Baselode Energy Corp.

Annual Financial Statements

For the years ended December 31, 2023 and 2022
(In Canadian Dollars)

Independent Auditor's Report

To the Shareholders of Baselode Energy Corp.:

Opinion

We have audited the financial statements of Baselode Energy 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 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 2 in the financial statements, which indicates that the Company has an accumulated deficit as at December 31, 2023. As stated in Note 2, these events or conditions, along with other matters as set forth in Note 2, 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 key audit matters to communicate in our report.

Other Matter

The financial statements for the year ended December 31, 2022 were audited by another auditor who expressed an unmodified opinion on those financial statements on May 1, 2023.

Other Information

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

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

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

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

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

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

The engagement partner on the audit resulting in this independent auditor's report is Jonathan Mac Neil.

MNP LLP

Toronto, Ontario
April 25, 2024

Chartered Professional Accountants
Licensed Public Accountants

Baselode Energy Corp.
Statements of Financial Position
(expressed in Canadian dollars)

As at	Notes	December 31, 2023	December 31, 2022
ASSETS			
Current			
Cash		**$15,945,841**	$7,043,611
GST/HST receivable		**65,356**	825,380
Prepaid expenses and deposits		**168,280**	52,535
Due from related parties	11	**43,271**	68,233
Total current assets		**16,222,748**	7,989,759
Equipment	5	**162,162**	202,702
TOTAL ASSETS		**$16,384,910**	$8,192,461
LIABILITIES			
Current			
Accounts payable and accrued liabilities	11	**$431,536**	$294,878
Flow-through share premium liability	9	**2,663,741**	1,216,117
TOTAL LIABILITIES		**$3,095,277**	$1,510,995
SHAREHOLDERS' EQUITY			
Share capital	10	**$37,437,349**	$26,776,384
Reserves	10	**11,783,804**	7,706,056
Deficit		**(35,931,520)**	(27,800,974)
TOTAL SHAREHOLDERS' EQUITY		**13,289,633**	6,681,466
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		**$16,384,910**	$8,192,461

Nature of operations (Note 1)
Going concern (Note 2)
Commitments and contingencies (Note 12)
Events subsequent to year end (Note 14)

Approved by the Board:

Signed "Stephen Stewart"
Director

Signed "James Sykes"
Director

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

Baselode Energy Corp.
Statements of Loss and Comprehensive Loss
(Expressed in Canadian dollars)

For the years ended	Notes	December 31, 2023	December 31, 2022
EXPENSES			
Exploration and evaluation expenditures	6,11	**$6,794,936**	$15,430,554
Share-based compensation	11	**1,838,540**	1,606,176
Management and consulting	11	**455,036**	406,190
Transfer agent, filing fees and shareholder communications		**435,923**	480,830
Professional fees		**101,259**	93,574
Office, general and administrative		**222,562**	233,629
Amortization	5	**40,540**	45,224
Interest income		**(439,080)**	(151,278)
TOTAL EXPENSES		**$9,449,716**	$18,144,899
Loss for the year		**(9,449,716)**	18,144,899
Deferred income tax recovery			
Flow-through share premium recovery	9	**(1,319,170)**	(42,000)
NET LOSS FOR THE YEAR		**$8,130,546**	18,102,899
Weighted average number of shares - basic and diluted		**97,478,047**	85,665,726
Loss per share – basic and diluted		**$0.08**	$0.21

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

Baselode Energy Corp.
Statements of Changes in Shareholders' Equity
(expressed in Canadian dollars)

	Number of shares	Amount	Share-based Reserve	(Deficit)	Total Equity
Balance at December 31, 2021	**83,633,866**	**$24,073,364**	**$6,175,045**	**$(9,698,075)**	**$20,550,334**
Loss for the year	-	-	-	(18,102,899)	(18, 102,899)
Stock options exercised	225,000	229,684	(95,435)	-	134,249
Warrants exercised	2,773,954	1,281,208	(230,250)	-	1,050,958
Flow-through private placement, net	3,571,429	1,192,128	250,520	-	1,442,648
Share-based payments	-	-	1,606,176	-	1,606,176
Balance at December 31, 2022	**90,204,249**	**$26,776,384**	**$7,706,056**	**$(27,800,974)**	**$6,681,466**
Loss for the year	-	-	-	(8,130,546)	(8,130,546)
Shares issued on flow-through private placement	27,011,865	8,268,115	2,029,959	-	10,298,074
Shares issued on hard-dollar private placement	3,703,749	1,090,270	413,657	-	1,503,927
Stock options exercised	80,000	8,000	-	-	8,000
Warrants exercised	2,725,429	1,294,580	(204,408)	-	1,090,172
Share-based payments	-	-	1,838,540	-	1,838,540
Balance at December 31, 2023	**123,725,292**	**$37,437,349**	**$11,783,804**	**$(35,931,520)**	**$13,289,633**

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

Baselode Energy Corp.
Statements of Cash Flows
(expressed in Canadian dollars)

For the years ended	**December 31, 2023**	**December 31, 2022**
Operating activities		
(Loss) for the year	**$(8,130,546)**	$(18,102,899)
Items not involving cash		
Amortization	**40,540**	45,224
Flow-through share premium recovery	**(1,319,170)**	(42,000)
Share-based payments	**1,838,540**	1,606,176
Changes in non-cash working capital items		
Prepaid expenses and deposits	**(115,745)**	159,727
GST/HST receivable	**760,024**	(727,070)
Accounts payable and accrued liabilities	**136,658**	34,744
Due from related parties	**24,962**	(24,129)
Net cash used in operating activities	**$(6,764,737)**	$(17,050,227)
Financing activities		
Proceeds from equity financings, net	**14,568,795**	2,754,339
Proceeds from warrants exercised	**1,090,172**	1,050,958
Proceeds from stock options exercised	**8,000**	134,249
Net cash provided by financing activities	**$15,666,967**	$3,939,546
Investing activities		
Purchase of equipment	**-**	(43,611)
Net cash from (used in) investing activities	**$ -**	$(43,611)
Net (decrease)/increase in cash	**8,902,230**	(13,154,292)
Cash, beginning of year	**7,043,611**	20,197,903
Cash, end of year	**$15,945,841**	$7,043,611

Supplement cash flow information:		
Broker/finders warrants issued	**$ 315,422**	$ 41,604

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

1. NATURE OF OPERATIONS

Baselode Energy Corp. (Formerly Rider Investment Capital Corp.) (the "Company" or "Baselode") was incorporated under the Alberta Business Corporations Act on January 30, 2018 and was a Capital Pool Company, as defined in the Policy 2.4 of the TSX Venture Exchange. On June 10, 2020, the Company closed an agreement to acquire the Mann Mine, began trading under the symbol "FIND" and concurrently changed its name to Baselode Energy Corp.

Baselode's principal business is the acquisition and exploration of mineral properties. To date, the Company has not earned any revenue as it is in the exploration stage. The ability of the Company to carry out its business plan rests with its ability to secure equity and other financing. The Company's head office is located at 55 University Avenue, Suite 1805, Toronto, Ontario, M5J 2H7.

The financial statements were authorized for issue on April 25, 2024 in accordance with a resolution by the Board of Directors of the Company.

2. GOING CONCERN

The Company is in the process of exploring its mineral properties and has not yet determined whether the properties contain reserves that are economically recoverable. The recoverability of the amounts expended on mineral properties are dependent upon future profitable production or proceeds from the disposition of properties.

The business of mining and exploration involves a high degree of risk and there can be no assurance that the Company's exploration programs will result in profitable mining operations. The Company's continued existence is dependent upon the discovery of economically recoverable reserves and resources, securing and maintaining title and beneficial interest in its properties, making the required payments pursuant to mineral property option agreements and/or securing additional financing; all of which are uncertain.

Although the Company has taken steps to verify title to the properties on which it is conducting its exploration activities, these procedures do not guarantee the Company's title. Property title may be subject to government licensing requirements or regulations, unregistered prior agreements, social licensing requirements, aboriginal land claims and non-compliance with regulatory and environmental requirements. The Company's property interests may also be subject to increases in taxes and royalties, renegotiation of contracts, currency exchange fluctuations and restrictions, and political uncertainty.

The Company raised funds during the years ended December 31, 2023 and utilized these funds for its exploration programs and working capital requirements. The ability of the Company to arrange such financing in the future will depend in part upon the prevailing capital market conditions as well as the business performance of the Company. There can be no assurance that the Company will be successful in its efforts to arrange additional financing on terms satisfactory to the Company. If additional financing is raised by the issuance of shares from the treasury of the Company, control of the Company may change and existing shareholders may have their interest diluted. If adequate financing is not available, the Company may be required to relinquish rights to certain of its interests or terminate its operations.

As at December 31, 2023, the Company had working capital excluding flow-through share liability of $15.8 million (2022 - $7.7 million), and an accumulated deficit of $36 million (2022 - $27.8 million). The Company has no proven history of performance, earnings or success. Management believes the Company has sufficient funds or access to sufficient funds to cover planned operations throughout the next twelve-month period. However, management plans on securing additional financing through the issue of new equity, among other things. Nevertheless, there is no assurance that these initiatives will be successful. These factors indicate the existence of material uncertainties that may cast significant doubt as to the Company's ability to continue as a going concern.

3. MATERIAL ACCOUNTING POLICIES

Statement of compliance

The 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"). The policies applied in these financial statements are based on IFRS issued and effective as of December 31, 2023.

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Basis of presentation

The financial statements of the Company have been prepared on an accrual basis except for cash flow information and are based on historical costs, except for certain financial instruments which are measured at fair value, as explained in the accounting policies.

Functional and presentation currency

The functional currency of the Company is determined using the currency of the primary economic environment in which that entity operates. The financial statements are presented in Canadian dollars which is the Company's functional and presentation currency. The Company does not have any significant expenditures in foreign currencies.

Transactions in currencies other than the functional currency are recorded at the rates of exchange prevailing on the dates of the transactions. At each reporting date, monetary assets and liabilities that are denominated in foreign currencies are translated at the rates prevailing at the date of the statement of financial position. Exchange differences are recognized in operations in the period in which they arise.

Significant accounting judgements, estimates and assumptions

The preparation of these financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and reported amounts of expenses during the reporting period. Actual outcomes could differ from these estimates. These financial statements include estimates, which, by their nature, are uncertain. The impacts of such estimates are pervasive throughout the financial statements and may require accounting adjustments based on future occurrences. Revisions to accounting estimates are recognized in the period in which the estimate is revised and the revision affects both current and future periods. The Company regularly reviews its estimates and assumptions; however, actual results could differ from these estimates and these differences could be material.

(a) Share-based payments and warrants

Management determines costs for share-based payments using market-based valuation techniques. The fair value of the market-based and performance-based share awards are estimated at the date of grant using generally accepted valuation techniques. Assumptions are made and judgment used in applying valuation techniques. These assumptions and judgments include estimating the future volatility of the stock price, expected dividend yield, future employee turnover rates and future employee stock option exercise behaviors and corporate performance. Such judgments and assumptions are inherently uncertain. Warrants are valued using the Black Scholes Model. Changes in these assumptions affect the fair value estimates.

Exploration and evaluation expenditures

Mineral property acquisition costs are expensed as incurred. Exploration expenditures are the costs incurred in the initial search for mineral deposits with economic potential. Exploration expenditures typically include costs associated with prospecting, sampling, mapping, diamond drilling and other work involved in searching for ore. All exploration expenditures are expensed as incurred.

When economically viable reserves have been determined and the decision to proceed with development has been approved, the expenditures incurred subsequent to this date related to development and construction are capitalized as construction-in-process and classified as a component of property, plant and equipment.

Government tax credits are recorded as a reduction to exploration expense.

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, plant and equipment.

Mining properties and process facility assets are amortized upon commencement of commercial production either on a unit-of-production basis over measured and indicated resources included in the mine plan or the life of mine.

Impairment of non-financial assets
At each reporting date, the Company reviews the carrying amounts of its non-financial assets to determine whether there is an indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash-generating unit to which the assets belong.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognized immediately in the statement of loss.

Share-based payments
Share-based payments to employees are measured at the fair value of the instruments issued and amortized over the vesting periods. Share-based payments to non-employees are measured at the fair value of goods or services received or the fair value of the equity instruments issued, if it is determined the fair value of the goods or services cannot be reliably measured, and are recorded at the date the goods or services are received. Share-based payments to employees and others providing similar services are measured at the fair value of the equity instruments issued at the grant date. The corresponding amount is recorded to the share-based payment reserve. The fair value of options is determined using a Black–Scholes pricing model which incorporates market and vesting conditions. The number of shares and options expected to vest is reviewed and adjusted at the end of each reporting period such that the amount recognized for services received as consideration for the equity instruments granted shall be based on the number of equity instruments that eventually vest.

The share-based payment reserve records items recognized as share-based payments expense until such time that the stock options are exercised, at which time the corresponding amount will be transferred to share capital. If the options expire unexercised, the amount remains in share-based payment reserve.

Loss per share
The Company presents basic and diluted loss per share data for its common shares, calculated by dividing the loss attributable to common shareholders of the Company by the weighted average number of common shares outstanding during the period. The diluted loss per share calculation assumes that any proceeds from the exercise of dilutive stock options and warrants would be used to repurchase common shares at the average market price during the period, with the incremental number of shares being included in the denominator of the diluted loss per share calculation. Diluted loss per share does not adjust the loss attributable to common shareholders or the weighted average number of common shares outstanding when

the effect is anti-dilutive. All of the Company's outstanding stock options and warrants were anti-dilutive for the years ended December 31, 2023 and 2022.

Financial instruments

<u>Financial assets</u>

Initial recognition and measurement
Non-derivative financial assets within the scope of IFRS 9 are classified and measured as "financial assets at fair value", as either fair value through profit or loss ("FVPL") or fair value through other comprehensive income ("FVOCI"), and "financial assets at amortized costs", as appropriate. The Company determines the classification of financial assets at the time of initial recognition based on the Company's business model and the contractual terms of the cash flows.

All financial assets are recognized initially at fair value plus, in the case of financial assets not at FVPL, directly attributable transaction costs on the trade date at which the Company becomes a party to the contractual provisions of the instrument. Financial assets with embedded derivatives are considered in their entirety when determining their classification at FVPL or at amortized cost. Other accounts receivable held for collection of contractual cash flows are measured at amortized cost.

Subsequent measurement – Financial assets at amortized cost
After initial recognition, financial assets measured at amortized cost are subsequently measured at the end of each reporting period at amortized cost using the Effective Interest Rate ("EIR") method. Amortized cost is calculated by taking into account any discount or premium on acquisition and any fees or costs that are an integral part of the EIR. The EIR amortization is included in other income in the statements of net loss. The Company's cash, and amounts due from related parties, are measured at amortized cost.

Subsequent measurement - Financial assets at FVPL
Financial assets measured at FVPL include financial assets management intends to sell in the short term and any derivative financial instrument that is not designated as a hedging instrument in a hedge relationship. Financial assets measured at FVPL are carried at fair value in the statements of financial position with changes in fair value recognized in other income or expense in the statement of loss. The Company has no assets classified as financial assets at FVPL.

Subsequent measurement - Financial assets at FVOCI
Financial assets measured at FVOCI are non-derivative financial assets that are not held for trading and the Company has made an irrevocable election at the time of initial recognition to measure the assets at FVOCI. The Company does not measure any financial assets at FVOCI.

After initial measurement, investments measured at FVOCI are subsequently measured at fair value with unrealized gains or losses recognized in other comprehensive income or loss in the statements of comprehensive loss. When the investment is sold, the cumulative gain or loss remains in accumulated other comprehensive income or loss and is not reclassified to profit or loss

Derecognition
A financial asset is derecognized when the contractual rights to the cash flows from the asset expire, or the Company no longer retains substantially all the risks and rewards of ownership.

Impairment of financial assets
The Company's only financial asset subject to impairment is the amount due from related party, which is measured at amortized cost. The Company has elected to apply the simplified approach to impairment as permitted by IFRS 9, which requires the expected lifetime loss to be recognized at the time of initial recognition of the receivable. To measure estimated credit losses, accounts receivable have been grouped based on shared credit risk characteristics, including the number of days past due. An impairment loss is

reversed in subsequent periods if the amount of the expected loss decreases and the decrease can be objectively related to an event occurring after the initial impairment was recognized.

Financial liabilities

Initial recognition and measurement
Financial liabilities are measured at amortized cost, unless they are required to be measured at FVPL as is the case for held for trading or derivative instruments, or the Company has opted to measure the financial liability at FVPL. The Company's financial liabilities include accounts payable and accrued liabilities, which are each measured at amortized cost. All financial liabilities are recognized initially at fair value.

Subsequent measurement - financial liabilities at amortized cost
After initial recognition, financial liabilities measured at amortized cost are subsequently measured at the end of each reporting period at amortized cost using the Effective Interest Rate ("EIR") method. Amortized cost is calculated by taking into account any discount or premium on acquisition and any fees or costs that are an integral part of the EIR. The EIR amortization is included in finance cost in the statements of net loss.

Derecognition
A financial liability is derecognized when the obligation under the liability is discharged, cancelled or expires with any associated gain or loss recognized in other income or expense in the statements of loss.

Financial instruments fair value hierarchy
Financial instruments recorded at fair value on the statement of financial position are classified using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

- Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly; and
- Level 3: Inputs for the assets or liabilities that are not based on observable market data.

Equipment
Equipment is stated at historical cost less accumulated amortization and accumulated impairment losses.

Amortization is provided at rates calculated to write off the equipment, less their estimated residual value, using the declining balance method over their expected useful lives, at the following annual rates.

Class	Amortization rate
Automotive equipment	30%
Computer equipment	30%
Mining equipment	20%

Income tax
Income tax expense is comprised of both current and deferred income taxes. Income tax expense is recognized in the statement of loss and comprehensive loss except to the extent that it relates to items recognized directly in equity, in which case it is recognized in equity. Current tax is the expected tax payable on the taxable income for the period, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred income tax is provided for 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 profit 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.

Flow-through share issuances

The Company finances a portion of its exploration activities through the issue of flow-through shares issued pursuant to the Canadian Income Tax Act (“Tax Act”). Proceeds received from the issuance of flow-through shares are restricted to be used only for qualifying Canadian exploration and development expenses as defined in the Tax Act.

Pursuant to the terms of the flow-through share subscription agreements, these shares transfer the tax deductibility of qualifying expenditures to flow-through investors. On issuance, the Company allocates a portion of the subscription proceeds as a flow-through share premium, equal to the estimated premium, if any, that investors pay for the flow-through feature, which is recognized as a flow-through share premium liability. As expenditures are incurred and applied against the Company’s associated flow-through commitment, the premium liability is reduced proportionately, charged as a recovery in operations.

Asset retirement obligations (“ARO”)

The Company records the present value of estimated costs of legal and constructive obligations required to restore operating locations in the period in which the obligation is incurred. The nature of these restoration activities includes dismantling and removing structures, rehabilitating mines and tailings dams, dismantling operating facilities, closure of plant and waste sites, and restoration, reclamation and re-vegetation of affected areas.

The obligation generally arises when the asset is installed or the ground / environment is disturbed at the production location. When the liability is initially recognized, the present value is estimated at cost.

Over time, the discounted liability is increased for the change in present value based on the discount rates that reflect current market assessments and the risks specific to the liability. The periodic unwinding of the discount is recognized in loss as a finance cost. Additional disturbances or changes in rehabilitation costs will be recognized as additions or charges to the corresponding assets and rehabilitation liability when they occur. For closed sites, changes to estimated costs are recognized immediately in loss. The Company does not currently have any such significant legal or constructive obligations and therefore, no rehabilitation provision has been recorded as at December 31, 2023 and 2022.

4. ADOPTION OF NEW AND REVISED STANDARDS AND INTERPRETATIONS

During the year ended December 31, 2023, the Company adopted a number of amendments and improvements of existing standards. These included IAS 1 – Disclosure of Accounting Policies and IAS 8 – Definition of Accounting Estimates. These new standards and changes did not have any material impact on the Company’s financial statements.

Certain pronouncements were issued by the IASB or the IFRIC that are mandatory for accounting periods commencing on or after January 1, 2024. Many are not applicable or do not have a significant impact to the Company and have been excluded. Management is currently evaluating the impact of these pronouncements on the Company’s financial statements.

(Expressed in Canadian dollars)

IAS 1 – Presentation of Financial Statements ("IAS 1") was amended in January 2020 to provide a more general approach to the classification of liabilities under IAS 1 based on the contractual arrangements in place at the reporting date. The amendments clarify that the classification of liabilities as current or noncurrent is based solely on a company's right to defer settlement at the reporting date. The right needs to be unconditional and must have substance. The amendments also clarify that the transfer of a company's own equity instruments is regarded as settlement of a liability, unless it results from the exercise of a conversion option meeting the definition of an equity instrument. The amendments are effective for annual periods beginning on January 1, 2024.

5. EQUIPMENT

	Automotive equipment	Computer Equipment	Mining equipment	Total
Cost				
Balance, December 31, 2021	$75,165	$7,337	$177,358	$259,860
Additions	43,611	-	-	43,611
Balance, December 31, 2022	118,776	7,337	177,358	303,471
Additions	-	-	-	-
Balance, December 31, 2023	**$118,776**	**$7,337**	**$177,358**	**$303,471**

	Automotive equipment	Computer Equipment	Mining equipment	Total
Accumulated amortization				
Balance, December 31, 2021	$14,382	$1,931	$39,232	$55,545
Amortization	16,518	1,081	27,625	45,224
Balance, December 31, 2022	30,900	3,012	66,857	100,769
Amortization	17,575	864	22,101	40,540
Balance, December 31, 2023	**48,475**	**3,876**	**88,958**	**141,309**
Net book value, December 31, 2022	87,876	4,325	110,501	202,702
Net book value, December 31, 2023	**$70,301**	**$3,461**	**$88,400**	**$162,162**

6. EXPLORATION EXPENSES

The following are details of the Company's exploration and evaluation expenses for the years ended December 31, 2023 and 2022 are as follows:

	2023	2022	Accumulated From Property Inception
Mann Project, Ontario	**$ -**	$34,478	**$1,536,507**
Hook/Ackio, Catharsis and Shadow Projects, Saskatchewan	**6,794,936**	15,396,076	**$26,490,184**
	$6,794,936	$15,430,554	**$28,026,691**

Mann Project

The Company has 100% ownership of the Mann Silver-Cobalt Mine Project (the "Mann Project") which is in the Shining Tree district of Ontario. The Mann Project is subject to various NSR ranging from 2% to 4% with rights to buyback of 1% of the NSR.

Shadow Project
In June 2020, the Company acquired 100% ownership of the Shadow Uranium Project in the Athabasca Basin area of northern Saskatchewan, Canada. The project is free of any option agreement or underlying royalties. In 2023, the Company paid deficiency deposits totalling $430,000 to keep the Shadow Uranium Project claims in good standing. The deposit is equal to the amount of work required to keep the claims in good standing and is recoverable once the required work is applied and accepted against the relevant claims. The Company has recognized the deposits as an expense in the current period.

Hook Project
In July 2020, the Company acquired 100% ownership of the Hook Uranium Project in the Athabasca Basin area of northern Saskatchewan, Canada. The project is free of any option agreement or underlying royalties. Certain claims lapsed in 2022, which were outside of the core area of interest. Additional claims were acquired through staking in 2023 which had overlapping areas with the lapsed claims.

Catharsis Project
In March 2021, the Company acquired 100% ownership of the Catharsis Uranium Project in the Athabasca Basin area of northern Saskatchewan, Canada. The project is free of any option agreement or underlying royalties.

7. CAPITAL MANAGEMENT

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern, so that it can provide returns to shareholders and benefits to other stakeholders.

The Company considers the items included in equity as capital. The Company manages the capital structure and adjusts it in light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Company may issue new shares through equity offerings or return capital to shareholders.

There can be no assurance that the Company will be successful in its efforts to arrange additional financing, if needed, on terms satisfactory to the Company.

Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Company, is reasonable. There were no changes in the Company's approach to capital management during the years ended December 31, 2023 and 2022.

The Company is not subject to any capital requirements imposed by a lending institution or regulatory body, other than of the TSX Venture Exchange ("TSXV") which requires adequate working capital or financial resources of the greater of (i) $50,000 and (ii) an amount required in order to maintain operations and cover general and administrative expenses for a period of 6 months.

8. FINANCIAL RISK MANAGEMENT

The Company is exposed in varying degrees to a variety of financial instrument related risks. The type of risk exposure and the way in which such exposure is managed is provided as follows:

Fair value of financial instruments
The fair value of financial instruments approximates their carrying value due to the short-term maturity of these instruments. As at December 31, 2023 and December 31, 2022, the Company has no financial instruments to classify in the fair value hierarchy. The fair value of the Company's financial instruments approximate their carrying amount given their short term nature.

Credit risk
Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause

(Expressed in Canadian dollars)

the other party to incur a financial loss. The Company's exposure to credit risk is on its cash held in bank accounts and amounts due from related parties. Cash is held with major banks in Canada. Management assesses credit risk of cash as remote on due from related parties.

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 strives to ensure that there are sufficient funds to meet its short-term business requirements, taking into account its anticipated cash flows from operations and its holdings of cash. The Company's accounts payable and accrued liabilities generally have contractual maturities of less than 30 days and are subject to normal trade terms. In the long-term, the Company may have to issue additional equity to ensure there is sufficient capital to meet long-term objectives.

Currency and interest rate risk
The Company is not exposed to any significant foreign exchange risk or interest rate risk.

Classification of financial instruments

Financial assets and liabilities included in the statement of financial position as at December 31, 2023 and 2022 are as follows:

	2023	**2022**
Financial assets at amortized costs:		
Cash	**$15,945,841**	$7,043,611
Due from related parties	**43,271**	68,233
	$15,989,112	$7,111,844

	2023	**2022**
Financial liabilities at amortized costs:		
Accounts payable and accrued liabilities	**$431,536**	$294,878
	$431,536	$294,878

9. FLOW-THROUGH SHARE PREMIUM LIABILITY

The issuance of flow-through common shares requires the Company to incur an amount equivalent to the proceeds of the issued flow-through common shares on Canadian qualifying exploration expenditures. The Company has indemnified the holders of such shares for any tax and other costs payable by them in the event the Company has not incurred the required exploration expenditures. As expenditures are incurred, the flow-through share premium liability is reversed. At December 31, 2023, the flow-through share premium liability was $2,663,741 (December 31, 2021 - $1,216,117). During the year ended December 31, 2023, the Company recognized a flow-through share premium recovery of $1,319,170 (2022 – recovery of $42,000) in the statement of loss.

10. SHARE CAPITAL

Authorized share capital
Unlimited number of voting common shares without par value.

Issued share capital

(a) On December 18, 2022, the Company completed a private placement consisting of 3,571,429 flow-through units at a price of $0.84 per unit for gross proceeds of $3,000,000, where each unit consists of one flow-through common share and one half of one common share purchase warrant. Each whole warrant will entitle the holder to purchase one additional common share of the Company at a price of $0.80 until December 19, 2024. The valuation of the warrants was estimated in the amount of $259,741 using the Black-Scholes option pricing model. In connection with the financing, the Company has issued 214,285 finders' warrants. Each finders' warrant entitles the holder, on exercise thereof, to purchase one common share at a price of $0.52 until December 19, 2024. The valuation of the finders' warrants was estimated in the amount of $41,604 using the Black-Scholes option pricing model Also, in connection with financing the Company incurred cash finder's fees and other financing costs totaling $299,235.

The following assumptions were used in the Black-Scholes option pricing model calculations: expected dividend yield rate of 0%, expected volatility of 97% based on historical volatility, risk free interest rate of 3.67%, share price of $0.42 and an expected life of 2 years.

(b) During the year ended December 31, 2022, the Company issued 2,998,954 common shares from the exercise of 225,000 stock options and 2,773,954 warrants for cash proceeds of $134,249 and $1,050,958, respectively.

(c) In May and June 2023, the Company completed a private placement which closed in 3 tranches. It consisted of 10,417,349 flow-through units at a price of $0.48 per unit for gross proceeds of $5,000,328, where each unit consists of one flow through common share and one half of one common share purchase warrant. Each whole warrant will entitle the holder to purchase one additional common share of the Company at a price of $0.70 until May and June 2025. The valuation of the warrants was estimated in the amount of $950,000 using the Black-Scholes option pricing model in connection with the financing, the Company has issued 615,441 finders' warrants. Each finder's warrant entitles the holder, on exercise thereof, to purchase one common share at a price of $0.48 until May and June 2025. The valuation of the finders' warrants was estimated in the amount of $133,000 using the Black-Scholes option pricing model. In connection with financing the Company incurred cash finders' fees of $296,641 and other share issue costs for $31,736.

The following assumptions were used in the Black-Scholes option pricing model calculations: expected dividend yield rate of 0%, expected volatility of 91% based on historical volatility, risk free interest rate of 3.68%, share price of $0.47 and an expected life of 2 years.

(d) On October 18, 2023, the Company completed private placements for gross proceeds of $10,665,386 million:

- 3,703,749 units of the Company were sold at a price of $0.405 per unit, resulting in gross proceeds of up to $1,500,018. Each unit consisted of one common share and one half of one warrant to purchase one common share at a price of $0.60 at any time on or before October 18, 2025.
- 6,594,516 flow-through units of the Company were sold at a price of $0.48 per unit, resulting in gross proceeds of $3,165,368 Each unit consisted of one common share issued as a "flow-through share" within the meaning of the Income Tax Act (Canada) and one half of one warrant to purchase one common share at a price of $0.60 at any time on or before October 18, 2025.
- 10,000,000 charity flow-through units were sold to charitable purchasers at a price of $0.60 per unit, resulting in gross proceeds of $6,000,000. Each unit consisted of one common share issued as a "flow-through share" within the meaning of the Income Tax Act (Canada) and one half of one warrant to purchase one common share at a price of $0.60 at any time on or before October 18, 2025.

The Company paid commissions and finder's fees totaling approximately $540,000 and incurred additional cash financing costs of approximately $235,000. The Company issued 912,499 broker warrants entitling the holder to purchase one common share of the Company at a price of $0.405 at any time on or before

(Expressed in Canadian dollars)

October 18, 2025 and 83,170 finder's warrants entitling the holder to purchase one common share of the Company at a price of $0.48 at any time on or before October 18, 2025.

The valuation of the warrants was estimated in the amount of $1,440,191 using the Black-Scholes option pricing model. The valuation of the brokers' warrants was estimated in the amount of $168,288 using the Black-Scholes option pricing model. The valuation of the finders' warrants was estimated in the amount of $13,796 using the Black-Scholes option pricing model.

The following assumptions were used in the Black-Scholes option pricing model calculations: expected dividend yield rate of 0%, expected volatility of 84% based on historical volatility, risk free interest rate of 4.90%, share price of $0.395 and an expected life of 2 years.

(e) During the year ended December 31, 2023, the Company issued 80,000 common shares from the exercise of stock options for gross proceeds of $8,000. During the year ended December 31, 2023, the Company issued 2,725,429 common shares from the exercise of warrants for cash gross proceeds of $1,090,172. During the fiscal year ended December 31, 2023, an amount of $204,408 was reallocated from the reserve to Share Capital.

Warrants

A summary of the changes in the Company's warrants is set out as follows:

For the year ended	**December 31, 2023**		**December 31, 2022**	
	Number of warrants	**Weighted average exercise price**	**Number of warrants**	**Weighted average exercise price**
Outstanding, beginning of year	**17,975,854**	**$0.88**	21,364,956	$0.79
Warrants issued	**16,968,919**	**0.62**	1,999,999	0.77
Exercised	**(2,725,429)**	**0.40**	(2,773,954)	0.38
Expired	**(13,250,425)**	**0.99**	(2,615,147)	0.58
Warrants outstanding, end of year	**18,968,919**	**$0.63**	17,975,854	$0.88

As at December 31, 2023, the following warrants were outstanding:

Number of warrants outstanding	Exercise Price	Expiry Date
1,785,715	$0.80	19-Dec-24
214,285	0.52	19-Dec-24
5,208,675	0.70	10-May-25
615,441	0.48	10-May-25
912,499	0.405	18-Oct-25
83,170	0.48	18-Oct-25
10,149,133	0.60	18-Oct-25
18,968,919	$0.63	1.5 years

(Expressed in Canadian dollars)

Stock options

The Board of Directors of the Company has adopted a stock option plan which permits the Company to grant to directors, officers and consultants of the Company, non-transferable options to purchase common shares, provided that the number of common shares reserved for issuance will not exceed 20% of the issued and outstanding common shares and be exercisable for a period of up to five years from the date of grant. As at December 31, 2023, there is no stock option plan in effect for the issuance of new options. The number of common shares reserved for issuance to any individual director or officer will not exceed 5% of the issued and outstanding common shares and the number of common shares reserved for issuance to any one consultant or individual conducting investor relations activities will not exceed 2% of the issued and outstanding shares. Otherwise specified otherwise by the Board of Directors options vest on the date of grant.

Grant date	02-Apr-22	08-Aug-22	02-Aug-23
# of options granted	810,000	4,000,000	4,000,000
Exercise price	$ 1.12	$ 0.80	$ 0.43
Life	5 years	5 years	5 years
Vesting			
Immediate	710,000	-	-
1 year	100,000	4,000,000	4,000,000
Black-Scholes inputs			
Risk-free rate	2.46%	2.90%	3.97%
Volatility	94%	95%	120%
Share price	$ 1.11	$ 0.80	$ 0.40
Dividend yield	0%	0%	0%
Fair value	$648,000	$2,347,624	$1,330,226

The Company recognized share-based payment expense of $1,838,540 during the year ended December 31, 2023 (2022 - $1,593,949).

A summary of the changes in the Company's stock options is set out below:

For the year ended	**December 31, 2023**		**December 31, 2022**	
	Number of options	**Weighted average exercise price**	**Number of options**	**Weighted average exercise price**
Outstanding, beginning of year	12,355,000	$ 0.61	7,980,050	$0.50
Granted	4,000,000	0.43	4,810,000	0.85
Exercised	(80,000)	0.10	(225,000)	0.56
Forfeited/expired	(300,000)	0.62	(210,050)	1.00
Options outstanding, end of year	15,975,000	$ 0.56	12,355,000	0.61
Options exercisable, end of year	12,025,000	$ 0.61	8,255,000	$0.61

(Expressed in Canadian dollars)

The following incentive stock options were outstanding and exercisable at December 31, 2023:

Number of options outstanding	Number of options exercisable	Exercise Price ($)	Expiry Date	Weighted average life (years)
3,350,000	3,350,000	$0.10	04-Jun-25	1.43
2,350,000	2,350,000	0.56	10-Jun-26	2.44
1,725,000	1,725,000	1.00	20-Dec-26	2.97
800,000	800,000	1.12	02-Apr-27	3.26
3,800,000*	3,800,000	0.80	07-Aug-27	3.60
3,950,000	-	0.43	05-Aug-28	4.60
15,975,000	12,025,000	$0.56		3.13

*50,000 forfeited subsequent to December 31, 2023.

11. RELATED PARTY TRANSACTIONS

Key management personnel compensation

Key management includes the Company's directors, officers, and employees with the authority and responsibility for either directly or indirectly planning, directing and controlling the activities of the Company. Compensation awarded to key management during the years ended December 31, 2023 and 2022 include:

	2023	2022
Geological consulting included in exploration expenses	**$285,000**	$222,329
Management and consulting fees	**296,898**	275,668
Share-based compensation	**1,458,560**	1,057,923
	$2,040,458	$1,555,920

Standard Ore Corporation ("Standard Ore") is controlled by a director of the Company. Standard Ore provides corporate and administrative services to the Company. For the year ended December 31, 2023, Standard Ore charged the Company $120,000 of management fees, which is included in the amounts in the above chart (2022 - $120,000).

As at December 31, 2023 and 2022, the Company had the following related party balances:

	2023	2022
Due from Standard Ore Corporation	**$43,271**	$44,104
Due from Orecap Invest Corp.	**-**	188
Due from Metal Energy Corp.	**-**	23,941
	$43,271	$68,233

All of the amounts are unsecured, non-interest bearing with no fixed terms of repayment.

During the year ended as at December 31, 2023 a director of the Company exercised 80,000 options at an exercise price of $0.10, resulting in $8,000 in gross proceeds.

(Expressed in Canadian dollars)

Orecap Invest Corp. (formerly Orefinders Resources Inc.) and Metal Energy Corp. have certain directors and officers in common with the Company.

As at December 31, 2023, accounts payable and accrued liabilities included nil (2022 - $28,408) due to officers and directors of the Company.

12. COMMITMENTS AND CONTINGENCIES

(i) During 2023, the Company received gross proceeds of $14,165,695 from the issue of flow-through shares which the Company has committed to spend on eligible exploration expenditures by December 31, 2024. As at December 31, 2023, the Company spent approximately $3,300,000.

The Company has indemnified the subscribers of the flow-through share offerings against any tax-related amounts that become payable by the shareholder as a result of the Company not meeting its expenditure commitments.

(ii) The Company's exploration activities are subject to various federal and provincial laws and regulations governing the protection of the environment. These laws and regulations are continually changing and generally becoming more restrictive. The Company has made and expects to make in the future, expenditures to comply with such laws and regulations.

13. INCOME TAXES

The income tax provision differs from income taxes, which would result from applying the expected tax rate to net loss before income taxes. The differences between the "expected" income tax expenses and the actual income tax provision are summarized as follows:

	2023	2022
Loss for the year before tax	**$(9,449,716)**	$ (18,144,899)
Statutory tax rate	**26.50%**	26.5%
Expected income tax recovery	**(2,504,175)**	(4,808,000)
Share issuance costs booked to equity	**(292,313)**	-
Share-based payments	**487,213**	426,000
Non-taxable items	**2,139**	-
Flow-through renunciation	**1,635,013**	2,114,000
Flow-through premium	**(1,319,170)**	(42,000)
Change in benefit of tax assets not recognized	**672,123**	2,268,000
Income tax expense	**$(1,319,170)**	$ (42,000)

(Expressed in Canadian dollars)

At December 31, 2023 and 2022, the Company's unrecognized deductible temporary differences are as follows:

	2023	2022
Share issue costs	$1,641,817	$ 1,153,000
Mineral property costs	8,779,958	7,872,000
Other temporary differences	140,351	100,000
Non-capital loss carry-forward	5,366,315	3,564,000
Unrecognized deductible temporary differences	$15,928,441	$ 12,689,000

The non-capital loss carry forward balance reflected above of $5,366,315 is available to reduce future years' income for tax purposes. These losses, expire as follows:

Year of expiry	Amount
2043	$2,006,233
2042	1,525,348
2041	1,404,111
2040	430,623
Total	$5,366,315

14. EVENTS SUBSEQUENT TO YEAR END

In February 2024, the Company closed an equity financing for gross proceeds of $6,000,000, comprised of:

- 2,222,222 units of the Company (each, a "Unit") at a price of $0.45 per Unit for gross proceeds of $1,000,000 from the sale of Units; and
- 7,692,308 flow-through units of the Company (each, a "Charity FT Unit", at a price of $0.65 per Charity FT Unit for gross proceeds of $5,000,000 from the sale of Charity FT Units.
-

Each Unit consists of one common share and one half of one common share purchase warrant. Each Charity FT Unit consists of one common share of the Company and one half of one warrant, each of which will be issued as a "flow-through share" within the meaning of the Income Tax Act (Canada). Each warrant is exercisable at a price of $0.65 at any time on or before February 14, 2026.

In connection with the Offering, the Company paid an aggregate cash commission of $360,000, equal to 6.0% of the gross proceeds. The Company also issued 594,871 broker warrants, each entitles the holder to purchase one common share at a price of $0.45 at any time on or before February 14, 2026.