P2 GOLD INC.

CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022

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, 2023 and 2022, 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, 2023 and 2022;
- the consolidated statements of loss and comprehensive loss for the years then ended;
- the consolidated financial 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.

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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, 2023. 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 embedded derivative associated with the convertible note included in the acquisition liabilities – Gabbs Project
 	
Refer to note 4 – Critical accounting estimates and judgments and note 11 – Acquisition liabilities – Gabbs Project to the consolidated financial statements.
 	
On March 3, 2023, the Company and Waterton Nevada Splitter, LLC (Splitter) agreed to restructure the outstanding payment terms for the acquisition of the Gabbs Project (the Second Amended Agreement). As part of the restructuring, the Company agreed to pay Splitter US$4,800,000 over a period of time and to issue 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 cannot be converted if all payments due under the Second Amended Agreement have been made at the time the convertible note is called (other than if a change of control is to occur prior to repayment of the convertible note). The convertible note can 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.
 	
Management determined that the conversion and prepayment options associated with the convertible note were accounted for as a single compound embedded derivative (embedded derivative). The acquisition liabilities – Gabbs
	Our approach to addressing the matter included the following procedures, among others:
	
	• Read the Second Amended Agreement for the purchase of the Gabbs Project.
	• 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 embedded derivative associated with the convertible note included in the acquisition liabilities – Gabbs Project at initial recognition and as of December 31, 2023 based on key inputs related to discount rate, share price volatility and foreign exchange rate, which included:
	  – Evaluating the reasonableness of the key inputs, by considering relevant public indexes and market data, as applicable.
	  – Testing the underlying data used.
	• Compared the independent point estimate for each of the fair values of the embedded derivative associated with the convertible note to management's estimate to evaluate the reasonableness of management's estimate.
	• Evaluated the sufficiency of the disclosures in the consolidated financial statements.

Project as at December 31, 2023 in the amount of $8,637,975 included the convertible note and the associated embedded derivative. The fair values of the embedded derivative associated with the convertible note at initial recognition and as of December 31, 2023 amounted to $1,803,303 and $700,735, respectively, and they were estimated using the partial differential equation valuation method with key inputs used including the discount rate, share price volatility and foreign exchange rate.

We considered this a key audit matter due to (i) the significance of the embedded derivative associated with the convertible note; (ii) the significant 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.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance 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 21, 2024

P2 GOLD INC.

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

Expressed in Canadian Dollars

	Note	December 31, 2023	December 31, 2022
ASSETS			
Current assets			
Cash and cash equivalents		$ 46,611	$ 1,474,424
Receivables and other	6	167,554	686,928
		214,165	2,161,352
Non-current assets			
Property, plant and equipment	8	96,475	252,062
Total assets		$ 310,640	$ 2,413,414
LIABILITIES			
Current liabilities			
Accounts payable and accrued liabilities	9	$ 486,980	$ 392,650
Current portion of lease obligations	10	-	133,446
Current portion of acquisition liabilities - Gabbs Project	11	484,317	11,681,066
Related party loans	15	545,000	-
Flow-through share ("FTS") premium liability		-	40,687
		1,516,297	12,247,849
Non-current liabilities			
Acquisition liabilities - Gabbs Project	11	8,153,658	-
		9,669,955	12,247,849
SHAREHOLDERS' EQUITY			
Share capital	14	39,266,322	34,710,050
Other reserves	14	4,391,104	4,000,283
Accumulated other comprehensive income (loss) ("AOCI")		(537,542)	(522,441)
Deficit		(52,479,199)	(48,022,327)
		(9,359,315)	(9,834,435)
Total liabilities and shareholders' equity		$ 310,640	$ 2,413,414
Nature of operations and going concern	1		
Commitments	18		
Subsequent events	19		

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

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

P2 GOLD INC.

CONSOLIDATED STATEMENTS OF LOSS AND COMPREHENSIVE LOSS

Expressed in Canadian dollars, except for share data

	Note		For the year ended December 31, 2023		December 31, 2022
Exploration and evaluation ("E&E") expenditures	12	$	4,434,049	$	11,410,978
Administrative expenses					
Investor relations and travel			769,888		458,833
General and administrative			672,463		893,020
Share-based compensation	14		488,334		1,334,591
Professional fees			381,521		220,454
Depreciation	8		163,534		150,940
Shareholder information			99,060		121,472
Total administrative expenses			2,574,800		3,179,310
Operating loss			(7,008,849)		(14,590,288)
Interest and finance expense	13		(1,078,274)		(1,057,811)
Interest and finance income			7,849		20,883
Foreign exchange gain (loss)			128,262		(1,674)
Gain on financial instruments at fair value	11		1,102,568		-
Gain on modification/extinguishment of acquisition liabilities	11		2,056,201		729,012
Loss before taxes			(4,792,243)		(14,899,878)
Current income tax expense	17		(25,166)		(199)
FTS premium recovery	17		360,537		1,961,956
Net loss for the year		$	(4,456,872)	$	(12,938,121)
Other comprehensive loss, net of tax					
Items that may be subsequently reclassified to earnings or loss:					
Currency translation adjustments			(15,101)		(676,871)
Comprehensive loss for the year		$	(4,471,973)	$	(13,614,992)
Loss per share - basic and diluted		$	(0.04)	$	(0.17)
Weighted average number of shares outstanding			101,447,812		76,123,304

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, 2023	December 31, 2022
Cash flows used in operating activities			
Net loss for the year		$ (4,456,872)	$ (12,938,121)
Items not affecting cash:			
Current income tax expense	17	25,166	199
Depreciation	8	163,534	150,940
FTS premium recovery	17	(360,537)	(1,961,956)
Gain on financial instruments at fair value	11	(1,102,568)	-
Gain on modification/extinguishment of acquisition liabilities	11	(2,056,201)	(729,012)
Interest and finance expense, net		1,068,609	1,009,126
Share-based compensation	14	488,334	1,334,591
Shares issued for acquisition of mineral projects	12,14	900,000	-
Shares issued for property option payments	12,14	176,000	379,000
Unrealized foreign exchange (gain) loss		(130,910)	7,264
Changes in non-cash working capital items:			
Receivables and other		518,653	(480,899)
Accounts payable and accrued liabilities		70,413	60,894
Acquisition liabilities - Gabbs Project		-	(128,560)
Income taxes paid		(207)	(199)
Net cash used in operating activities		(4,696,586)	(13,296,733)
Cash flows generated by (used in) investing activities			
Interest received		7,849	20,883
Purchase of property, plant and equipment	8	(7,947)	(96,509)
Restricted cash		-	146,603
Net cash generated by (used in) investing activities		(98)	70,977
Cash flows generated by financing activities			
Payment of lease obligations	10	(140,784)	(137,432)
Proceeds from exercise of share options		-	447,400
Proceeds from exercise of warrants		-	19,500
Proceeds from FTS private placement	14	2,047,040	3,892,850
Proceeds from private placements	14	983,220	3,000,256
Proceeds from related party loans	15	545,000	-
Debt issuance costs	11	(41,198)	-
Share issuance costs		(123,662)	(322,716)
Net cash generated by financing activities		3,269,616	6,899,858
Decrease in cash and cash equivalents for the year		**(1,427,068)**	**(6,325,898)**
Cash and cash equivalents, beginning of year		1,474,424	7,796,236
Effect of foreign exchange rate changes on cash and cash equivalents		(745)	4,086
Cash and cash equivalents, end of year		**$ 46,611**	**$ 1,474,424**

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, 2021		70,347,882	$ 28,196,973	$ 2,285,635	$ 154,430	$ (35,084,206)	$ (4,447,168)
Private placements	14	8,655,489	3,000,256	-	-	-	3,000,256
FTS private placements	14	7,799,081	3,315,936	-	-	-	3,315,936
Share issuance costs	14	-	(268,958)	-	-	-	(268,958)
Share issuance costs - brokers warrants	14	-	(57,678)	57,678	-	-	-
Shares issued for property option payments	12,14	850,000	379,000	-	-	-	379,000
Issuance of warrants	14	-	(688,511)	688,511	-	-	-
Exercise of share options	14	1,060,000	813,532	(366,132)	-	-	447,400
Exercise of warrants	14	30,000	19,500	-	-	-	19,500
Value assigned to share options vested	14	-	-	1,334,591	-	-	1,334,591
Currency translation adjustments		-	-	-	(676,871)	-	(676,871)
Loss for the year		-	-	-	-	(12,938,121)	(12,938,121)
Balance - December 31, 2022		88,742,452	$ 34,710,050	$ 4,000,283	$ (522,441)	$ (48,022,327)	$ (9,834,435)
Private placement	14	3,611,927	975,220	-	-	-	975,220
Private placement - subscription receipts		-	8,000	-	-	-	8,000
FTS private placement	14	6,397,000	1,727,190	-	-	-	1,727,190
Share issuance costs	14	-	(124,662)	-	-	-	(124,662)
Share issuance costs - brokers warrants	14	-	(25,701)	25,701	-	-	-
Shares issued for acquisition of mineral projects	12,14	4,000,000	900,000	-	-	-	900,000
Shares issued for restructuring of acquisition liabilities - Gabbs Project	11,14	3,320,534	797,011	-	-	-	797,011
Shares issued for property option payments	12,14	800,000	176,000	-	-	-	176,000
Issuance of warrants	14	-	(258,080)	258,080	-	-	-
Expiry of warrants	14	-	381,294	(381,294)	-	-	-
Value assigned to share options vested	14	-	-	488,334	-	-	488,334
Currency translation adjustments		-	-	-	(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)

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 10th Floor, 595 Howe Street, Vancouver, BC, Canada V6C 2T5.

The Company is a mineral exploration company engaged in the acquisition, exploration and development of mineral resource properties primarily in BC, Canada and the western United States of America ("USA"). Currently, the Company is focused on acquiring ownership rights to these properties and 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, 2023. For the year ended December 31, 2023, the Company incurred a net loss of $4,456,872 (2022 – $12,938,121) and used cash in operating activities of $4,696,586 (2022 – $13,296,733). As at December 31, 2023, the Company had cash and cash equivalents of $46,611 (2022 – $1,474,424) and a working capital (current assets less current liabilities) deficit of $1,302,132 (2022 – $10,086,497).

Subsequent to December 31, 2023, 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 (refer to note 19).

Subsequent to December 31, 2023, on February 9, 2024, the Company entered into a termination agreement with Waterton Nevada Splitter, LLC ("Splitter"), an affiliate of Waterton Precious Metals Fund II Cayman, LP ("Waterton") to settle the outstanding debt related to the acquisition of the Gabbs Project (refer to note 19).

Subsequent to December 31, 2023, the Company completed a convertible debenture offering for gross proceeds of $1,665,000 and a related party promissory note for $350,000 (refer to note 19).

The Company has incurred losses to date, has limited financial resources and has no current source of revenue or cash flow generated 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.

1. NATURE OF OPERATIONS AND GOING CONCERN (Continued)

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.

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 ("IASB").

These consolidated financial statements have been prepared on a historical cost basis except for financial instruments classified as fair value through profit or loss ("FVTPL"), which are stated at their fair value.

These consolidated financial statements were authorized for issue by the Board of Directors on March 21, 2024.

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

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.

3. MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

(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 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.

(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. 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.

3. MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

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, such as the embedded derivative associated with the convertible note of the acquisition liabilities related to the Gabbs Project, 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 loss as gain on financial instruments at fair value.

(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 bring 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.

3. MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

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 or 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 loss.

(e) E&E expenditures

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

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.

3. MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

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.

(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.

3. MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

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 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.

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 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.

3. MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

(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, 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.

(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.

(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) Loss per share

The Company presents loss per share data, calculated by dividing the loss attributable to common shareholders of the Company by the weighted average number of common shares outstanding during the year. Diluted loss per share is determined by adjusting the 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 and warrants.

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

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 valuation of the debt portion of the convertible note at inception was completed using a discounted cash flow analysis that required various estimates and assumptions, including the discount rate for a similar non-convertible instrument. Refer to note 11 for further details on the methods and assumptions associated with the measurement of the debt portion of the convertible note.

- The fair value of financial instruments that are not traded in an active market are determined using valuation techniques. Management uses its judgment to select a method of valuation and makes estimates of specific model inputs that are based on conditions existing at the end of each reporting period. Refer to note 11 for further details on the methods and assumptions associated with the measurement of the embedded derivative associated with the convertible note.

5. NEW ACCOUNTING STANDARDS AND RECENT PRONOUNCEMENTS

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

- In October 2022, the 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 noncurrent, 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 January 1, 2024, with early adoption permitted. Retrospective application is required on adoption. This amendment is not expected to have a material impact on the Company.

Expressed in Canadian dollars, except for share data

5. NEW ACCOUNTING STANDARDS AND RECENT PRONOUNCEMENTS (Continued)

- In May 2023, the IASB issued amendments to IAS 7, Statement of Cash Flows and IFRS 7, Financial Instruments Disclosures to provide guidance on disclosures related to supplier finance arrangements that enable users of financial statements to assess the effects of these arrangements on the entity's liabilities and cash flows and on the entity's exposure to liquidity risk. The amendments are effective for annual periods beginning on or after January 1, 2024, with early adoption permitted. This amendment is not expected to have a material impact on the Company.

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, 2023	December 31, 2022
Prepaid expenses and deposits	$ 145,119	$ 342,293
Other receivables	15,223	9,174
Tax receivables	7,212	335,461
	$ 167,554	$ 686,928

7. RESTRICTED CASH

As at December 31, 2023, 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, 2023, the Company holds total surety bonds of $53,893 (US$40,748) 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

8. PROPERTY, PLANT AND EQUIPMENT

		Property, plant and equipment		ROU asset		Total
Year ended December 31, 2022						
Cost						
Balance - December 31, 2021	$	80,976	$	354,359	$	435,335
Additions		96,509		-		96,509
Balance - December 31, 2022	$	177,485	$	354,359	$	531,844
Accumulated depreciation						
Balance - December 31, 2021	$	10,722	$	118,120	$	128,842
Depreciation		32,821		118,119		150,940
Balance - December 31, 2022		43,543		236,239		279,782
Net book value - December 31, 2022		133,942		118,120		252,062
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

9. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

		December 31, 2023		December 31, 2022
Trade payables	$	302,253	$	356,205
Payroll liabilities		102,537		6,101
Accrued liabilities		57,732		30,344
Taxes payable		24,458		-
	$	486,980	$	392,650

Expressed in Canadian dollars, except for share data

10. LEASE OBLIGATIONS

As at December 31, 2023, the Company's undiscounted lease obligations consisted of the following:

	December 31, 2023	December 31, 2022
Gross lease obligations - minimum lease payments		
1 year	$ -	$ 140,784
	$ -	$ 140,784
Future interest expense on lease obligations	-	(7,338)
Total lease obligations	$ -	$ 133,446

For the year ended December 31, 2023, interest expense on the lease obligations was $7,338 (2022 – $19,812). Total cash payments on lease obligations were $140,784 (2022 – $137,432).

11. 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 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 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.

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.

Expressed in Canadian dollars, except for share data

11. 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 will pay to Splitter (a) US$150,000 on or before December 31, 2023 (still outstanding as of 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 raises, through the issuance of debt or equity, in excess of $7,500,000 (excluding flow-through funds), 10% of the funds raised will 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 will 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 cannot be converted if all payments due under the Second Amended Agreement have been made at the time the convertible note is called (other than if a change of control is to occur prior to repayment of the convertible note). The convertible note can 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 is 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 following Exchange approval of the Second Amended Agreement.

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

	December 31, 2023	December 31, 2022
Contractual cash obligations under agreements	4,564,377	11,681,066
Debt portion of convertible note	3,372,863	-
Embedded derivative associated with convertible note	700,735	-
Total acquisition liabilities - Gabbs Project	8,637,975	11,681,066
Current portion of acquisition liabilities - Gabbs Project	(484,317)	(11,681,066)
Non-current portion of acquisition liabilities - Gabbs Project	$ 8,153,658	$ -

Under the terms of the Second Amended Agreement, the contractual cash obligations were initially recognized at amortized cost, net of transaction costs, in the amount of US$3,094,246 ($4,258,610) using a discount rate of 14.2%. 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.

11. ACQUISITION LIABILITIES – GABBS PROJECT (Continued)

Under the terms of the Second Amended Agreement, the fair value of the debt portion of the convertible note was estimated using a discounted cash flow model method based on an expected life of four years and a discount rate of 14.8%. The debt portion is a financial liability at amortized cost and is accreted over the expected life using an effective interest rate of 14.3%. The debt portion of the convertible note was initially recognized at fair value, net of transaction costs, in the amount of US$2,284,284 ($3,144,047) and is subsequently measured at amortized cost. For the year ended December 31, 2023, $358,755 of accretion of acquisition liabilities was expensed to the statement of loss.

The conversion options associated with the convertible note were determined to be an embedded derivative as the value of the conversion option changes in response to the Company's share price due to foreign exchange movements and due to the prepayment options. The embedded derivatives were accounted for as a single compound embedded derivative. The fair value of the embedded derivative associated with the convertible note was estimated using the partial differential equation valuation method with key inputs used including: the discount rate, share price volatility and foreign exchange rate. At initial recognition, the embedded derivative associated with the convertible note was US$1,310,254 ($1,803,303). The embedded derivative associated with the convertible note is a financial liability at FVTPL. For the year ended December 31, 2023, the change in fair value of the embedded derivative associated with the convertible note was a gain on financial instruments at fair value of $1,102,568.

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 embedded derivative associated with the convertible note by $158,566 or ($90,348), respectively;

- With other variables unchanged, a 10% decrease or increase in foreign exchange rate would change the fair value of the embedded derivative associated with the convertible note by $68,925 or ($71,014), respectively;

- With other variables unchanged, a 10% increase or decrease in share price volatility would change the fair value of the embedded derivative associated with the convertible note by $62,336 or ($80,133), respectively; and.

- With other variables unchanged, a 1% increase or decrease in discount rate would change the fair value of the embedded derivative associated with the convertible note by $17,496 or ($20,409), respectively.

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.

Subsequent to December 31, 2023, on February 9, 2024, the Company executed a termination agreement with Splitter to settle the outstanding acquisition liabilities related to the Gabbs Project (refer to note 19).

Expressed in Canadian dollars, except for share data

11. ACQUISITION LIABILITIES – GABBS PROJECT (Continued)

The movement in the acquisition liabilities associated with the Gabbs Project for the years ended December 31, 2023 and 2022 were as follows:

	For the year ended December 31, 2023	For the year ended December 31, 2022
Opening balance	$ 11,681,066	$ 10,803,662
Accretion of acquisition liabilities - Gabbs Project	1,069,120	1,010,197
Gain on modification/extinguishment of acquisition liabilities	(2,056,201)	(729,012)
Payment of acquisition liabilities	-	(128,560)
Gain on financial instruments at fair value	(1,102,568)	-
Shares issued for restructuring of acquisition liabilities	(797,011)	-
Debt issuance costs	(41,198)	-
Foreign exchange movements	(115,233)	724,779
Ending balance	$ 8,637,975	$ 11,681,066

12. E&E EXPENDITURES

The E&E expenditures of the Company, by property, for the years ended December 31, 2023 and 2022 were as follows:

	For the year ended December 31, 2023	For the year ended December 31, 2022
BAM Project	$ 3,869,421	$ 8,957,021
Gabbs Project	484,424	2,168,581
Lost Cabin Property	79,101	61,155
Silver Reef Property	1,103	302,833
Prospective exploration properties	-	30,099
Natlan Property	-	1,200
Todd Creek Property	-	400
British Columbia Mineral Exploration Tax Credit ("BCMETC") recovery	-	(110,311)
	$ 4,434,049	$ 11,410,978

(a) Acquisition of the 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.

Expressed in Canadian dollars, except for share data

12. E&E EXPENDITURES (Continued)

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.

(b) Option agreements

For the years ended December 31, 2023 and 2022, 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, 2023			For the year ended December 31, 2022		
	Cash paid or accrued	Common shares issued	Fair value of shares issued	Cash paid	Common shares issued	Fair value of shares issued
BAM Property	$ -	800,000	$ 176,000	$ 200,000	200,000	$ 84,000
Lost Cabin Property	54,374	-	-	32,114	-	-
Silver Reef Property	-	-	-	-	650,000	295,000
	$ 54,374	800,000	$ 176,000	$ 232,114	850,000	$ 379,000

BAM Property

On May 5, 2023, the Company entered into the Amending Agreement amending the terms of the option agreement pursuant to which the Company could acquire a 100% interest in the BAM Property. Under the option agreement, the Company was required to issue 800,000 common shares in its capital and pay $550,000 to the vendor on June 29, 2023 to acquire an initial 70% interest in the BAM Property. Under the Amending Agreement, the Company issued 800,000 common shares ($176,000 in fair value) in its capital on June 29, 2023 and agreed to pay $200,000 on September 30, 2023 and issue 200,000 common shares in its capital and pay $550,000 on June 29, 2024 to acquire an initial 70% interest in the BAM Property. The other terms in respect of the option agreement for the BAM Property remained unchanged.

On December 19, 2023, the Company terminated the mineral lease and option agreement for the BAM Property.

Lost Cabin Property

On October 12, 2023, the Company terminated the mineral lease and option agreement for the Lost Cabin Property.

Expressed in Canadian dollars, except for share data

12. E&E EXPENDITURES (Continued)

Silver Reef Property

On June 14, 2023, the Company agreed to defer the cash payment and share issuance due on June 12, 2023, under the option agreement dated June 12, 2020 as amended by an amending agreement dated June 20, 2022, to June 10, 2024.

Future contractual obligations under option agreements

As at December 31, 2023, the Company has the following cash and share contractual obligations to maintain its existing option agreements:

Project	Ownership under option	Form	2023	2024	2025	Total
Silver Reef Property[1]	70%	Cash or shares	$ -	$ 375,000	$ -	$ 375,000
		Shares	-	500,000	-	500,000

(1) Following exercise of the option for the Silver Reef Property, the Company has the right for a period of 120 days to acquire the remaining 30% interest, for a total of 100%, on payment of $7,500,000, of which, up to $4,000,000 may be paid in shares of the Company. If the Company elects not to purchase the remaining 30% interest, the Company and the vendor shall form a joint venture, with the Company appointed the operator. In the first three years of the joint venture, if the vendor fails to sell its interest, the vendor's interest will convert to a 3% net smelter returns royalty with the Company having the opportunity to purchase the vendor's interest prior to conversion for $7,500,000.

In addition to the cash and share contractual obligations under the existing option agreements, there are minimum cumulative spending obligations on the properties as follows:

Project	2021	2022	2023	2024	Status
Silver Reef Property	250,000	750,000	-	2,000,000	In progress

Expressed in Canadian dollars, except for share data

12. E&E EXPENDITURES (Continued)

(c) E&E expenditures – Nature of expense

The E&E expenditures of the Company, by nature of expense, for the years ended December 31, 2023 and 2022 were as follows:

	For the year ended December 31, 2023	December 31, 2022
Acquisition costs	$ 1,134,749	$ 636,444
Helicopters	610,047	2,155,759
Camp costs and access road	592,793	1,325,821
Salaries and benefits	436,036	745,738
Drilling	414,089	2,962,285
Consulting	376,876	442,267
Technical and assessment reports	231,357	661,419
Government payments	169,601	216,330
Equipment rentals	137,653	421,074
Assays	134,159	1,308,689
Geophysical and other surveys	78,349	456,863
Travel expenses	62,556	137,935
Other E&E expenditures	55,784	50,665
BCMETC recovery	-	(110,311)
	$ 4,434,049	$ 11,410,978

13. INTEREST AND FINANCE EXPENSE

	For the year ended December 31, 2023	December 31, 2022
Accretion of acquisition liabilities - Gabbs Project	$ 1,069,120	$ 1,010,197
Interest expense on leases	7,338	19,812
Interest expense - other	1,816	27,802
	$ 1,078,274	$ 1,057,811

14. SHARE CAPITAL AND OTHER RESERVES

(a) Share capital

At December 31, 2023, the authorized share capital of the Company consisted of an unlimited number of common shares without par value.

14. SHARE CAPITAL AND OTHER RESERVES (Continued)

For the year ended December 31, 2023, the Company issued 800,000 common shares (2022 – 850,000) with a fair value of $176,000 (2022 – $379,000) related to obligations under option agreements. For by property details related to common shares issued under option agreements, refer to note 12b.

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 12a).

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 11).

On December 20, 2022, the Company completed a private placement of 2,537,414 flow-through units at a price of $0.29 per unit for gross proceeds of $735,850. Each unit consisted of one flow-through common share of the Company and one non-flow through common share purchase warrant. 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. The Company bifurcated the remaining gross proceeds between share capital of $608,980 and flow-through share premium of $50,748 based on the observable market premium. Using the residual method, the warrants were valued at $76,122. Total share issuance costs associated with the flow through private placement were $9,639 including finder's fees of $5,210 consisting of $4,131 in cash and $1,079 related to 14,245 brokers warrants issued.

14. SHARE CAPITAL AND OTHER RESERVES (Continued)

On December 8, 2022 and December 19, 2022, the Company completed a private placement for 5,771,689 units at a price of $0.27 per unit for gross proceeds of $1,558,356. 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 $0.40 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. Using the residual method, the warrants were valued at $146,022. Total share issue costs associated with the private placement were $95,590 including finder's fees of $87,049 consisting of $67,581 in cash and $19,468 related to 250,298 brokers warrants issued.

On June 30, 2022, the Company completed the following private placements:

- A private placement of 5,261,667 flow-through units at a price of $0.60 per unit for gross proceeds of $3,157,000. 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 $2,183,592 and flow-through share premium of $526,166 based on the observable market premium. Using the residual method, the warrants were valued at $447,242.

- A private placement of 225,000 non-flow-through units at a price of $0.50 per unit for gross proceeds of $112,500. 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 $19,125.

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 $0.95 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 $1.90 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 $209,293 including finder's fees of $191,996 consisting of $156,060 in cash and $35,936 related to 260,100 brokers warrants issued.

On June 2, 2022, the Company completed a private placement for 2,658,800 units at a price of $0.50 per unit for gross proceeds of $1,329,400. 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 $0.95 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 $1.90 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 $11,592 including finder's fees of $4,195 consisting of $3,000 in cash and $1,195 related to 6,000 brokers warrants issued.

Expressed in Canadian dollars, except for share data

14. SHARE CAPITAL AND OTHER RESERVES (Continued)

(b) Other reserves

The Company's other reserves consisted of the following:

		December 31, 2023		December 31, 2022
Other reserve - Share options	$	3,361,135	$	2,872,801
Other reserve - Warrants		1,029,969		1,127,482
	$	4,391,104	$	4,000,283

(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:

	2023			2022		
	Number of share options		Weighted average exercise price	Number of share options		Weighted average exercise price
Outstanding, January 1,	7,219,166	$	0.51	4,684,166	$	0.50
Granted	3,608,333		0.20	4,820,000		0.50
Exercised	-		-	(1,060,000)		0.42
Expired	(2,441,366)		0.52	(1,225,000)		0.53
Outstanding, December 31,	8,386,133	$	0.37	7,219,166	$	0.51

For the options exercised during the year, the related weighted average share price at the time of exercise was $nil (2022 – $0.52).

Expressed in Canadian dollars, except for share data

14. SHARE CAPITAL AND OTHER RESERVES (Continued)

The following table summarizes information about share options outstanding and exercisable at December 31, 2023:

	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 - \$0.25	4,328,633	1.48	2,717,133	\$ 0.23
\$0.26 - \$0.50	2,482,500	0.53	2,482,500	0.43
\$0.51 - \$0.75	1,575,000	0.22	1,575,000	0.71
	8,386,133	0.96	6,774,633	\$ 0.41

The total share-based compensation expense for the year ended December 31, 2023 was \$488,334 (2022 – \$1,334,591) which was expensed in the statement of loss.

The following are the weighted average assumptions used to estimate the fair value of share options granted for the years ended December 31, 2023 and 2022 using the Black-Scholes option pricing model:

	For the year ended	
	December 31, 2023	December 31, 2022
Expected life	2 years	2 years
Expected volatility	86.87%	109.88%
Risk-free interest rate	3.91%	2.55%
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.

Expressed in Canadian dollars, except for share data

14. SHARE CAPITAL AND OTHER RESERVES (Continued)

(d) Warrants

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

	2023		2022	
	Number of warrants	Warrant reserve	Number of warrants	Warrant reserve
Outstanding, January 1,	40,267,045	$ 1,127,482	31,441,832	$ 381,293
Transactions during the period:				
Warrants issued - private placements	3,611,927	98,155	8,655,489	165,147
Warrants issued - FTS private placement	6,397,000	159,925	7,799,081	523,364
Broker's warrants issued - private placements	318,757	25,701	530,643	57,678
Warrants exercised	-	-	(30,000)	-
Warrants expired	(23,281,832)	(381,294)	(8,130,000)	-
Outstanding, December 31,	27,312,897	$ 1,029,969	40,267,045	$ 1,127,482

At December 31, 2023, the weighted average exercise price for the outstanding warrants is $0.57 (2022 – $0.79).

Brokers warrants issued in connection with the private placements were valued at $25,701 (2022 – $57,678) 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, 2023 and 2022 using the Black-Scholes option pricing model:

		For the year ended
	December 31, 2023	December 31, 2022
Expected life	2 years	2 years
Expected volatility	83.12%	90.61%
Risk-free interest rate	3.55%	3.40%
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.

Expressed in Canadian dollars, except for share data

15. RELATED PARTIES

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

Directors and key management compensation:

		For the year ended December 31, 2023		For the year ended December 31, 2022
Share-based compensation	$	393,952	$	1,027,098
Salaries and benefits		359,637		478,409
Management and consulting fees		70,568		40,865
	$	824,157	$	1,546,372

As at December 31, 2023, accounts payable and accrued liabilities include $317,551 (2022 – $41,209) owed to four officers (2022 – three officers) of the Company for salaries and benefits and reimbursement of transactions incurred in the normal course of business.

As at December 31, 2023, related party loans consist of $545,000 (2022 – nil) of non-interest bearing, due on demand, loans owed to two officers of the Company. Subsequent to December 31, 2023, on March 1, 2024, the Company entered into a related party promissory note with the CExO (refer to note 19).

For the year ended December 31, 2023, the Company charged $169,859 (2022 – $27,522) to Austin Gold Corp. ("AGC") and Innovation Mining Inc. (formerly Dynavat Gold Mining Technologies 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, 2023, under the financial services agreements, $15,223 (2022 – $9,174) is owed to the Company and included in receivables and other.

16. 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.

16. FINANCIAL RISK MANAGEMENT (Continued)

(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 loss.

The Company is exposed to currency risk through cash and cash equivalents, accounts payable and accrued liabilities, the debt portion of the convertible note and the embedded derivative associated with the convertible note 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, 2023, with all other variables held constant:

	Impact of currency rate change on pre-tax loss	
	10% increase	10% decrease
Cash and cash equivalents	$ 2,687	$ (2,687)
Accounts payable and accrued liabilities	(10,393)	10,393

(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, 2023, with all other variables held constant, would be nominal.

The Company is subject to interest rate risk with respect to the fair value of the embedded derivative associated with the convertible note, which is accounted for at FVTPL (refer to note 11).

(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.

Expressed in Canadian dollars, except for share data

16. FINANCIAL RISK MANAGEMENT (Continued)

(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 and 19 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 (note 7).

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

The maturity of financial liabilities as at December 31, 2023 is as follows:

		1 year		2 -3 years		More than 3 years		Total
Acquisition liabilities - Gabbs Project								
Cash obligations under acquisition agreements	$	529,040	$	5,819,440	$	-	$	6,348,480
Convertible note		-		-		5,290,400		5,290,400
Accounts payable and accrued liabilities		486,980		-		-		486,980
	$	1,016,020	$	5,819,440	$	5,290,400	$	12,125,860

(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.

Expressed in Canadian dollars, except for share data

16. FINANCIAL RISK MANAGEMENT (Continued)

(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.

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, 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. FINANCIAL RISK MANAGEMENT (Continued)

As at December 31, 2022	Carrying value		Fair value		
	FVTPL	Amortized cost	Level 1	Level 2	Level 3
Financial assets					
Cash and cash equivalents	$ -	$ 1,474,424	$ -	$ -	$ -
Receivables and other	-	686,928	-	-	-
	$ -	$ 2,161,352	$ -	$ -	$ -
Financial liabilities					
Accounts payable and accrued liabilities	$ -	$ 392,650	$ -	$ -	$ -
Acquisition liabilities - Gabbs Project:					
Contractual cash obligations under agreements	-	11,681,066	-	-	-
	$ -	$ 12,073,716	$ -	$ -	$ -

17. 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, 2023	December 31, 2022
E&E expenditures	$ 6,759,696	$ 6,820,819
Tax loss carry forwards	2,575,261	1,647,125
Share and debt issuance costs	308,147	218,905
Property, plant and equipment	55,374	33,836
Acquisition liabilities - Gabbs Project	(559,023)	-
Deferred income taxes not recognized	(9,139,455)	(8,720,685)
	$ -	$ -

The Company has tax losses in Canada of approximately $8,301,195 (2022 – $5,978,432) expiring in various amounts from 2037 to 2043. 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.

Expressed in Canadian dollars, except for share data

17. TAXATION (Continued)

(b) Income tax expense (recovery)

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

	For the year ended December 31, 2023	December 31, 2022
Current income tax expense	25,166	199
FTS premium recovery	(360,537)	(1,961,956)
	(335,371)	(1,961,757)

The provision for income taxes differs from the amount calculated using the Canadian federal and provincial statutory income tax rates of 27.0% (2022 – 27.0%) as follows:

		For the year ended December 31, 2023		December 31, 2022
Expected income tax recovery	$	(1,293,906)	$	(4,022,967)
FTS premium		(360,537)		(1,961,956)
Share issuance costs		(33,659)		(72,618)
Share-based compensation		131,850		360,340
FTS		712,030		2,329,005
Acquisition liabilities - Gabbs Project		33,471		-
Impact of difference in tax rates and other		56,609		(185,268)
Deferred income taxes not recognized		418,771		1,591,707
	$	(335,371)	$	(1,961,757)

For the Company's subsidiaries, the USA statutory income tax rate is 21.0% (2022 – 21.0%) and the Nevada state statutory income tax rate is nil (2022 – nil).

18. COMMITMENTS

The following table provides the Company's gross contractual obligations as of December 31, 2023:

		1 year		2 -3 years		More than 3 years		Total
Acquisition liabilities - Gabbs Project:								
Contractual cash obligations under agreements	$	529,040	$	5,819,440	$	-	$	6,348,480
Convertible note		-		-		5,290,400		5,290,400
	$	529,040	$	5,819,440	$	5,290,400	$	11,638,880

19. SUBSEQUENT EVENTS

(a) Private placement

Subsequent to December 31, 2023, 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.

(b) Termination agreement – Gabbs Project

Subsequent to December 31, 2023, on February 9, 2024, the Company entered into a 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, the Company will issue or pay to Splitter (a) US$1,000,000 (paid on March 4, 2024) and 5,231,869 common shares (issued on February 28, 2024) in the capital of the Company, (b) US$125,000 on or before January 31, 2025; and (c) US$125,000 on or before January 31, 2026.

In connection with the acquisition of the Gabbs Project, the Company granted Waterton 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.

(c) Convertible debenture offering

Subsequent to December 31, 2023, 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. 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.

19. SUBSEQUENT EVENTS (Continued)

Under the terms of the offering, at any time during the term, a holder 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.

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.

The majority of the proceeds of the convertible debenture offering were used to fund obligations under the termination agreement with Splitter (refer to note 19b).

(d) Related party promissory note

Subsequent to December 31, 2023, on March 1, 2024, the Company executed a related party promissory note 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.