P2 GOLD INC.

CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023

Independent auditor's report

To the Shareholders of P2 Gold Inc.

Our opinion

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of P2 Gold Inc. and its subsidiaries (together, the Company) as at December 31, 2024 and 2023, and its financial performance and its cash flows for the years then ended in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board (IFRS Accounting Standards).

What we have audited
The Company's consolidated financial statements comprise:

- the consolidated statements of financial position as at December 31, 2024 and 2023;
- the consolidated statements of earnings (loss) and comprehensive earnings (loss) for the years then ended;
- the consolidated statements of cash flows for the years then ended;
- the consolidated statements of changes in equity for the years then ended; and
- the notes to the consolidated financial statements, comprising material accounting policy information and other explanatory information.

Basis for opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the consolidated financial statements* section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence
We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Canada. We have fulfilled our other ethical responsibilities in accordance with these requirements.

Material uncertainty related to going concern

We draw attention to note 1 to the consolidated financial statements, which describes events or conditions that indicate the existence of a material uncertainty that may cast significant doubt about the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

PricewaterhouseCoopers LLP
PwC Place, 250 Howe Street, Suite 1400, Vancouver, British Columbia, Canada V6C 3S7
T.: +1 604 806 7000, F.: +1 604 806 7806, Fax to mail: ca_vancouver_main_fax@pwc.com

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements for the year ended December 31, 2024. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. In addition to the matter described in the *Material uncertainty related to going concern* section, we have determined the matters described below to be the key audit matters to be communicated in our report.

Key audit matter	How our audit addressed the key audit matter

Measurement of the convertible debentures
 	
Refer to note 3 – Material accounting policy information and note 10 – Convertible debentures to the consolidated financial statements.
 	
On March 4, 2024, and March 14, 2024, the Company issued 1,665 convertible debenture units for gross proceeds of $1,665,000. Each unit consisted of one convertible debenture with a principal amount of $1,000 and 12,500 share purchase warrants.
 	
Under the terms of the offering, at any time during the term, a holder of the convertible debentures may elect to convert the outstanding net principal amount, or any portion thereof, into common shares in the capital of the Company at a conversion price of $0.07 per share up to January 31, 2025 and $0.10 per share from February 1, 2025 to January 31, 2026. In the event the Company announces a business combination and the 15-day volume weighted average price of the shares on the Exchange is greater than $0.07, the Company will have the right to require the holders to convert the outstanding net principal amount into common shares at the conversion price.
 	
Management determined that the convertible debentures are in substance a debt instrument with embedded derivatives due to a variable conversion price and the prepayment options. Management elected to classify and measure the entire hybrid
	Our approach to addressing the matter included the following procedures, among others:
	
	• Read the convertible debenture agreement.
	• With the assistance of professionals with specialized skill and knowledge in the field of valuation, developed an independent point estimate of the fair values of the convertible debentures at initial recognition and as of December 31, 2024, based on key inputs, including the share prices, share price volatilities and credit spreads, by:
	  – Evaluating the reasonableness of the key inputs, by considering relevant public indexes and market data, as applicable.
	  – Testing the underlying data used in developing the independent point estimate.
	• Compared the independent point estimate of the convertible debentures to management's estimate to evaluate the reasonableness of management's estimate.
	• Evaluated the sufficiency of the disclosures in the consolidated financial statements.

Key audit matter	How our audit addressed the key audit matter
convertible debentures as a financial liability carried at fair value through profit and loss. The fair values of the convertible debentures at initial recognition and December 31, 2024 amounted to $2,355,089 and $1,448,688, respectively, and were estimated using the partial differential equation method with key inputs used including: the share prices, historical volatilities and credit spreads. We considered this a key audit matter due to (i) the significance of the fair values of the convertible debentures; (ii) the judgment by management; (iii) a high degree of auditor judgment, subjectivity and effort in performing procedures relating to the key inputs; and (iv) the audit effort involved the use of professionals with specialized skill and knowledge in the field of valuation.	

Other information

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

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

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

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of management and those charged with governance for the consolidated financial statements

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

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

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

Auditor's responsibilities for the audit of the consolidated financial statements

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

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

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the Company as a basis for forming an opinion on the consolidated financial statements. We are responsible for the direction, supervision and review of the audit work performed for purposes of the group audit. We remain solely responsible for our audit opinion.

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

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

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

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

/s/PricewaterhouseCoopers LLP

Chartered Professional Accountants

Vancouver, British Columbia
March 20, 2025

P2 GOLD INC.

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

Expressed in Canadian Dollars

	Note		December 31, 2024		Restated (note 2b) December 31, 2023
ASSETS					
Current assets					
Cash and cash equivalents		$	539,945	$	46,611
Receivables and other	6		97,815		167,554
			637,760		214,165
Non-current assets					
Property, plant and equipment	7		47,337		96,475
Total assets		$	685,097	$	310,640
LIABILITIES					
Current liabilities					
Accounts payable and accrued liabilities	8	$	196,757	$	486,980
Current portion of acquisition liabilities - Gabbs Project	9		179,863		4,557,915
Convertible debentures	10		1,448,688		-
Related party loans	14		915,500		545,000
			2,740,808		5,589,895
Non-current liabilities					
Acquisition liabilities - Gabbs Project	9		153,220		4,080,060
			2,894,028		9,669,955
SHAREHOLDERS' EQUITY					
Share capital	13		42,605,973		39,266,322
Other reserves	13		4,193,331		4,391,104
Accumulated other comprehensive income (loss) ("AOCI")			(677,563)		(537,542)
Deficit			(48,330,672)		(52,479,199)
			(2,208,931)		(9,359,315)
Total liabilities and shareholders' equity		$	685,097	$	310,640
Nature of operations and going concern	1				
Commitments	17				

Approved on behalf of the Board of Directors:

"Ron MacDonald"
Ron MacDonald
Chair of the Audit Committee

"Joseph Ovsenek"
Joseph Ovsenek
Chair of the Board, President and Chief Executive Officer ("CEO")

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

P2 GOLD INC.

CONSOLIDATED STATEMENTS OF EARNINGS (LOSS) AND COMPREHENSIVE EARNINGS (LOSS)

Expressed in Canadian dollars, except for share data

	Note		For the year ended December 31, 2024		December 31, 2023
Exploration and evaluation ("E&E") expenditures	11	$	434,712	$	4,434,049
Administrative expenses					
General and administrative			536,795		672,463
Investor relations and travel			535,595		769,888
Professional fees			287,794		381,521
Share-based compensation	13		174,409		488,334
Shareholder information			99,340		99,060
Depreciation	7		36,246		163,534
Total administrative expenses			1,670,179		2,574,800
Operating loss			(2,104,891)		(7,008,849)
Interest and finance expense	12		(470,388)		(1,078,274)
Foreign exchange (loss) gain			(89,426)		128,262
Loss on sale of property, plant and equipment	7		(14,960)		-
Interest and finance income			3,901		7,849
Other income			20,221		-
Other income - sale of mineral claims	11		50,000		-
Gain on extinguishment of related party loans	13 , 14		114,500		-
Gain on financial instruments at fair value	9 , 10		149,679		1,102,568
Gain on extinguishment of acquisition liabilities	9		6,360,508		2,056,201
Earnings (loss) before taxes			4,019,144		(4,792,243)
Current income tax recovery (expense)	16		23		(25,166)
Deferred income tax recovery	16		129,360		-
Flow-through share ("FTS") premium recovery	16		-		360,537
Net earnings (loss) for the year		$	4,148,527	$	(4,456,872)
Other comprehensive earnings (loss), net of tax					
Items that may be subsequently reclassified to earnings or loss:					
Currency translation adjustments			(137,778)		(15,101)
Items that will not be reclassified to earnings or loss:					
Change in fair value attributable to change in credit risk of financial instruments designated at fair value through profit or loss ("FVTPL")			(2,243)		-
Comprehensive earnings (loss) for the year		$	4,008,506	$	(4,471,973)
Earnings (loss) per share					
Basic		$	0.03	$	(0.04)
Diluted	13	$	0.03	$	(0.04)
Weighted average number of shares outstanding					
Basic			124,864,438		101,447,812
Diluted	13		144,907,673		101,447,812

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

P2 GOLD INC.

CONSOLIDATED STATEMENTS OF CASH FLOWS

Expressed in Canadian dollars

	Note	For the year ended December 31, 2024	December 31, 2023
Cash flows used in operating activities			
Net earnings (loss) for the year		$ 4,148,527	$ (4,456,872)
Items not affecting cash:			
Current income tax (recovery) expense	16	(23)	25,166
Deferred income tax recovery	16	(129,360)	-
Depreciation	7	36,246	163,534
FTS premium recovery	16	-	(360,537)
Gain on extinguishment of acquisition liabilities	9	(6,360,508)	(2,056,201)
Gain on extinguishment of related party loans	13 , 14	(114,500)	-
Gain on financial instruments at fair value	9 , 10	(149,679)	(1,102,568)
Interest and finance expense, net		466,394	1,068,609
Loss on sale of property, plant and equipment	7	14,960	-
Related party loans	14	300,000	-
Share-based compensation	13	174,409	488,334
Shares issued for acquisition of mineral projects	11 , 13	-	900,000
Shares issued for property option payments	11 , 13	-	176,000
Unrealized foreign exchange loss (gain)		91,451	(130,910)
Changes in non-cash working capital items:			
Receivables and other		73,226	518,653
Accounts payable and accrued liabilities		(162,016)	70,413
Income taxes paid		(26,748)	(207)
Net cash used in operating activities		(1,637,621)	(4,696,586)
Cash flows generated by (used in) investing activities			
Purchase of property, plant and equipment	7	(2,068)	(7,947)
Interest received		3,901	7,849
Net cash generated by (used in) investing activities		1,833	(98)
Cash flows generated by financing activities			
Payment of acquisition liabilities - Gabbs Project	9	(1,357,200)	-
Payment of lease obligations		-	(140,784)
Proceeds from convertible debentures	10	1,665,000	-
Proceeds from FTS private placement	13	-	2,047,040
Proceeds from private placements	13	1,492,000	983,220
Debt issuance costs		(89,613)	(41,198)
Share issuance costs		(27,857)	(123,662)
Proceeds from related party loans	14	550,000	545,000
Repayment of related party loans	14	(72,000)	-
Interest paid		(32,747)	-
Net cash generated by financing activities		2,127,583	3,269,616
Increase (decrease) in cash and cash equivalents for the year		**491,795**	**(1,427,068)**
Cash and cash equivalents, beginning of year		46,611	1,474,424
Effect of foreign exchange rate changes on cash and cash equivalents		1,539	(745)
Cash and cash equivalents, end of year		**$ 539,945**	**$ 46,611**

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

P2 GOLD INC.

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

Expressed in Canadian dollars, except for share data

	Note	Number of common shares	Share capital	Other reserves	AOCI	Deficit	Total
Balance - December 31, 2022		88,742,452	$ 34,710,050	$ 4,000,283	$ (522,441)	$ (48,022,327)	$ (9,834,435)
Private placements	13	3,611,927	975,220	-	-	-	975,220
Private placement - subscription receipts		-	8,000	-	-	-	8,000
FTS private placements	13	6,397,000	1,727,190	-	-	-	1,727,190
Share issuance costs	13	-	(124,662)	-	-	-	(124,662)
Share issuance costs - brokers warrants	13	-	(25,701)	25,701	-	-	-
Shares issued for acquisition of mineral projects	11 , 13	4,000,000	900,000	-	-	-	900,000
Shares issued for restructuring of acquisition liabilities - Gabbs Project	9 , 13	3,320,534	797,011	-	-	-	797,011
Shares issued for property option payments	11 , 13	800,000	176,000	-	-	-	176,000
Issuance of warrants	13	-	(258,080)	258,080	-	-	-
Expiry of warrants	13	-	381,294	(381,294)	-	-	-
Value assigned to share options vested	13	-	-	488,334	-	-	488,334
Other comprehensive loss for the year		-	-	-	(15,101)	-	(15,101)
Loss for the year		-	-	-	-	(4,456,872)	(4,456,872)
Balance - December 31, 2023		106,871,913	$ 39,266,322	$ 4,391,104	$ (537,542)	$ (52,479,199)	$ (9,359,315)
Private placement	13	26,250,000	1,500,000	-	-	-	1,500,000
Private placement - subscription receipts		-	(8,000)	-	-	-	(8,000)
Share issuance costs	13	-	(26,857)	-	-	-	(26,857)
Debt issuance costs - broker warrants	10 , 13	-	-	45,926	-	-	45,926
Shares issued for termination of acquisition liabilities - Gabbs Project	9 , 13	5,231,869	340,071	-	-	-	340,071
Shares issued for settlement of convertible debentures	10 , 13	4,617,603	330,248	-	-	-	330,248
Shares issued for settlement of related party loans	13 , 14	5,725,000	458,000	-	-	-	458,000
Issuance of warrants - convertible debentures, net of debt issuance costs and taxes	10 , 13	-	-	328,081	-	-	328,081
Expiry of warrants		-	746,189	(746,189)	-	-	-
Value assigned to share options vested	13	-	-	174,409	-	-	174,409
Other comprehensive loss for the year		-	-	-	(140,021)	-	(140,021)
Earnings for the year		-	-	-	-	4,148,527	4,148,527
Balance - December 31, 2024		148,696,385	$ 42,605,973	$ 4,193,331	$ (677,563)	$ (48,330,672)	$ (2,208,931)

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

1. NATURE OF OPERATIONS AND GOING CONCERN

(a) Nature of operations

P2 Gold Inc. (the "Company") was incorporated under the laws of the Canada Business Corporations Act on November 10, 2017 and continued under the British Columbia ("BC") Business Corporations Act on August 31, 2020. The Company's common shares are traded on the TSX Venture Exchange ("Exchange") under the symbol "PGLD" and the OTCQB Venture Market under the symbol "PGLDF". The address of the Company's registered office is 15th Floor, 1111 West Hastings Street, Vancouver, BC, Canada V6E 2J3.

The Company is a mineral exploration company engaged in the acquisition, exploration and development of mineral resource properties primarily in the western United States of America ("USA"). Currently, the Company is focused on financing exploration programs to identify potential mineral reserves.

The Company has not yet determined whether its mineral resource properties contain mineral reserves that are economically recoverable. The continued operation of the Company is dependent upon the preservation of its interest in its properties, the discovery of economically recoverable reserves, the ability of the Company to obtain the necessary financing to complete the exploration and development of such properties and upon future profitable production or proceeds from the disposition of such properties.

(b) Going concern assumption

These consolidated financial statements are prepared on a going concern basis, which contemplates that the Company will be able to meet its commitments, continue operations and realize its assets and discharge its liabilities in the normal course of business for at least twelve months from December 31, 2024. For the year ended December 31, 2024, the Company had net earnings of $4,148,527, which included a gain on extinguishment of acquisition liabilities in the amount of $6,360,508 (2023 – loss of $4,456,872) and used cash in operating activities of $1,637,621 (2023 – $4,696,586). As at December 31, 2024, the Company had cash and cash equivalents of $539,945 (2023 – $46,611) and a working capital (current assets less current liabilities) deficit of $2,103,048 (2023 – $5,375,730, restated, refer to note 2b).

Subsequent to December 31, 2024, on January 29, 2025, the Company received payment in the amount of $950,000 and issuance of 1,515,151 common shares ($250,000 in fair value) from Kingfisher Metals Corp. ("Kingfisher") on closing of the sale of the Ball Creek Claims (refer to note 11a).

The Company has incurred losses to date, has limited financial resources and has no current source of revenue or cash flow from operating activities. To address its financing requirements, the Company plans to seek financing through, but not limited to, debt financing, equity financing and strategic alliances. However, there is no assurance that such financing will be available. If adequate financing is not available or cannot be obtained on a timely basis, the Company may be required to delay, reduce the scope of or eliminate one or more of its exploration programs or relinquish some or all of its rights under the existing option and acquisition agreements.

The above factors give rise to material uncertainties that may cast significant doubt on the Company's ability to continue as a going concern. If the going concern assumption were not appropriate for these consolidated financial statements, then adjustments would be necessary to the carrying values of assets, liabilities, the reported expenses and the consolidated statement of financial position classifications used. Such adjustments could be material.

Expressed in Canadian dollars, except for share data

2. BASIS OF PREPARATION

(a) Statement of compliance and basis of presentation

These consolidated financial statements have been prepared in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board ("IFRS Accounting Standards").

These consolidated financial statements have been prepared on a historical cost basis except for financial instruments classified as FVTPL, which are stated at their fair value.

These consolidated financial statements were authorized for issue by the Board of Directors on March 20, 2025.

(b) Changes in material accounting policies

In October 2022, the International Accounting Standards Board ("IASB") issued amendments to International Accounting Standard ("IAS") 1, *Presentation of Financial Statements* titled *Non-Current Liabilities with Covenants*. These amendments sought to improve the information that an entity provides when its right to defer settlement of a liability is subject to compliance with covenants within 12 months after the reporting period. These amendments to IAS 1 override but incorporate the previous amendments, *Classification of Liabilities as Current or Non-Current*, issued in January 2020, which clarified that liabilities are classified as either current or non-current depending on the rights that exist at the end of the reporting period. Liabilities should be classified as non-current if a company has a substantive right to defer settlement for at least 12 months at the end of the reporting period. The amendments are effective for annual periods beginning on or after January 1, 2024 and are applied retrospectively.

The Company applied the change retrospectively and restated the comparative financial information as if the amendments were always in place. The only impact to the Company's financial statements was the classification of the convertible note associated with the acquisition liabilities for the Gabbs Project. As at December 31, 2023, the convertible note, including the debt portion and embedded derivative, in the amount of $4,073,598 is now recorded as a current liability. There were no changes to the January 1, 2023 opening balances.

3. MATERIAL ACCOUNTING POLICY INFORMATION

(a) Basis of consolidation

These consolidated financial statements include the financial statements of the Company and the entities controlled by the Company, its subsidiaries, listed in the following table:

Name of subsidiary	Place of incorporation	Proportion of ownership interest	Principal activity
P2 Gabbs Inc.	Nevada, USA	100%	Owns the Gabbs Project
P2 Oregon Inc.	Nevada, USA	100%	Holding company

3. MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

Control is defined as the exposure, or rights, to variable returns from involvement with an investee and the ability to affect those returns through power over the investee. Power over an investee exists when the Company has existing rights that give the Company the ability to direct the activities that significantly affect the investee's returns. This control is generally evidenced through owning more than 50% of the voting rights or currently exercisable potential voting rights of a subsidiary's share capital. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

Intercompany balances and transactions, including any unrealized income and expenses arising from intercompany transactions, are eliminated in preparing the consolidated financial statements.

(b) Foreign currency translation

Functional and presentation currency

Items included in the financial statements of each consolidated entity are measured using the currency of the primary economic environment in which the entity operates (the "functional currency").

The functional currency of the parent company is the Canadian dollar ("CAD") and the functional currency of each of the Company's subsidiaries is the United States dollar ("USD" or "US$"). The presentation currency of these consolidated financial statements is CAD.

Transactions and balances

Foreign currency transactions are translated into the functional currency using exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses result from the settlement of foreign currency transactions and from the translation of monetary assets and liabilities denominated in currencies other than an entity's functional currency. These gains (losses) are recognized in the statement of earnings (loss). Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the date of the initial transactions.

Translation of foreign operations into the presentation currency

The results of operations and statements of financial position of all the Company's subsidiaries with functional currencies different from the presentation currency are translated into the presentation currency as follows:

- Assets and liabilities are translated into CAD using the exchange rate at the statement of financial position date;
- Income and expenses are translated into CAD using the average exchange rate for the period; and
- All resulting exchange differences are recognized as a currency translation adjustment in the statement of comprehensive loss.

3. MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

(c) Financial instruments

Financial assets – Classification

Financial assets are classified at initial recognition as either: measured at amortized cost, FVTPL or fair value through other comprehensive income ("FVOCI"). The classification depends on the Company's business model for managing the financial assets and the contractual terms which give rise to the cash flows.

For assets measured at fair value, gains (losses) will either be recorded in earnings (loss) or other comprehensive income (loss) ("OCI"). For investments in debt instruments, this will depend on the business model for which the investment is held. For investments in equity instruments that are not held for trading, this will depend on whether the Company has made an irrevocable election at the time of initial recognition to account for the equity investment at FVOCI.

The Company reclassifies debt investments when, and only when, its business model for managing those assets changes.

Cash and cash equivalents

Cash and cash equivalents comprise cash holdings in business and savings accounts held at major financial institutions with an original maturity date of three months or less. Cash and cash equivalents are classified at amortized cost. Interest income is recognized by applying the effective interest rate method.

Restricted cash

Restricted cash is held by federal, provincial or local governments as collateral for reclamation bonds. Restricted cash is classified at amortized cost.

Accounts payable and accrued liabilities and acquisition liabilities – Gabbs Project

Accounts payable and accrued liabilities and the acquisition liabilities related to the Gabbs Project (i.e. contractual cash obligations under agreement and debt portion of convertible note) are recognized initially at fair value, net of any directly attributable transaction costs. Subsequent to initial recognition, these financial liabilities are held at amortized cost using the effective interest method.

Derivatives

Derivative instruments, including embedded derivatives in financial liabilities or non-financial contracts are recorded at FVTPL and, accordingly, are recorded on the statement of financial position at fair value. Fair values for derivative instruments are determined using valuation techniques, with assumptions based on market conditions existing at the statement of financial position date. Changes in fair value at each reporting date are included in the statement of earnings (loss) as gain (loss) on financial instruments at fair value.

3. MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

Convertible debentures

The Company has determined that the convertible debentures are in substance a debt instrument with embedded derivatives due to a variable conversion price and prepayment options. The Company elected to classify and measure the entire hybrid convertible debentures as a financial liability carried at FVTPL. IFRS 9 requires the gain (loss) associated with changes in the fair value of the convertible debentures be recorded in earnings (loss), except for changes in fair value attributable to changes in the credit risk of the liability, which must be presented in OCI. The liability's credit risk is represented by the difference between the discount rate associated with the liability and the risk-free rate.

(d) Property, plant and equipment

Property, plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses. The initial cost of an asset is comprised of its purchase price or construction cost, any costs directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management and the estimated future cost of dismantling and removing the asset at the end of its useful life. The purchase price or construction cost is the fair value of consideration to acquire the asset.

Depreciation of property, plant and equipment commences when the asset has been fully commissioned and is available for its intended use.

Depreciation is calculated using the straight-line method to allocate cost over the estimated useful lives, as follows:

Asset class	**Estimated useful life**
Light vehicles	3 – 5 years
Office and information technology related assets	3 – 5 years
Exploration equipment	5 years
Leasehold improvements	Term of lease

Depreciation methods and estimated useful lives and residual values are reviewed annually and when facts and circumstances indicate that a review should be performed. Changes in estimates are accounted for prospectively.

An item of property, plant and equipment is derecognized upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain (loss) arising on disposal of the asset, determined as the difference between the net disposal proceeds and the carrying amount of the asset, is recognized in the statement of earnings (loss).

(e) E&E expenditures

All E&E expenditures are expensed to the statement of earnings (loss), including the costs of acquiring exploration stage properties.

3. MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

Exploration expenditures are costs incurred in the initial search for mineral deposits with economic potential or in the process of obtaining more information about existing mineral deposits. Exploration expenditures typically include costs associated with prospecting, sampling, mapping, drilling and other work involved in searching for Mineral Resources, as defined by National Instrument 43-101 – *Standards of Disclosure for Mineral Projects* ("NI 43-101").

Evaluation expenditures are the costs incurred to establish the technical feasibility and commercial viability of developing mineral deposits identified through exploration activities, business combinations or asset acquisitions. Evaluation expenditures include the cost of: (i) further defining the volume and grade of deposits through drilling of core samples and other sampling techniques, trenching and sampling activities in an ore body or other forms or data acquisition; (ii) determining the optimal methods of extraction and metallurgical and treatment processes; (iii) studies related to surveying, transportation and infrastructure requirements; (iv) permitting activities; and (v) economic evaluations to determine whether development or mineralized material is commercially justified including preliminary economic assessments ("PEA"), pre-feasibility and final feasibility studies.

E&E expenditures are expensed until it has been determined that a property is technically feasible and commercially viable, in which case, subsequent evaluation expenditures incurred to develop a mineral property are capitalized to property, plant and equipment.

The establishment of technical feasibility and commercial viability of a mineral property is assessed based on a combination of factors, including:

- The extent to which mineral reserves and mineral resources as defined by NI 43-101 have been identified through a feasibility study or similar document;
- The results of optimization studies and further technical evaluation carried out to mitigate project risks identified in the feasibility study;
- The status of environmental permits; and
- The status of mining leases or permits.

Upon the achievement of commercial production, a mineral property is depleted using the units-of-production method. Units-of-production depletion rates are determined using gold ounces mined over the estimated proven and probable mineral reserves of the mine.

(f) Government incentive tax credits

The Company incurs expenditures where government tax credits are available to offset specific expenditures incurred. These tax credits are recorded as a receivable when the amount is reliably measurable, and it is considered probable that the tax credit will be recovered.

3. MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

(g) Leases

At the inception of a contract, the Company assesses whether a contract is, or contains, a lease based on whether the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Company assesses whether:

- The contract involves the use of an identified asset, either explicitly or implicitly, including consideration of supplier substitution rights;
- The Company has the right to obtain substantially all the economic benefits from the use of the asset throughout the period of use; and
- The Company has the right to direct the use of the asset.

The right of use ("ROU") asset is initially measured based on the initial amount of the lease obligation plus any initial direct costs incurred less any lease incentives received. The assets are depreciated to the earlier of the end of the useful life of the ROU asset or the lease term using the straight-line method to reflect the expected pattern of consumption of the future economic benefits. The lease term includes periods covered by an option to extend if the Company is reasonably certain to exercise that option. The ROU asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease obligation.

The lease obligation is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if the rate cannot be readily determined, the Company's incremental borrowing rate. The lease obligation is measured at amortized cost using the effective interest method and remeasured when there is a change in future lease payments. Future lease payments can arise from a change in an index or rate, if there is a change in the Company's estimate of the expected payable under a residual value guarantee, or if the Company changes its assessment of whether it will exercise a purchase, extension or termination option. When the lease obligation is remeasured, a corresponding adjustment is made to the carrying amount of the ROU asset, or is recorded to the statement of earnings (loss), if the carrying amount of the ROU asset has been reduced to zero.

(h) Decommissioning and restoration provision

Decommissioning and restoration provisions are recognized when there is a significant disturbance to the areas in which E&E activities have occurred and when the provision can be estimated reliably.

Decommissioning and restoration costs are estimated and discounted to their net present value and capitalized to the carrying amount of the related asset along with the recording of a corresponding liability, as soon as the obligation to incur such costs arises. The discount rate used to calculate the net present value is a pre-tax rate of similar maturity that reflects current market assessments of time value of money and the risks specific to the liability.

3. MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

Each period, the Company reviews cost estimates and other assumptions used in the valuation of the provision to reflect events, changes in circumstances and new information available. The liability is adjusted each reporting period for the unwinding of the discount, changes to the current market-based discount rate and for the amount or timing of the underlying cash flows needed to settle the provision.

(i) Income taxes

Income tax is recognized in the statement of earnings (loss) except to the extent that it relates to items recognized directly in equity, in which case it is recognized in equity.

Deferred tax is provided for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Temporary differences are not provided for the initial recognition of assets or liabilities that affect neither accounting nor taxable earnings. The amount of deferred tax provided is based on the expected manner of realization or settlement of the carrying amount of assets and liabilities, using tax rates at the end of the reporting year applicable to the year of expected realization.

A deferred tax asset is recognized only to the extent that it is probable that future taxable earnings will be available against which the asset can be utilized.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities, when they relate to income taxes levied by the same taxation authority and when the Company intends to settle its current tax assets and liabilities on a net basis.

(j) Share capital

Common shares are classified as equity. Transaction costs directly attributable to the issue of common shares, share options and warrants are recognized as a deduction from equity, net of any tax effects.

If common shares are issued as consideration for the acquisition of a mineral project or restructuring of a debt arrangement, the common shares are measured at their fair value based on the quoted share price of the Company on the date the transaction is executed.

The Company uses the residual method in determining the fair value of warrants issued in unit equity offerings. This method provides for the allocation of the consideration received to the fair value of the common shares issued and allocating any residual amount to the warrants issued. When warrants expire, the applicable amounts of other reserves, if any, are transferred to share capital.

(k) Flow-through shares ("FTS")

The issuance of FTS results in the obligation to transfer the tax deductibility of the qualifying resource expenditures funded from the proceeds of the sale of such shares to the purchasers of the shares. On the issuance of such shares, the Company bifurcates the FTS into: a FTS premium, equal to the estimated premium that investors pay for the flow-through feature, which is recognized as a liability, and share capital. As the related E&E expenditures are incurred, the Company derecognizes the premium liability and recognizes a related deferred income tax recovery.

3. MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

(l) Share-based payment transactions

Options granted under the Company's equity settled share-based option plan are measured at fair value at the date of grant and recognized as an expense with a corresponding increase to other reserves in equity. An individual is classified as an employee when the individual is an employee for legal and tax purposes (direct employee) or provides services similar to those performed by a direct employee. Equity settled share-based payment transactions with non-employees are measured at the fair value of the goods or services received.

However, if the fair value cannot be estimated reliably, the share-based payment transaction is measured at the fair value of the equity instrument granted at the date the non-employee receives the goods or the services.

Fair value is determined using the Black-Scholes option pricing model, which relies on estimates of the risk-free interest rate, expected share price volatility, future dividend payments and the expected average life of the options. The fair value determined at the grant date is recognized as an expense over the vesting period in accordance with the vesting terms and conditions (graded vesting method), with a corresponding increase to other reserves in equity.

When share options are exercised, the applicable amounts of other reserves are transferred to share capital.

(m) Earnings (loss) per share

The Company presents earnings (loss) per share data, calculated by dividing the earnings (loss) attributable to common shareholders of the Company by the weighted average number of common shares outstanding during the year. Diluted earnings (loss) per share is determined by adjusting the earnings (loss) attributable to common shareholders and the weighted average number of common shares outstanding for the effects of all potentially dilutive common shares, including share options, warrants and convertible debentures.

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

The preparation of financial statements requires the use of accounting estimates. It also requires management to exercise judgment in the process of applying its accounting policies. Estimates and policy judgments are regularly evaluated and are based on management's experience and other factors, including expectations about future events that are believed to be reasonable under the circumstances. Actual results may differ from these estimates. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected.

The following discusses the most significant accounting policy judgments and accounting estimates that the Company has made in the preparation of the consolidated financial statements including those that could result in material changes within the next twelve months in the carrying amounts of assets and liabilities:

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS (Continued)

Key instances of accounting policy judgment

- The assessment of the Company's ability to continue as a going concern requires judgment related to future funding available to continue exploring and developing its properties and meet working capital requirements, the outcome of which is uncertain (refer to note 1b).

Estimation uncertainty

- The fair value of financial instruments that are not traded in an active market are determined using valuation techniques. Management uses its judgement to select a method of valuation and makes estimates of specific model inputs that are based on conditions existing at inception and at the end of each reporting period. Refer to note 10 for further details on the methods and assumptions associated with the measurement of the convertible debentures.

5. NEW ACCOUNTING STANDARDS AND RECENT PRONOUNCEMENTS

The following standards, amendments and interpretations have been issued but are not yet effective:

- In May 2024, the IASB issued *Amendments to the Classification and Measurement of Financial Instruments (Amendments to IFRS 9 and IFRS 7)*. These amendments updated classification and measurement requirements in *IFRS 9 Financial Instruments* and related disclosure requirements in *IFRS 7 Financial Instruments: Disclosures*. The IASB clarified the recognition and derecognition date of certain financial assets and liabilities, and amended the requirements related to settling financial liabilities using an electronic payment system. It also clarified how to assess the contractual cash flow characteristics of financial assets in determining whether they meet the solely payments of principal and interest criterion, including financial assets that have environmental, social and corporate governance ("ESG")-linked features and other similar contingent features. The IASB added disclosure requirements for financial instruments with contingent features that do not relate directly to basic lending risks and costs, and amended disclosures relating to equity instruments designated at FVOCI. The amendments are effective for annual periods beginning on or after January 1, 2026 with early adoption permitted. This amendment is not expected to have a material impact on the Company.

- In April 2024, the IASB issued IFRS 18 – *Presentation and Disclosure in Financial Statements* which will replace IAS 1, *Presentation of Financial Statements.* The new standard on presentation and disclosure in financial statements focuses on updates to the statement of earnings (loss). The key new concepts introduced in IFRS 18 relate to the structure of the statement of earnings (loss), required disclosures in the financial statements for certain earnings (loss) performance measures that are reported outside an entity's financial statements and enhanced principles on aggregation and disaggregation which apply to the primary financial statements and notes in general. Many of the other existing principles in IAS 1 are retained, with limited changes. IFRS 18 will apply for reporting periods beginning on or after January 1, 2027 and also applies to comparative information. The Company is in the process of assessing the impact of this standard.

Expressed in Canadian dollars, except for share data

5. NEW ACCOUNTING STANDARDS AND RECENT PRONOUNCEMENTS (Continued)

There are no other IFRS Accounting Standards or International Financial Reporting Interpretations Committee interpretations that are not yet effective or early adopted that are expected to have any impact on the Company.

6. RECEIVABLES AND OTHER

	December 31, 2024	December 31, 2023
Prepaid expenses and deposits	$ 79,786	$ 145,119
Other receivables	15,333	15,223
Tax receivables	2,696	7,212
	$ 97,815	$ 167,554

7. PROPERTY, PLANT AND EQUIPMENT

	Property, plant and equipment	ROU asset	Total
Year ended December 31, 2023			
Cost			
Balance - December 31, 2022	$ 177,485	$ 354,359	$ 531,844
Additions	7,947	-	7,947
Balance - December 31, 2023	$ 185,432	$ 354,359	$ 539,791
Accumulated depreciation			
Balance - December 31, 2022	$ 43,543	$ 236,239	$ 279,782
Depreciation	45,414	118,120	163,534
Balance - December 31, 2023	88,957	354,359	443,316
Net book value - December 31, 2023	96,475	-	96,475
Year ended December 31, 2024			
Cost			
Balance - December 31, 2023	$ 185,432	$ 354,359	$ 539,791
Additions	2,068	-	2,068
Disposals	(25,645)	(354,359)	(380,004)
Balance - December 31, 2024	$ 161,855	$ -	$ 161,855
Accumulated depreciation			
Balance - December 31, 2023	$ 88,957	$ 354,359	$ 443,316
Depreciation	36,246	-	36,246
Disposals	(10,685)	(354,359)	(365,044)
Balance - December 31, 2024	$ 114,518	$ -	$ 114,518
Net book value - December 31, 2024	$ 47,337	$ -	$ 47,337

Expressed in Canadian dollars, except for share data

7. PROPERTY, PLANT AND EQUIPMENT (Continued)

Property, plant and equipment consists of exploration equipment, a light vehicle, office furniture and information technology hardware.

8. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	December 31, 2024	December 31, 2023
Accrued liabilities	$ 96,300	$ 57,732
Interest payable	54,830	-
Trade payables	45,627	302,253
Taxes payable	-	24,458
Payroll liabilities	-	102,537
	$ 196,757	$ 486,980

9. ACQUISITION LIABILITIES – GABBS PROJECT

On February 22, 2021, the Company entered into an asset purchase agreement with Borealis Mining Company, LLC (“Borealis”), an indirect, wholly owned subsidiary of Waterton Precious Metals Fund II Cayman, LP (“Waterton”) to acquire all the assets that comprise the Gabbs Project located on the Walker-Lane Trend in the Fairplay Mining District of Nye County, Nevada.

On May 4, 2021, the Company and Borealis agreed to amend the terms of the asset purchase agreement (“Amended Agreement”). Under the Amended Agreement, the Company paid $1,216,600 (US$1,000,000) and issued 15,000,000 common shares ($7,500,000 in fair value) in its capital to Waterton at closing of the transaction. In addition, the Company was required to pay Waterton Nevada Splitter LLC (“Splitter”), an affiliate of Borealis, (a) US$4,000,000 on the twelve-month anniversary of closing and (b) US$5,000,000 on the earlier of the announcement of results of a PEA and the 24-month anniversary of closing.

Borealis reserved for itself a 2% net smelter returns royalty on production from the Gabbs Project, of which one percent may be repurchased at any time by the Company for US$1,500,000 and the remaining one percent of which may be repurchased for US$5,000,000. Waterton assigned its rights to the royalty to Franco-Nevada Corporation in June 2023.

On April 28, 2022, the Company and Splitter agreed to amend the terms of the milestone payments under the Amended Agreement for the purchase of the Gabbs Project. Under the amended terms, the Company would pay Splitter (a) US$500,000 on May 31, 2022; (b) US$500,000 on December 31, 2022, if the Company completed an equity financing in the second half of 2022; and (c) US$8,000,000 or US$8,500,000 on May 14, 2023 (depending on whether US$500,000 was paid on December 31, 2022), provided that if the Company announced the results of a PEA prior to May 14, 2023, all outstanding payments would be due on the earlier of 60 days following the announcement of such results and May 14, 2023, and if the Company sold an interest in the Gabbs Project at any time, including without limitation, a royalty or stream, the proceeds of such sale shall be paid to Splitter up to the amount remaining outstanding.

9. ACQUISITION LIABILITIES – GABBS PROJECT (Continued)

On March 3, 2023, the Company and Splitter agreed to restructure the outstanding payment terms for the acquisition of the Gabbs Project. As part of the restructuring, the Company entered into an amending agreement (the “Second Amended Agreement”) with Splitter pursuant to which the Company would pay to Splitter (a) US$150,000 on or before December 31, 2023, (b) US$250,000 on or before December 31, 2024, (c) US$2,000,000 on or before December 31, 2025 and (d) US$2,400,000 on or before December 31, 2026. Under the Second Amended Agreement, if the Company raised, through the issuance of debt or equity, in excess of $7,500,000 (excluding flow-through funds), 10% of the funds raised would be paid to Splitter against the longest dated milestone payment and on the sale of an interest in, or of, the Gabbs Project, the proceeds would be paid to Splitter up to the amount outstanding at the time.

In addition, on March 3, 2023, the Company issued to Splitter a US$4,000,000, zero coupon convertible note with a four-year term convertible at a price of $0.30 per share provided that the convertible note could not be converted if all payments due under the Second Amended Agreement had been made at the time the convertible note was called (other than if a change of control was to occur prior to repayment of the convertible note). The convertible note could be called by the Company at any time on payment of 115% in the first year, 130% in the second year and 150% thereafter and is due on maturity, an event of default or a change of control. Under the terms of the convertible note, approval by the shareholders of the Company was required if conversion of the convertible note would make Waterton (including affiliated entities) a control person (as defined in the Exchange’s Corporate Finance Manual).

In consideration for the restructuring, the Company issued 3,320,534 common shares ($797,011 in fair value) in the capital of the Company to Splitter following Exchange approval of the Second Amended Agreement.

The initial measurement of the acquisition liabilities under the terms of the Second Amended Agreement resulted in a gain on extinguishment of the pre-existing acquisition liabilities of $2,056,201.

On February 9, 2024, the Company entered into a termination agreement (“Termination Agreement”) with Splitter to settle the outstanding debt related to the acquisition of the Gabbs Project which included US$4,800,000 of contractual cash obligations and a US$4,000,000 convertible note as per the Second Amended Agreement.

Under the Termination Agreement, in settling the outstanding debt with Splitter, the Company (a) issued 5,231,869 common shares ($340,071 in fair value) in the capital of the Company, (b) paid $1,357,200 (US$1,000,000) and will pay (c) US$125,000 on or before January 31, 2025 (paid on January 28, 2025); and (d) US$125,000 on or before January 31, 2026.

Subsequent to December 31, 2024, on February 7, 2025, the Company and Splitter agreed to settle the final amount owing under the Termination Agreement for $143,000 (US$100,000) satisfying all of the Company’s obligations to Splitter for the acquisition of the Gabbs Project.

Expressed in Canadian dollars, except for share data

9. ACQUISITION LIABILITIES – GABBS PROJECT (Continued)

The components of the acquisition liabilities for the Gabbs Project consist of the following:

	December 31, 2024	*Restated (note 2b)* December 31, 2023
Contractual cash obligations under agreements	333,083	4,564,377
Debt portion of convertible note	-	3,372,863
Embedded derivative associated with convertible note	-	700,735
Total acquisition liabilities - Gabbs Project	333,083	8,637,975
Current portion of acquisition liabilities - Gabbs Project	(179,863)	(4,557,915)
Non-current portion of acquisition liabilities - Gabbs Project	$ 153,220	$ 4,080,060

Under the terms of the Termination Agreement, the remaining contractual cash obligations were initially recognized at amortized cost, net of transaction costs, in the amount of US$205,457 ($278,846) using a discount rate of 14.5%. The amortized cost was calculated based on the present value of the expected cash flows using a discount rate that reflects the risk-free rate and the Company specific credit spread.

The settlement of liabilities pursuant to the Termination Agreement and the initial measurement of the remaining acquisition liabilities under the terms of the Termination Agreement resulted in a gain on extinguishment of the pre-existing acquisition liabilities under the Second Amended Agreement of $6,360,508.

The movement in the acquisition liabilities associated with the Gabbs Project during the year comprised the following:

	December 31, 2024	For the year ended December 31, 2023
Opening balance	$ 8,637,975	$ 11,681,066
Accretion of acquisition liabilities - Gabbs Project	235,119	1,069,120
Payment for termination of acquisition liabilities	(1,357,200)	-
Shares issued for termination/restructuring of acquisition liabilities	(340,071)	(797,011)
Gain on financial instruments at fair value	(700,735)	(1,102,568)
Debt issuance costs	(7,347)	(41,198)
Foreign exchange movements	225,850	(115,233)
Gain on extinguishment of acquisition liabilities	(6,360,508)	(2,056,201)
Ending balance	$ 333,083	$ 8,637,975

10. CONVERTIBLE DEBENTURES

On March 4, 2024, and March 14, 2024, the Company issued 1,665 convertible debenture units for gross proceeds of $1,665,000. Each unit consisted of one convertible debenture with a principal amount of $1,000 and 12,500 share purchase warrants.

The convertible debentures bear interest at a rate of 7.5%, payable semi-annually on the last day of June and December of each year, commencing on June 30, 2024. Interest will be paid in shares based on the greater of the market price and 15-day volume weighted average price ("VWAP") of the shares on the Exchange, or cash, at the Company's election. For the year ended December 31, 2024, $99,660 (2023 – nil) of interest expense on convertible debentures was recorded in the statement of earnings (loss).

On July 10, 2024, the Company issued 467,605 common shares to settle interest owing to the convertible debenture holders in the amount of $39,748 (refer to note 13). The Company paid $7,945 of interest expense on convertible debentures which were converted to common shares by the holders. Subsequent to December 31, 2024, the Company issued 822,467 common shares to settle interest owing to the convertible debenture holders in the amount of $51,967.

The convertible debentures have approximately a two-year term, with the principal amount being due to be repaid in full by the Company on January 31, 2026. At any time during the term, the Company will have the option to extend the term by up to one additional year on payment of an extension fee to the holders of the convertible debentures in the amount of six month's interest payable in shares based on the greater of the market price and the 15-day VWAP or cash, at the Company's election. The convertible debentures are unsecured.

Under the terms of the offering, at any time during the term, a holder of the convertible debentures may elect to convert the outstanding net principal amount, or any portion thereof, into common shares in the capital of the Company at a conversion price of $0.07 per share up to January 31, 2025 and $0.10 per share from February 1, 2025 to January 31, 2026. In the event the Company announces a business combination and the 15-day VWAP of the shares on the Exchange is greater than $0.07, the Company will have the right to require the holders to convert the outstanding net principal amount into common shares at the conversion price.

For the year ended December 31, 2024, 4,149,998 common shares were issued for the conversion of convertible debentures in the amount of $290,500 (refer to note 13). Subsequent to December 31, 2024, 2,642,854 common shares were issued for the conversion of convertible debentures in the amount of $185,000.

Each warrant entitles the holder to purchase one additional common share of the Company at an exercise price of $0.15 per common share for a period of two years from the date of issue. If after four months from the date of issue, the closing price of the common shares of the Company on the Exchange is equal to or greater than $0.30 for a period of 10 consecutive trading days at any time prior to the expiry date, the Company will have the right to accelerate the expiry date of the warrants.

Expressed in Canadian dollars, except for share data

10. CONVERTIBLE DEBENTURES (Continued)

The fair values of the convertible debentures were estimated using the partial differential equation valuation method with key inputs used including share prices, risk-free interest rates, credit spreads, historical volatilities and dividend yields. At initial recognition, the fair value of the convertible debenture units was $2,834,200, of which $479,111 was allocated to the share purchase warrants. The excess of the initial fair value of the convertible debentures over the proceeds received was recorded in the statement of earnings (loss) and comprehensive earnings (loss). For the year ended December 31, 2024, the change in fair value of the convertible debentures was a gain on financial instruments at fair value of $615,901. Of the change in fair value, a fair value gain of $618,144 was recognized in the statement of earnings (loss) and a fair value loss due to the change in the Company's credit risk of $2,243 was recognized in OCI.

The movement in the convertible debentures during the year comprised the following:

		For the year ended December 31, 2024
Opening balance	$	-
Proceeds from convertible debentures		1,665,000
Fair value adjustment to convertible debentures at inception		1,169,200
Fair value allocated to warrants issued - convertible debentures at inception		(479,111)
Conversion of convertible debentures into common shares		(290,500)
Gain on financial instruments at fair value		(618,144)
Change in fair value attributable to change in credit risk of financial instruments designated at FVTPL		2,243
Ending balance	$	1,448,688

Total debt issuance costs associated with the convertible debenture offering were $128,192 including finders fees of $116,966 consisting of $71,040 in cash and $45,926 related to 916,875 brokers warrants issued. Debt issuance costs in the amount of $106,522 were expensed to the statement of earnings (loss) and $21,670 were capitalized to warrant reserve.

Sensitivities for the key assumptions in the valuation model were as follows:

- With other variables unchanged, a 10% increase or decrease in share price would change the fair value of the convertible debentures by $49,859 or ($38,504), respectively;

- With other variables unchanged, a 10% increase or decrease in share price volatility would change the fair value of the convertible debentures by $31,478 or ($30,356), respectively; and

- With other variables unchanged, a 1% increase or decrease in discount rate would change the fair value of the convertible debentures by ($9,468) or $9,860, respectively.

The convertible debentures have been classified as current on the statement of financial position due to the ability of the holders to exercise their conversion option as at December 31, 2024.

Expressed in Canadian dollars, except for share data

11. E&E EXPENDITURES

The E&E expenditures of the Company, by property, for the years ended December 31, 2024 and 2023 were as follows:

			For the year ended	
		December 31, 2024		December 31, 2023
Gabbs Project	$	414,130	$	484,424
BAM Project		39,437		3,869,421
Silver Reef Property		1,103		1,103
Lost Cabin Property		-		79,101
British Columbia Mineral Exploration Tax Credit ("BCMETC") recovery		(19,958)		-
	$	434,712	$	4,434,049

(a) Ball Creek Claims

Acquisition of Ball Creek Claims

On March 5, 2023, the Company entered into an agreement with a wholly-owned subsidiary of Orogen Royalties Inc. (“Orogen”) for the acquisition of certain mineral claims (the “Ball Creek Claims”) that comprise the western portion of Orogen’s Ball Creek Property, to expand the land package of the BAM Project.

Under the terms of the agreement, in return for the transfer of the Ball Creek Claims, the Company issued 4,000,000 common shares in the capital of the Company to Orogen and granted Orogen a one percent net smelter returns royalty in respect of production from the Ball Creek Claims. The acquisition cost was measured based on the fair value of common share consideration at the date of issuance in the amount of $900,000.

In addition, the Ball Creek Property is subject to an underlying agreement with Sandstorm Gold Ltd. (“Sandstorm”) pursuant to which Sandstorm holds a two percent net smelter returns royalty (the “Sandstorm Royalty”), one percent of which may be repurchased for $1,000,000, and is entitled to a payment of $1,000,000 on the announcement of a one-million-ounce Mineral Resource and $3,000,000 on the announcement of a positive feasibility study. Under the agreement, the Company assigned Orogen the right to repurchase one percent of the Sandstorm Royalty and assumed the obligations to Sandstorm on the announcement of a one-million-ounce Mineral Resource and a positive feasibility study in respect of the portion of the Ball Creek Property being acquired by the Company.

Sale of Ball Creek Claims

On December 4, 2024, the Company entered into a definitive agreement to sell the Ball Creek Claims to Kingfisher, an arm’s length party, on (a) payment of $1,000,000, with a non-refundable $50,000 deposit due on signing of the agreement (received) and $950,000 due on closing of the transaction (received subsequent to December 31, 2024); and (b) issuance of shares of Kingfisher having a value of $250,000, with the shares priced at the closing price of the shares on the Exchange immediately prior to the announcement of the agreement (issued subsequent to December 31, 2024). The transaction was subject to conditions, including Exchange approval and Kingfisher completing a private placement of at least $1,000,000. The transaction closed on January 29, 2025.

Expressed in Canadian dollars, except for share data

11. E&E EXPENDITURES (Continued)

The proceeds received from the sale of the Ball Creek claims were recognized as other income – sale of mineral claims in the statement of earnings (loss).

(b) Option agreements

For the years ended December 31, 2024 and 2023, the Company paid or accrued cash obligations and issued in common shares the following amounts under the option agreements for its mineral projects:

	For the year ended December 31, 2024			For the year ended December 31, 2023		
	Cash paid	Common shares issued	Fair value of shares issued	Cash paid or accrued	Common shares issued	Fair value of shares issued
BAM Property	$ -	-	$ -	$ -	800,000	$ 176,000
Lost Cabin Property	-	-	-	54,374	-	-
	$ -	-	$ -	$ 54,374	800,000	$ 176,000

On June 10, 2024, the Company terminated the mineral lease and option agreement for the Silver Reef Property.

On October 12, 2023 and December 19, 2023, the Company terminated the mineral lease and option agreements for the Lost Cabin and BAM Property, respectively.

(c) Project reclamation requirements

As at December 31, 2024, the Company holds total surety bonds of $136,103 in favour of the BC Ministry of Energy, Mines and Low Carbon Innovation in support of the reclamation requirements for the BAM Property and Silver Reef Property.

As at December 31, 2024, the Company holds total surety bonds of $53,691 (US$37,314) in favour of the United States Department of the Interior Bureau of Land Management in support of the reclamation requirements for the Gabbs Project.

Expressed in Canadian dollars, except for share data

11. E&E EXPENDITURES (Continued)

(d) E&E expenditures – Nature of expense

The E&E expenditures of the Company, by nature of expense, for the years ended December 31, 2024 and 2023 were as follows:

	For the year ended December 31, 2024	For the year ended December 31, 2023
Technical and assessment reports	$ 181,537	$ 231,357
Government payments	166,173	169,601
Camp costs and access road	69,587	592,793
Other E&E expenditures	13,024	55,784
Assays	12,453	134,159
Consulting	9,271	376,876
Salaries and benefits	2,283	436,036
Travel expenses	452	62,556
Acquisition costs	-	1,134,749
Helicopters	-	610,047
Drilling	-	414,089
Geophysical and other surveys	-	78,349
Equipment rentals	(110)	137,653
BCMETC recovery	(19,958)	-
	$ 434,712	$ 4,434,049

12. INTEREST AND FINANCE EXPENSE

	For the year ended December 31, 2024	For the year ended December 31, 2023
Accretion of acquisition liabilities - Gabbs Project	$ 235,119	$ 1,069,120
Debt issuance costs on convertible debentures	106,522	-
Interest expense on convertible debentures	99,660	-
Interest expense on related party loans	27,664	-
Interest expense - other	1,423	1,816
Interest expense on leases	-	7,338
	$ 470,388	$ 1,078,274

13. SHARE CAPITAL AND OTHER RESERVES

(a) Share capital

At December 31, 2024, the authorized share capital of the Company consisted of an unlimited number of common shares without par value.

For the year ended December 31, 2024, 4,149,998 common shares were issued for the conversion of convertible debentures in the amount of $290,500 (refer to note 10).

On November 7, 2024, the Company issued 5,725,000 common shares with a fair value of $458,000 to settle related party loans, in the amount of $572,500, owed to two officers (refer to note 14). This resulted in the recognition of a gain on extinguishment of related party loans in the amount of $114,500 (2023 – nil) in the statement of earnings (loss).

On September 3, 2024, September 9, 2024 and September 16, 2024, the Company completed three tranches of a private placement of 20,000,000 units at a price of $0.05 per unit for gross proceeds of $1,000,000. Each unit consisted of one common share of the Company and one common share purchase warrant. Each warrant entitles the holder to purchase one additional common share of the Company at an exercise price of $0.10 per common share for a period of two years from the date of issue. If after four months from the date of issue, the closing price of the common shares of the Company on the Exchange is equal to or greater than $0.20 for a period of 10 consecutive trading days at any time prior to the expiry date, the Company will have the right to accelerate the expiry date of the warrants. Using the residual method, the warrants were valued at nil. Total share issue costs associated with the private placement were $14,000 including finder's fees paid in cash of $6,750.

On July 10, 2024, the Company issued 467,605 common shares to settle interest owing to the convertible debenture holders in the amount of $39,748 (refer to note 10).

On February 2, 2024, the Company completed a private placement of 6,250,000 units at a price of $0.08 per unit for gross proceeds of $500,000. Each unit consisted of one common share of the Company and one common share purchase warrant. Each warrant entitles the holder to purchase one additional common share of the Company at an exercise price of $0.15 per common share for a period of two years from the date of issue. If after four months from the date of issue, the closing price of the common shares of the Company on the Exchange is equal to or greater than $0.30 for a period of 10 consecutive trading days at any time prior to the expiry date, the Company will have the right to accelerate the expiry date of the warrants. Using the residual method, the warrants were valued at nil. Total share issue costs associated with the private placement were $13,857 including finder's fees paid in cash of $9,732.

On February 28, 2024, the Company issued 5,231,869 common shares with a fair value of $340,071 related to the Termination Agreement with Splitter associated with the Gabbs Project (refer to note 9).

On June 29, 2023, the Company issued 800,000 common shares with a fair value of $176,000 related to obligations under option agreements. For by property details related to common shares issued under option agreements (refer to note 11b).

Expressed in Canadian dollars, except for share data

13. SHARE CAPITAL AND OTHER RESERVES (Continued)

In May 2023, the Company completed the following private placements:

- A private placement of 6,397,000 flow-through units at a price of $0.32 per unit for gross proceeds of $2,047,040. Each unit consisted of one flow-through common share of the Company and one non-flow through common share purchase warrant. The Company bifurcated the remaining gross proceeds between share capital of $1,567,265 and FTS premium of $319,850 based on the observable market premium. Using the residual method, the warrants were valued at $159,925.

- A private placement of 3,611,927 non-flow-through units at a price of $0.27 per unit for gross proceeds of $975,220. Each unit consisted of one common share of the Company and one common share purchase warrant. Using the residual method, the warrants were valued at $98,155.

For the completed private placements, each warrant entitles the holder to purchase one additional non-flow through common share of the Company at an exercise price of $0.40 per common share for a period of two years from the date of issue. If after four months from the date of issue, the closing price of the common shares of the Company on the Exchange is equal to or greater than $0.80 for a period of 10 consecutive trading days at any time prior to the expiry date, the Company will have the right to accelerate the expiry date of the warrants. Total share issuance costs associated with the private placements were $149,363 including finders fees of $125,403 consisting of $99,702 in cash and $25,701 related to 318,757 brokers warrants issued.

On March 28, 2023, the Company issued 4,000,000 common shares with a fair value of $900,000 related to the acquisition of the Ball Creek Claims (refer to note 11a).

On March 21 and 24, 2023, the Company issued 3,320,534 common shares with a fair value of $797,011 related to the Second Amended Agreement with Splitter associated with the Gabbs Project (refer to note 9).

(b) Other reserves

The Company's other reserves consisted of the following:

		December 31, 2024		December 31, 2023
Other reserve - Share options	$	3,535,544	$	3,361,135
Other reserve - Warrants		657,787		1,029,969
	$	4,193,331	$	4,391,104

Expressed in Canadian dollars, except for share data

13. SHARE CAPITAL AND OTHER RESERVES (Continued)

(c) Share options

The Company has adopted an incentive share option plan which provides that the Board of Directors of the Company may from time to time, in their discretion, and in accordance with Exchange requirements, grant to its directors, officers, employees and consultants of the Company, non-transferable options to purchase common shares, provided that the number of common shares reserved for issue does not exceed 10% of the number of then outstanding common shares. The term of each share option is set by the Board of Directors at the time of grant but cannot exceed a maximum term of ten years from the date of grant. The exercise price of each share option is set by the Board of Directors at the time of grant but cannot be less than the then market price of common shares.

The following table summarizes the changes in share options for the year ended December 31:

	2024			2023		
	Number of share options		Weighted average exercise price	Number of share options		Weighted average exercise price
Outstanding, January 1,	8,386,133	$	0.37	7,219,166	$	0.51
Granted	3,425,000		0.08	3,608,333		0.20
Expired	(4,827,800)		0.50	(2,441,366)		0.52
Outstanding, December 31,	6,983,333	$	0.14	8,386,133	$	0.37

The following table summarizes information about share options outstanding and exercisable at December 31, 2024:

	Share options outstanding		Share options exercisable		
Exercise prices	Number of share options outstanding	Weighted average years to expiry	Number of share options exercisable		Weighted average exercise price
$0.01 - $0.12	3,425,000	1.55	1,626,500	$	0.08
$0.13 - $0.25	3,558,333	0.59	3,558,333		0.20
	6,983,333	1.06	5,184,833	$	0.16

The total share-based compensation expense for the year ended December 31, 2024 was $174,409 (2023 – $488,334) which was expensed in the statement of earnings (loss).

Expressed in Canadian dollars, except for share data

13. SHARE CAPITAL AND OTHER RESERVES (Continued)

The following are the weighted average assumptions used to estimate the fair value of share options granted for the years ended December 31, 2024 and 2023 using the Black-Scholes option pricing model:

	For the year ended December 31, 2024	December 31, 2023
Expected life	2 years	2 years
Expected volatility	110.64%	86.87%
Risk-free interest rate	3.63%	3.91%
Expected dividend yield	Nil	Nil
Forfeiture rate	Nil	Nil

The Black Scholes option pricing model requires the input of subjective assumptions including the expected price volatility and expected share option life. Changes in these assumptions would have a significant impact on the fair value.

(d) Warrants

The following table summarizes the changes in warrants for the year ended December 31:

	2024		2023	
	Number of warrants	Warrant reserve	Number of warrants	Warrant reserve
Outstanding, January 1,	27,312,897	$ 1,029,969	40,267,045	$ 1,127,482
Transactions during the period:				
Warrants issued - private placements	26,250,000	-	3,611,927	98,155
Warrants issued - FTS private placement	-	-	6,397,000	159,925
Warrants issued - convertible debentures, net of debt issuance costs and taxes	20,812,500	328,081	-	-
Broker's warrants issued - private placements	-	-	318,757	25,701
Broker's warrants issued - convertible debentures	916,875	45,926	-	-
Warrants expired	(16,985,213)	(746,189)	(23,281,832)	(381,294)
Outstanding, December 31,	58,307,059	$ 657,787	27,312,897	$ 1,029,969

At December 31, 2024, the weighted average exercise price for the outstanding warrants is $0.18 (2023 – $0.57).

Expressed in Canadian dollars, except for share data

13. SHARE CAPITAL AND OTHER RESERVES (Continued)

Brokers warrants issued in connection with the equity related offerings were valued at $45,926 (2023 – $25,701) using the Black Scholes option pricing model. The following are the weighted average assumptions used to estimate the fair value of brokers warrants issued for the years ended December 31, 2024 and 2023 using the Black-Scholes option pricing model:

		For the year ended
	December 31, 2024	December 31, 2023
Expected life	2 years	2 years
Expected volatility	104.46%	83.12%
Risk-free interest rate	4.15%	3.55%
Expected dividend yield	Nil	Nil
Forfeiture rate	Nil	Nil

For brokers warrants, the Black Scholes option pricing model requires the input of subjective assumptions including the expected price volatility. Changes in these assumptions would have a significant impact on the fair value.

(e) Earnings (loss) per share

The calculation of diluted earnings (loss) per share was based on earnings (loss) attributable to ordinary shareholders and the weighted-average number of shares outstanding after adjustments for the effect of potential dilutive shares. For the year ended December 31, 2024, potential share issuances arising from the exercise of share options and warrants and settlement of convertible debentures in common shares were included in the calculation of diluted weighted average shares outstanding as well as their impact on earnings (loss) attributable to shareholders of the Company. Potentially dilutive shares associated with share options and warrants (out of the money) were not included in the diluted earnings (loss) per share calculation as their effect was antidilutive.

The following table summarizes the calculation of basic and diluted earnings (loss) per share:

		For the year ended
	December 31, 2024	December 31, 2023
Net earnings (loss) for the year	$ 4,148,527	$ (4,456,872)
Basic weighted average number of common shares outstanding	124,864,438	101,447,812
Effective impact of dilutive securities:		
Share options	209,793	-
Warrants	197,725	-
Convertible debentures	19,635,716	-
Diluted weighted average number of common shares outstanding	144,907,673	101,447,812
Earnings (loss) per share		
Basic	0.03	(0.04)
Diluted	0.03	(0.04)

Expressed in Canadian dollars, except for share data

14. RELATED PARTIES

Key management consists of the Company's directors and officers including its President and CEO, Chief Exploration Officer ("CExO"), Executive Vice President and Chief Financial Officer ("CFO").

Directors and key management compensation:

	For the year ended December 31, 2024	For the year ended December 31, 2023
Salaries and benefits	$ 393,154	$ 359,637
Share-based compensation	145,609	393,952
Management and consulting fees	-	70,568
	$ 538,763	$ 824,157

As at December 31, 2024, accounts payable and accrued liabilities include $17,981 (2023 – $317,551) owed to three officers (2023 – four officers) of the Company for salaries and benefits and reimbursement of transactions incurred in the normal course of business.

On March 14, 2024, the Company issued 85 convertible debenture units for gross proceeds of $85,000 to an officer of the Company (refer to note 10).

For the year ended December 31, 2024, the Company charged $183,993 (2023 – $169,859) to Austin Gold Corp. ("AGC") and Innovation Mining Inc. under financial services agreements. AGC is considered a related party of the Company due to three common directors and a shared CFO. As at December 31, 2024, under the financial services agreements, $15,333 (2023 – $15,223) is owed to the Company and included in receivables and other.

(a) Related party loans

As at December 31, 2024, related party loans total $915,500 (2023 – $545,000) owed to three officers (2023 – two officers) of the Company.

Non-interest bearing related party loans

As at December 31, 2024, related party loans include $365,500 (2023 – $545,000) of non-interest bearing, due on demand, loans owed to three officers (2023 – two officers) of the Company.

On November 7, 2024, the Company issued 5,725,000 common shares with a fair value of $458,000 to settle related party loans, in the amount of $572,500, owed to two officers. This resulted in the recognition of a gain on extinguishment of related party loans in the amount of $114,500 (2023 – nil) in the statement of earnings (loss).

Interest bearing related party loans

On March 1, 2024, the Company executed a related party loan with the Company's CExO in the amount of $350,000. The principal amount borrowed and outstanding bears interest at a rate per annum equal to the financial institution prime rate plus 0.5%. Interest will be calculated monthly in arrears and is payable on a monthly basis within 10 business days after month-end. The promissory note is due on demand and the Company has the option to prepay the entire principal amount and accrued interest at any time.

14. RELATED PARTIES (Continued)

On July 9, 2024, the Company received additional proceeds of $200,000 from the Company's CExO borrowed under the same terms as the interest-bearing related party loan entered into on March 1, 2024 (see above).

For the year ended December 31, 2024, $27,664 of interest expense was expensed in the statement of earnings (loss). As at December 31, 2024, accounts payable and accrued liabilities include $2,862 (2023 – nil) of interest expense on related party loans owed to the Company's CExO.

15. FINANCIAL RISK MANAGEMENT

The Company has exposure to a variety of financial risks: market risk (including currency risk and interest rate risk), credit risk and liquidity risk from its use of financial instruments.

This note presents information about the Company's exposure to each of these risks, the Company's objectives, policies and processes for measuring and managing risk, and the Company's management of capital. Risk management is the responsibility of management and is carried out under the oversight of and policies approved by the Board of Directors. Material risks are monitored and are regularly discussed with the Audit Committee and the Board of Directors.

(a) Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates and interest rates will affect the Company's cash flows or value of its financial instruments.

(i) Currency risk

The Company is subject to currency risk on financial instruments that are denominated in currencies that are not the same as the functional currency of the entity that holds them. Exchange gains and losses would impact the statement of earnings (loss).

The Company is exposed to currency risk through cash and cash equivalents and accounts payable and accrued liabilities held in the parent entity which are denominated in USD.

The following table shows the impact on pre-tax loss of a 10% change in the USD:CAD exchange rate on financial assets and liabilities denominated in USD, as of December 31, 2024, with all other variables held constant:

	Impact of currency rate change on pre-tax loss	
	10% increase	10% decrease
Cash and cash equivalents	$ 1,207	$ (1,207)
Accounts payable and accrued liabilities	(2,339)	2,338

15. FINANCIAL RISK MANAGEMENT (Continued)

(ii) Interest rate risk

The Company is subject to interest rate risk with respect to its investments in cash and cash equivalents. The Company's current policy is to invest cash at floating rates of interest with cash reserves to be maintained in cash and cash equivalents in order to maintain liquidity. Fluctuations in interest rates impact interest and finance income earned.

The impact on pre-tax loss of a 1% change in interest rates on financial assets as of December 31, 2024, with all other variables held constant, would be nominal.

The Company is subject to interest rate risk with respect to the variable financial institution prime rate associated with the interest bearing portion of the related party loan.

The Company is subject to interest rate risk with respect to the fair value of the convertible debentures, which is accounted for at FVTPL (refer to note 10).

(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. The Company limits its exposure to credit risk on financial assets through investing its cash and cash equivalents with Canadian Tier 1 chartered financial institutions. Management believes there is a nominal expected credit loss associated with its financial assets.

(c) 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 manages liquidity risk by monitoring actual and projected cash flows and matching the maturity profile of financial assets and liabilities. Cash flow forecasting is performed regularly to ensure that there is sufficient liquidity in order to meet short-term business requirements.

Refer to note 1b for further discussion regarding the Company's ability to continue as a going concern.

The Company has issued surety bonds to support future decommissioning and restoration provisions (refer to note 11c).

The Company's financial obligations consist of accounts payable and accrued liabilities, acquisition liabilities related to the Gabbs Project, convertible debentures and related party loans.

Expressed in Canadian dollars, except for share data

15. FINANCIAL RISK MANAGEMENT (Continued)

The maturity of financial liabilities as at December 31, 2024 is as follows:

	1 year	2 -3 years	More than 3 years	Total
Convertible debentures[1]	$ -	$ 1,374,500	$ -	$ 1,374,500
Acquisition liabilities - Gabbs Project				
Cash obligations under acquisition agreements	179,863	179,863	-	359,726
Interest on convertible debentures	155,055	8,755	-	163,810
Accounts payable and accrued liabilities	144,790	-	-	144,790
	$ 479,708	$ 1,563,118	$ -	$ 2,042,826

(1) The timing in the commitments table is based on the time in which the gross contractual obligation is due. The convertible debentures have been classified as current on the statement of financial position due to the ability of the holders to exercise their conversion option as at December 31, 2024.

(d) Capital management

The Company's objectives in managing capital are to safeguard the ability to continue as a going concern and provide financial capacity to meet its strategic objectives. Management monitors the amount of cash and cash equivalents and equity in the capital structure and adjusts the capital structure, as necessary, to continue as a going concern and to support the acquisition, exploration and development of its mineral projects.

The capital structure of the Company consists of equity attributable to common shareholders, comprised of share capital, other reserves, AOCI and deficit.

To maintain or adjust the capital structure, the Company may issue new shares, issue new debt, acquire or dispose of mineral projects to facilitate the management of its capital requirements.

The Company prepares annual expenditure budgets and quarterly cash flow forecasts that are reviewed by the Board of Directors. Forecasts are regularly reviewed and updated for changes in circumstances so that appropriate capital allocation, investment and financing decisions are made for the Company.

(e) Fair value estimation

The Company's financial assets and liabilities are initially measured and recognized according to a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets and liabilities and the lowest priority to unobservable inputs.

The three levels of fair value hierarchy are as follows:

- Level 1: Quoted prices in active markets for identical assets or liabilities that the Company has the ability to access at the measurement date.
- Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3: Inputs for the asset or liability that are not based on observable market data.

Expressed in Canadian dollars, except for share data

15. FINANCIAL RISK MANAGEMENT (Continued)

The carrying values of cash and cash equivalents, receivables and other and accounts payable and accrued liabilities approximate their fair values due to the short-term maturity of these financial instruments.

The following tables present the Company's financial assets and liabilities by level within the fair value hierarchy. It does not include fair value information for financial assets and financial liabilities not measured at fair value if the carrying amount is a reasonable approximation of fair value.

As at December 31, 2024	**Carrying value**		**Fair value**		
	FVTPL	Amortized cost	Level 1	Level 2	Level 3
Financial assets					
Cash and cash equivalents	$ -	$ 539,945	$ -	$ -	$ -
Receivables and other	-	97,815	-	-	-
	$ -	$ 637,760	$ -	$ -	$ -
Financial liabilities					
Accounts payable and accrued liabilities	$ -	$ 196,757	$ -	$ -	$ -
Acquisition liabilities - Gabbs Project:					
Contractual cash obligations under agreements	-	333,083	-	-	-
Convertible debentures	$ 1,448,688	$ -	$ -	$ -	$ 1,448,688
	$ 1,448,688	$ 529,840	$ -	$ -	$ 1,448,688

As at December 31, 2023	**Carrying value**		**Fair value**		
	FVTPL	Amortized cost	Level 1	Level 2	Level 3
Financial assets					
Cash and cash equivalents	$ -	$ 46,611	$ -	$ -	$ -
Receivables and other	-	167,554	-	-	-
	$ -	$ 214,165	$ -	$ -	$ -
Financial liabilities					
Accounts payable and accrued liabilities	$ -	$ 486,980	$ -	$ -	$ -
Acquisition liabilities - Gabbs Project:					
Contractual cash obligations under agreements	-	4,564,377	-	-	-
Debt portion of convertible note	-	3,372,863	-	-	-
Embedded derivative associated with convertible note	700,735	-	-	-	700,735
	$ 700,735	$ 8,424,220	$ -	$ -	$ 700,735

Expressed in Canadian dollars, except for share data

16. TAXATION

(a) Deferred income taxes

The tax effects of temporary differences between the amounts recorded in the Company's accounts and the corresponding amounts as computed for income tax purposes give rise to deferred income taxes as follows:

				For the year ended
		December 31, 2024		December 31, 2023
E&E expenditures	$	6,885,317	$	6,759,696
Tax loss carry forwards		1,252,978		2,575,261
Share and debt issuance costs		204,834		308,147
Property, plant and equipment		72,670		55,374
Acquisition liabilities - Gabbs Project		(5,595)		(559,023)
Convertible debentures		(109,329)		-
Deferred income taxes not recognized		(8,300,875)		(9,139,455)
	$	-	$	-

The Company has tax losses in Canada of approximately $4,640,657 (2023 – $8,301,195) expiring in various amounts from 2042 to 2044. A deferred tax asset has not been recognized in respect of the temporary differences, as it is not probable that sufficient future taxable earnings will be available in the periods when deductions from such potential assets will be realized.

(b) Income tax (recovery) expense

The Company's income tax (recovery) expense is comprised of the following:

		For the year ended
	December 31, 2024	December 31, 2023
Current income tax (recovery) expense	(23)	25,166
Deferred income tax recovery	(129,360)	-
FTS premium recovery	-	(360,537)
	(129,383)	(335,371)

The provision for income taxes differs from the amount calculated using the Canadian federal and provincial statutory income tax rates of 27.0% (2023 – 27.0%) as follows:

Expressed in Canadian dollars, except for share data

16. TAXATION (Continued)

	For the year ended December 31, 2024	For the year ended December 31, 2023
Expected income tax expense (recovery)	$ 1,085,169	$ (1,293,906)
Share-based compensation	47,090	131,850
FTS premium	-	(360,537)
Acquisition liabilities - Gabbs Project	-	33,471
FTS	-	712,030
Share issuance costs	(7,251)	(33,659)
Impact of difference in tax rates and other	(427,838)	56,609
Deferred income taxes not recognized	(826,553)	418,771
	$ (129,383)	$ (335,371)

For the Company's subsidiaries, the USA statutory income tax rate is 21.0% (2023 – 21.0%) and the Nevada state statutory income tax rate is nil (2023 – nil).

17. COMMITMENTS

The following table provides the Company's gross contractual obligations as of December 31, 2024:

	1 year	2 -3 years	More than 3 years	Total
Convertible debentures[1]	$ -	$ 1,374,500	$ -	$ 1,374,500
Acquisition liabilities - Gabbs Project:				
Contractual cash obligations under agreements	179,863	179,863	-	359,726
Interest on convertible debentures	155,055	8,755	-	163,810
	$ 334,918	$ 1,563,118	$ -	$ 1,898,036

(1) The timing in the commitments table is based on the time in which the gross contractual obligation is due. The convertible debentures have been classified as current on the statement of financial position due to the ability of the holders to exercise their conversion option as at December 31, 2024.