in the properties by paying a total of \$120,000 cash consideration and incurring exploration expenditures on the Clone property aggregating \$1,800,000.

On September 27, 2017 (as amended October 3, 2018), the Company and Silver Grail entered into an option agreement with Sunvest Minerals Corporation ("Sunvest"), whereby Sunvest has the right to earn the Company and Silver Grail's 50% beneficial interest in the Clone Property.

## TEUTON RESOURCES CORP.

Notes to the Financial Statements  
Years Ended December 31, 2023 and 2022  
(Expressed in Canadian dollars)

### 5. Exploration and Evaluation Assets (continued)

#### (a) Skeena Mining Division, British Columbia (continued)

##### (xvi) Clone Property (continued)

To earn this interest Sunvest is to issue a total of 5,000,000 of its shares, pay a total of \$200,000, and incur exploration expenditures on the property aggregating \$1,950,000.

On October 3, 2018, the Company entered into an amending agreement with Sunvest to reduce the total cash to be paid by \$25,000 and reduce the number of shares to be issued by 1,000,000.

Cash consideration to be paid equally to the Company and Silver Grail:

- \$25,000 to be paid on execution of the agreement (received);
- a further \$75,000 (\$50,000 in cash and issuance of 500,000 shares in lieu of the remaining balance) to be paid on or before September 27, 2018 (received); and
- a further \$100,000 to be paid on or before September 27, 2019 (not incurred; see below).

Shares in the common stock of Sunvest to be issued equally to the Company and Silver Grail:

- 1,500,000 shares to be issued within five business days of September 27, 2017 (received);
- a further 1,500,000 shares to be issued on or before September 27, 2018 (received); and
- a further 2,000,000 shares to be issued on or before September 27, 2019 (not incurred; see below).

Exploration expenditures to be incurred by Sunvest:

- \$350,000 on or before September 27, 2018 (incurred);
- \$600,000 on or before September 30, 2019 (not incurred; see below); and
- \$1,000,000 on or before September 30, 2020 (not incurred; see below).

The Company and Silver Grail retain an NSR of 2%, one-half of which can be repurchased for \$1,500,000.

As of November 6, 2019, Sky Gold Corp. (formerly Sunvest Minerals Corporation) will no longer pursue the option agreement to earn an interest in the Clone project entered into with Silver Grail and the Company.

On November 15, 2019, the Company entered into an agreement with Gigs Capital Corp. (who in turn, acquired its interest by assignment from Makena) to purchase a 50% interest in the Clone Property for \$200,000. The Company then owned 75% of the Clone property with the remaining 25% owned by Silver Grail. On July 1, 2023, Silver Grail elected to acquire an additional 25% of the Clone property from the Company for \$100,000. As at December 31, 2023, the Company owns 50% (2022 – 75%) of the Clone property with the remaining 50% owned by Silver Grail.

##### (xvii) Konkin Silver Property

On April 20, 2004, the Company and Silver Grail purchased a 100% interest in 2 claims representing eight units situated within the boundaries of the Konkin Silver property. In fiscal 2004, the Company issued 50,000 of its shares at a fair value of \$13,750 and paid \$10,000 to the vendor for its 50% share of the claims. The vendor retains a 2% NSR, one-half of which can be purchased for \$1,000,000 until 18 months following the commencement of commercial production.

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### 5. Exploration and Evaluation Assets (continued)

#### (a) Skeena Mining Division, British Columbia (continued)

##### (xviii) Bay Silver Claims

The Company owns a 50% interest in the Bay Silver property located in the Skeena Mining Division. Silver Grail owns the remaining 50% interest.

On August 16, 2018, the Company and Silver Grail entered into an agreement to option out their Bay Silver Property to AUX Resources Corp. (formerly Auramex Resources Corp.) ("Auramex"), whereby Auramex has the right to earn an undivided 100% ownership in the property. To earn this interest, Auramex is to issue 100,000 of its shares (Auramex effected a 1-for-5 share consolidation on June 30, 2020) and pay a total of \$120,000 as follows:

Cash consideration to be paid equally to Company and Silver Grail:

- \$10,000 to be paid on execution of the agreement (received);
- a further \$15,000 to be paid on or before July 28, 2019 (received);
- a further \$20,000 to be paid on or before July 28, 2020 (received);
- a further \$25,000 to be paid on or before July 28, 2021 (received); and
- a further \$50,000 to be paid on or before July 28, 2022 (received).

Common shares of Auramex to be issued equally to the Company and Silver Grail:

- 20,000 shares to be issued within three business days of regulatory approval for this agreement (received);
- a further 20,000 shares to be issued on or before July 28, 2019 (received);
- a further 20,000 shares to be issued on or before July 28, 2020 (received);
- a further 20,000 shares to be issued on or before July 28, 2021 (received); and
- a further 20,000 shares to be issued on or before July 28, 2022 (received).

Upon the exercise of the option, the Company and Silver Grail will retain a 2% NSR with an advance royalty payment of \$50,000 plus an additional increment payable according to inflation between 2018 and 2025 as measured by the Canadian Consumer Price Index ("CPI") first due from Auramex on June 28, 2025. The advance royalty will thereafter be payable yearly on July 28, as adjusted by the CPI. Auramex will have the right to purchase one-half of the Company's and Silver Grail's NSR at any time up to including ninety days after the commencement of commercial production on the property by paying \$1,000,000.

##### (xviii) Silver Crown Property

The Company owns a 50% interest in the Silver Crown property located in the Skeena Mining Division. Silver Grail owns the remaining 50% interest.

On March 15, 2019, the Company and Silver Grail entered into an agreement to option out their Silver Crown Property to Auramex, whereby Auramex has the right to earn an undivided 100% ownership in the property. To earn this interest, Auramex is to issue 100,000 of its shares and pay a total of \$120,000 as follows:

Cash consideration to be paid equally to Company and Silver Grail:

- \$10,000 to be paid on execution of the agreement (received);
- a further \$15,000 to be paid on or before March 15, 2020 (received);
- a further \$20,000 to be paid on or before March 15, 2021 (received);
- a further \$25,000 to be paid on or before March 15, 2022 (received); and
- a further \$50,000 to be paid on or before March 15, 2023 (received).

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### 5. Exploration and Evaluation Assets (continued)

#### (a) Skeena Mining Division, British Columbia (continued)

##### (xviii) Silver Crown Property (continued)

Common shares of Auramex to be issued equally to the Company and Silver Grail:

- 20,000 shares to be issued within three business days of regulatory approval for this agreement (received);
- a further 20,000 shares to be issued on or before March 15, 2020 (received);
- a further 20,000 shares to be issued on or before March 15, 2021 (received);
- a further 20,000 shares to be issued on or before March 15, 2022 (received); and
- a further 20,000 shares to be issued on or before March 15, 2023 (received).

#### (b) Roman Property, New Westminster Mining Division, British Columbia

The Company owns a 50% interest in 8 claims located in the New Westminster Mining Division. The remaining 50% interest is owned by Silver Grail.

#### (c) Reclamation Bonds

Reclamation bonds are amounts pledged to the province of British Columbia for property reclamation. The bonds mature and roll over each year until the Company is released from its obligations.

### 6. 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 include the Company's executive officers and Board of Director members.

- For the year ended December 31, 2023, the Company incurred salary expense of \$193,200 (2022 – \$187,500) and paid rent of \$4,800 (2022 – \$4,800) to the President of the Company. For the year ended December 31, 2023, the Company also incurred engineering fees of \$41,000 (2022 – \$55,819) which were capitalized to exploration and evaluation assets to the President of the Company.
- As at December 31, 2023, the amount of \$8,667 (2022 – \$17,653) was owed to the President of the Company, which is non-interest bearing, unsecured, and due on demand.
- The Company carries on joint exploration activity with Silver Grail, a company having directors in common with the Company. As at December 31, 2023, the Company owns 207,932 (2022 – 207,932) common shares in Silver Grail with a fair value of \$20,793 (2022 – \$16,635). As at December 31, 2023, the amount of \$10,600 (2022 – \$23,161) was owed from Silver Grail, which is non-interest bearing, secured by certain mineral properties owned jointly with the Company, and due on demand.
- During the year ended December 31, 2023, the Company incurred share-based compensation of \$922,088 (2022 - \$1,878,064) to officers and directors of the Company.

### 7. Share Capital

The authorized share capital of the Company consists of 100,000,000 of common shares without par value.

During the year ended December 31, 2022, the Company issued 1,130,000 common shares for proceeds of \$225,750 pursuant to the exercise of stock options. The fair value of stock options exercised of \$203,368 was reallocated from the share-based reserve to share capital.

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### 8. Stock Options

The Company has adopted a stock option plan pursuant to which options may be granted to directors, officers, employees and consultants of the Company to a maximum of 10% of the issued and outstanding common shares at the time of the grant. The exercise price of each option shall not be less than the market price of the Company's stock on the date of the grant. Options granted under the plan have a maximum term of 10 years and vest as determined by the Board of Directors, except for options granted to consultants performing investor relations activities, which vest as to 25% three months from the grant date and 25% every three months thereafter, such that the options are 100% vested 12 months after the grant date.

The following table summarizes the continuity of the Company's stock options:

	Number of options	Weighted average exercise price \$
Outstanding, December 31, 2021	3,532,500	1.09
Granted	2,050,000	1.17
Exercised	(1,130,000)	0.20
Outstanding, December 31, 2022	4,452,500	1.15
Granted	1,100,000	1.20
Forfeited	(200,000)	2.06
Outstanding, December 31, 2023	5,352,500	1.13

Additional information regarding stock options outstanding as at December 31, 2023 is as follows:

Range of exercise prices \$	Outstanding			Exercisable	
	Number of options	Weighted average remaining contractual life (years)	Weighted average exercise price \$	Number of options	Weighted average exercise price \$
0.225	400,000	0.55	0.23	400,000	0.23
0.50	960,000	1.35	0.50	960,000	0.50
1.17	2,050,000	3.84	1.17	2,050,000	1.17
1.20	1,100,000	4.07	1.20	1,100,000	1.20
2.06	842,500	1.94	2.06	842,500	2.06
	5,352,500	2.90	1.13	5,352,500	1.13

The fair values for stock options granted have been estimated using the Black-Scholes Option Pricing Model assuming no expected dividends or forfeitures, and the following weighted average assumptions:

	2023	2022
Risk-free interest rate	2.85%	3.39%
Expected life (in years)	5	5
Expected volatility	87%	88%
Share price on grant date	\$1.21	\$1.22
Expected forfeiture rate	—	—
Expected dividend yield	—	—

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### 8. Stock Options (continued)

The total fair value of the stock options granted during the year ended December 31, 2023 was \$922,088 (2022 – \$1,768,468), which was recorded as share-based payment reserve and charged to operations. For the year ended December 31, 2023, the weighted average grant date fair value of stock options granted was \$0.84 (2022 - \$0.86). The weighted average stock price at the time stock options were exercised during the year ended December 31, 2023 was \$nil (2022 - \$1.32).

On January 13, 2022, the Company modified the exercise price of certain stock options to \$2.06 per common share. The Company used the Black-Scholes Option Pricing Model to estimate the incremental share-based compensation. As a result, the Company recognized incremental share-based compensation of \$238,996 to directors of the Company.

### 9. Financial Instruments and Risk Management

#### (a) Fair Values

The Company utilizes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value as follows:

Level 1 – Unadjusted quoted prices at the measurement date for identical assets or liabilities in active markets;

Level 2 – Inputs other than quoted prices that are observable for the asset or liability either directly (i.e., as prices) or indirectly (i.e., derived from prices); and

Level 3 – Significant unobservable (no market data available) inputs which are supported by little or no market activity.

Assets and liabilities measured at fair value on a recurring basis are presented on the Company's statement of financial position as of December 31, 2023 and 2022 are as follows:

	Fair Value Measurements Using			Balance as at December 31, 2023 \$
	Quoted prices in active markets for identical instruments (Level 1) \$	Significant other observable inputs (Level 2) \$	Significant unobservable inputs (Level 3) \$	
Assets:				
Cash	1,228,229	–	–	1,228,229
Marketable securities	8,601,915	84,901	–	8,686,816
Total assets measured at fair value	9,830,144	84,901	–	9,915,045

	Fair Value Measurements Using			Balance as at December 31, 2022 \$
	Quoted prices in active markets for identical instruments (Level 1) \$	Significant other observable inputs (Level 2) \$	Significant unobservable inputs (Level 3) \$	
Assets:				
Cash	2,410,982	–	–	2,410,982
Marketable securities	8,379,130	70,786	–	8,449,916
Total assets measured at fair value	10,790,112	70,786	–	10,860,898

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### 9. Financial Instruments and Risk Management (continued)

#### (a) Fair Values (continued)

The fair values of other financial instruments, which include amounts due to and from related parties, and accounts payable, approximate their carrying values due to the relatively short-term maturity of these instruments.

#### (b) Credit Risk

Credit risk is the risk of potential loss to the Company if the counterparty to a financial instrument fails to meet its contractual obligations. Financial instruments that potentially subject the Company to a concentration of credit risk consist primarily of cash and marketable securities. The Company limits its exposure to credit loss by placing its cash and marketable securities with high credit quality financial institutions. Deposits held with these institutions may exceed the amount of insurance provided on such deposits. The carrying amount of financial assets represents the maximum credit exposure.

#### (c) Foreign Exchange Rate

Foreign exchange risk is the risk that the Company's financial instruments will fluctuate in value as a result of movements in foreign exchange rates. The Company is not exposed to any significant foreign exchange risk.

#### (d) 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 as it does not have any liabilities with variable rates.

#### (e) 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 currently settles its financial obligations out of cash. The ability to do this relies on the Company raising equity financing in a timely manner and by maintaining sufficient cash in excess of anticipated needs.

All of the Company's financial liabilities have maturities of one year or less:

	Carrying Amount	Contractual Cash Flows	Within 1 year
<i>As at December 31, 2023</i>	\$	\$	\$
Accounts payable and accrued liabilities	62,148	(62,148)	(62,148)
Due to related party	8,667	(8,667)	(8,667)
<b>Total</b>	<b>70,815</b>	<b>(70,815)</b>	<b>(70,815)</b>

	Carrying Amount	Contractual Cash Flows	Within 1 year
<i>As at December 31, 2022</i>	\$	\$	\$
Accounts payable and accrued liabilities	74,189	(74,189)	(74,189)
Due to related party	17,653	(17,653)	(17,653)
<b>Total</b>	<b>91,842</b>	<b>(91,842)</b>	<b>(91,842)</b>

#### (f) Price Risk

The Company is exposed to price risk with respect to commodity prices. The Company's ability to raise capital to fund exploration and development activities is subject to risks associated with fluctuations in the market price of commodities.

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### 10. Segmented Information

The Company operates in one industry and geographic segment, the mineral resource industry with all current exploration activities conducted in Canada.

### 11. Capital Management

The Company manages its capital to maintain its ability to continue as a going concern and to provide returns to shareholders and benefits to other stakeholders. The capital structure of the Company consists of shareholders' equity.

The Company manages its capital structure and makes adjustments to it in light of economic conditions. The Company, upon approval from its board of directors, will balance its overall capital structure through new share issues or by undertaking other activities as deemed appropriate under the specific circumstances.

The Company is not subject to externally imposed capital requirements and the Company's overall strategy with respect to capital risk management remains unchanged from the year ended December 31, 2023.

### 12. Income Taxes

The tax effect (computed by applying the Canadian federal and provincial statutory rate) of the significant temporary differences, which comprise deferred income tax assets and liabilities, are as follows:

	2023 \$	2022 \$
Loss for the year	(1,909,974)	(10,192,523)
Canadian statutory income tax rate	27%	27%
Income tax recovery at statutory rate	(516,000)	(2,752,000)
Tax effect of:		
Permanent differences and other	322,000	1,762,000
Change in unrecognized deferred income tax assets	194,000	990,000
Income tax provision	-	-

The significant components of deferred income tax assets and liabilities are as follows:

	2023 \$	2022 \$
Deferred income tax assets (liabilities)		
Capital losses carried forward	163,000	156,000
Non-capital losses carried forward	132,000	90,000
Marketable securities	634,000	589,000
Investment tax credit	218,000	218,000
Property and equipment	(87,000)	(83,000)
Resource pools	1,222,000	1,118,000
Total gross deferred income tax assets	2,282,000	2,088,000
Unrecognized deferred income tax assets	(2,282,000)	(2,088,000)
Net deferred income tax assets	-	-

As at December 31, 2023, the Company has non-capital losses carried forward of \$491,000 expiring in 2042 and 2043, which are available to offset future years' taxable income.