MacDonald Mines Exploration Ltd.

AUDITED FINANCIAL STATEMENTS

FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021

(EXPRESSED IN CANADIAN DOLLARS)

Independent Auditor's Report

To the Shareholders of MacDonald Mines Exploration Ltd.:

Opinion

We have audited the financial statements of MacDonald Mines Exploration Ltd. (the "Company"), which comprise the statements of financial position as at December 31, 2022 and December 31, 2021, and the statements of loss and comprehensive loss, changes in shareholder's (deficit) equity, and cash flows for the years then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2022 and December 31, 2021, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards.

Basis for Opinion

We conducted our audits in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audits of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Material Uncertainty Related to Going Concern

We draw attention to Note 1 in the financial statements, which indicates that the Company incurred a net loss during the year ended December 31, 2022 and, as of that date, the Company had an accumulated deficit. As stated in Note 1, these events or conditions, along with other matters as set forth in Note 1, indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Except for the matter described in the Material Uncertainty Related to Going Concern section, we have determined that there are no key audit matters to communicate in our report.

Other Information

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

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

In connection with our audits of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audits or otherwise appears to be materially misstated. We obtained Management's Discussion and Analysis prior to the date of this auditor's report. If, based on the work we have performed on this other information, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

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

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

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

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

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

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

The engagement partner on the audit resulting in this independent auditor's report is Andrew Kevin Spidle.

MNP LLP

Mississauga, Ontario — Chartered Professional Accountants

May 1, 2023 — Licensed Public Accountants

MacDonald Mines Exploration Ltd.
Statements of Financial Position
(Expressed in Canadian dollars)

	Notes	December 31, 2022	December 31, 2021
		$	**$**
Assets			
Current Assets			
Cash and cash equivalents	6	**403,379**	1,080,484
Taxes and other receivables	7	**28,333**	83,868
Prepaid expenses		**104,483**	304,050
Marketable and other securities	14	**33,300**	212,811
Total Current Assets		**569,495**	1,681,213
Non-Current Assets			
Equipment	8	**16,118**	48,312
Total Non-Current Assets		**16,118**	48,312
Total Assets		**585,613**	1,729,525
Liabilities and Shareholders' (Deficit) Equity			
Current Liabilities			
Accounts payable and accrued liabilities	10, 11, 16	**514,369**	414,236
Flow-through share liability	12	**136,388**	-
Flow-through provision	13	**184,907**	200,891
Total Current Liabilities		**835,664**	615,127
Total Liabilities		**835,664**	615,127
Shareholders' (Deficit) Equity			
Share capital	17(a)	**48,423,346**	48,252,017
Contributed surplus		**26,311,179**	24,282,395
Warrant reserve	17(c)	**324,518**	2,283,785
Accumulated deficit		**(75,309,094)**	(73,703,799)
Total Shareholders' (Deficit) Equity		**(250,051)**	1,114,398
Total Liabilities and Shareholders' (Deficit) Equity		**585,613**	1,729,525

Nature of Business and Going Concern (Note 1), **Commitments** (Note 19) & **Subsequent Events** (Note 20)

These financial statements were authorized for issuance by the Board of Directors on May 1, 2023

Approved on behalf of the Board of Directors: **(Signed) "*Amanda Fullerton*"** **Director** **(Signed) "*Stuart Adair*"** **Director**

MacDonald Mines Exploration Ltd.
Statements of Loss and Comprehensive Loss
(Expressed in Canadian dollars)

	Notes	For the year ended December 31 2022	2021
		$	$
Expenses			
Exploration & property acquisition expenditures	10, 18	**870,021**	2,252,049
Salaries, professional and consulting fees	17	**452,513**	406,940
Shareholder communications		**233,371**	316,197
General and administrative		**36,167**	58,764
Depreciation		**23,130**	27,668
Share-based compensation	16, 17(b)	**51,539**	254,288
Loss before finance and other items		**(1,666,741)**	(3,315,906)
Foreign exchange gain (loss)		**408**	(1,047)
Net (loss) gain on marketable and other securities	10(b),10(c),14	**(147,396)**	173,452
Gain (loss) on disposal of right-of-use asset and equipment		**7,937**	(1,741)
Interest income		**497**	150
Interest expense		**-**	(554)
Other income	10(b), 15	**200,000**	50,000
Net loss and comprehensive loss		**(1,605,295)**	(3,095,646)
Loss per share - basic and diluted		**(0.06)**	(0.14)
Weighted average number of common shares outstanding – basic and diluted		**26,016,778**	22,014,655

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

MacDonald Mines Exploration Ltd.
Statements of Changes in Shareholders' (Deficit) Equity
(Expressed in Canadian dollars)

	Common Shares (note 10(a))	Share Capital	Contributed Surplus	Warrant Reserve	Accumulated Deficit	Total Equity (Deficit)
	#	$	$	$	$	$
Balance at December 31, 2020	**21,329,411**	**46,898,211**	**23,622,216**	**2,313,991**	**(70,608,153)**	**2,226,265**
Private placement	4,284,780	1,812,151	-	-	-	1,812,151
Share issue costs	-	(170,160)	-	-	-	(170,160)
Fair value of warrants issued	-	(306,540)	-	306,540	-	-
Fair value of compensation options issued	-	(69,145)	69,145	-	-	-
Expiry of warrants	-	-	336,746	(336,746)	-	-
Fair value of shares issued for property acquisitions	132,143	87,500	-	-	-	87,500
Share-based compensation	-	-	254,288	-	-	254,288
Comprehensive loss for the year	-	-	-	-	(3,095,646)	(3,095,646)
Balance at December 31, 2021	**25,746,334**	**48,252,017**	**24,282,395**	**2,283,785**	**(73,703,799)**	**1,114,398**
Private placement	2,630,823	325,507	-	-	-	325,507
Share issue costs	-	(59,812)	-	-	-	(59,812)
Flow-through share premium	-	(136,388)	-	-	-	(136,388)
Fair value of warrants issued	-	(12,968)	-	12,968	-	-
Fair value of broker warrants issued		(5,010)		5,010		-
Expiry of warrants	-	-	1,977,245	(1,977,245)	-	-
Fair value of shares issued for property acquisition	150,000	60,000	-	-	-	60,000
Share-based compensation	-	-	51,539	-	-	51,539
Comprehensive loss for the year	-	-	-	-	(1,605,295)	(1,605,295)
Balance at December 31, 2022	**28,527,157**	**48,423,346**	**26,311,179**	**324,518**	**(75,309,094)**	**(250,051)**

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

MacDonald Mines Exploration Ltd.
Statements of Cash Flows
(Expressed in Canadian Dollars)

	Note	For the year ended December 31 2022	2021
		$	$
Operating activities			
Net loss for the year		**(1,605,295)**	(3,095,646)
Items not affecting cash:			
Depreciation		**23,130**	27,668
Net loss (gain) on marketable securities		**147,396**	(173,452)
Loss on disposal of right-of-use asset		**-**	1,741
Gain on disposal of equipment		**(7,937)**	-
Shares issued for property acquisition		**60,000**	87,500
Fair value of securities received from sale of property		**-**	(50,000)
Share-based compensation		**51,539**	254,288
Net change in non-cash working capital items:			
Taxes and other receivables		**55,535**	108,684
Prepaid expenses		**199,568**	(261,098)
Accounts payable and accrued liabilities		**84,149**	(77,742)
Net cash used in operating activities		**(991,915)**	(3,178,057)
Investing activities			
Purchase of equipment	8	**-**	(40,919)
Proceeds on sale of equipment	8	**17,000**	-
Proceeds on sale of marketable and other securities	14	**32,115**	778,930
Net cash provided by investing activities		**49,115**	738,011
Financing activities			
Proceeds from private placements		**325,507**	1,812,151
Share issue costs		**(59,812)**	(170,160)
Lease obligation principal paid		**-**	(5,421)
Net cash provided by financing activities		**265,695**	1,636,570
Decrease in cash and cash equivalents		**(677,105)**	(803,476)
Cash and cash equivalents, beginning of year		**1,080,484**	1,883,960
Cash and cash equivalents, end of year		**403,379**	1,080,484

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

1. Nature of Business and Going Concern

MacDonald Mines Exploration Ltd. (the "Company") is a publicly traded company actively engaged in the acquisition, exploration and development of mineral properties. The Company's registered office is Suite 1001, 145 Wellington Street West, Toronto, Ontario, Canada, M5J 1H8. Since November 1, 2011, the Company has continued under the Canadian Business Corporations Act. Prior to November 1, 2011, the Company was continued under the Quebec Business Corporations Act (formerly, Part 1A of the Companies Act (Quebec)). The Company's Class A common shares are listed on the TSX Venture Exchange ("TSXV") under the trading symbol "BMK".

The business of mining and exploring for minerals involves a high degree of risk and there can be no assurance that current operations, including exploration and evaluation programs, will result in profitable mining operations. The Company's continued existence is dependent upon the preservation of its interest in the underlying properties, the discovery of economically recoverable reserves, the achievement of profitable operations, and the ability of the Company to raise additional financing, if necessary, or alternatively upon the Company's ability to dispose of its interests on an advantageous basis.

These financial statements have been prepared using International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") on a going concern basis which assumes the Company will be able to meet its obligations and continue its operations for the next 12 months. During the year ended December 31, 2022, the Company incurred a net loss and comprehensive loss of $1,605,295 (December 31, 2021 – $3,095,646) and had a shareholders' deficit at December 31, 2022, of $250,051 (December 31, 2021 – shareholders' equity $1,114,398) and, as of that date, had working capital deficit of $266,169 (December 31, 2021 – working capital $1,066,086).

The Company's continuation as a going concern is dependent upon successful results from its mineral property exploration activities and its ability to attain profitable operations and generate funds therefrom and/or raise equity capital or borrowings sufficient to meet current and future obligations. There is no assurance that the Company will continue to be able to obtain adequate financing in the future or that such financing will be on terms acceptable to the Company. These material uncertainties may cast significant doubt about the Company's ability to continue as a going concern.

These financial statements do not reflect the adjustments to the carrying value of assets and liabilities and the reported expenses that would be necessary if the Company were unable to realize its assets and settle its liabilities as a going concern in the normal course of operations. Such adjustments could be material.

2. Basis of Preparation and Statement of Compliance

These financial statements are prepared in accordance with IFRS, as issued by the IASB and Interpretations issued by the International Financial Reporting Interpretations Committee ("IFRIC").

These financial statements have been prepared on a going concern basis, under the historical cost convention except for certain financial instruments that have been measured at fair value. In addition, these financial statements have been prepared using the accrual basis of accounting, except for cash flow information. The principal accounting policies and critical estimates and judgements used when compiling these financial statements are set out below. These financial statements were approved by the Board of Directors on May 1, 2023.

3. Significant Accounting Policies and Critical Accounting Judgements and Estimates

a) Functional and Presentation Currency

Items included in these financial statements are measured using the currency of the primary economic environment in which the Company operates (the “functional currency”), which was determined to be the Canadian dollar and is also the Company’s presentation currency. Transactions in currencies other than the Canadian dollar are translated into Canadian dollars at exchange rates at the time of the transactions as follows:

(i) Monetary assets and liabilities are translated at rates of exchange at each reporting date with the resulting gains or losses recorded in foreign exchange gain/loss in the statements of loss and comprehensive loss;

(ii) Non-monetary items are translated at historical exchange rates and are not retranslated; and

(iii) Expense items are translated at the rates of exchange prevailing on the dates of the transactions.

b) Cash and Cash Equivalents

Cash and cash equivalents include cash, demand deposits and short-term, highly-liquid investments that are readily convertible to known amounts of cash and are subject to an insignificant risk of changes in value. Cash equivalents have maturities of three months or less at the date of acquisition. Interest earned is included in interest income on the statements of loss and comprehensive loss.

c) Marketable and Other Securities

Marketable securities consist of equity securities that are listed on a recognized stock exchange, over which the Company does not have control or significant influence. Other securities consist of shares and warrants that are not listed on a recognized exchange.

d) Taxes and Other Receivables

Taxes and other receivables consist primarily of HST receivables from government authorities in Canada.

e) Mineral Properties and Exploration Expenditures

The Company expenses all costs relating to the acquisition of, exploration for and development of mineral claims. Such costs include, but are not limited to, acquisition costs, geological, geophysical studies, exploratory drilling and sampling. Once a project has been established as commercially viable and technically feasible, related development expenditures are capitalized. This includes costs incurred in preparing the site for mining operations.

f) Impairment of Non-Financial Assets

The carrying values of equipment are assessed for impairment when indicators of such impairment exist. If any indication of impairment exists, an estimate of the asset’s recoverable amount is calculated. The recoverable amount is determined as the higher of the fair value less costs to sell for the asset and the asset’s value in use.

3. Significant Accounting Policies (continued)

g) Impairment of Non-Financial Assets (continued)

If the carrying amount of the asset exceeds its recoverable amount, the asset is impaired, and an impairment loss is charged to the statements of loss and comprehensive loss to reduce the carrying amount to its recoverable amount.

A previously recognized impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognized. If this is the case, the carrying amount of the asset is increased to its recoverable amount. The increased amount cannot exceed the carrying amount that would have been determined, net of accumulated depreciation, had no impairment loss been recognized for the asset in prior years. Such a reversal is recognized in the statements of loss and comprehensive loss.

h) Loss per Common Share

The Company presents basic and diluted loss per share data for its common shares, calculated by dividing the loss attributable to common shareholders of the Company by the weighted average number of common shares outstanding during the period. The diluted loss per share calculation assumes that any proceeds from the exercise of dilutive stock options and warrants would be used to repurchase common shares at the average market price during the period, with the incremental number of shares being included in the denominator of the diluted loss per share calculation. Diluted loss per share does not adjust the loss attributable to common shareholders or the weighted average number of common shares outstanding when the effect is anti-dilutive. All of the Company's outstanding stock options and warrants were anti-dilutive for the years ended December 31, 2022 and 2021.

i) Share Capital

Common shares are classified as equity. Incremental costs directly attributable to the issue of common shares and share purchase warrants are recognized as a deduction from equity. Common shares issued for consideration other than cash are valued based on their market value at the date the shares are issued.

Proceeds received from the issuance of units, consisting of common shares and share purchase warrants, are allocated to common shares and warrants on a relative fair value basis whereby the common shares are valued based on the quoted market price of the common shares at the time the units are issued, and the share purchase warrants are valued using the Black-Scholes option pricing model.

j) Share-based Compensation

Share-based compensation transactions are measured based on the fair value of the share-based compensation issued. The Company grants stock options to certain employees, directors and consultants under the terms of the Company's Stock Option Plan. Each tranche in an option award is considered a separate award with its own vesting period and grant date fair value. The fair value of each tranche is measured at the date of grant using the Black-Scholes option pricing model. The Black-Scholes option pricing model requires estimates for the expected life of options and stock price volatility which can materially affect the fair value estimate. Volatility and the expected life of options is estimated based on an analysis of factors such as the Company's historical price trends, history of option holder activity, and peer and industry benchmarks for similar transactions.

3. Significant Accounting Policies (continued)

j) Share-based Compensation (continued)

Share-based compensation transactions with parties other than employees and directors are measured at the fair value of the goods or services received, except where that fair value cannot be estimated reliably, in which case they are measured at the fair value of the equity instruments granted, measured at the date the entity obtains the goods or the counterparty renders the service.

k) Income Taxes

Income tax comprises current and deferred tax. Income tax is recognized in profit or loss except to the extent that it relates to items recognized directly in equity or other comprehensive income, in which case the income tax is also recognized directly in equity or other comprehensive income.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted at the end of the reporting period,and any adjustment to tax payable in respect of previous years. Current tax assets and current tax liabilities are only offset if a legally enforceable right exists to offset the amounts and the Company intends to settle on a net basis, or to realize the asset and settle the liability simultaneously.

Deferred tax is recognized in respect of all qualifying temporary differences arising between the tax basis of assets and liabilities and their carrying amounts in the financial statements. Deferred income tax is determined on a non-discounted basis using tax rates and laws that have been enacted or substantively enacted at the end of the reporting period and are expected to apply when the deferred tax asset or liability is settled. Deferred tax assets are recognized to the extent that it is probable that the assets can be recovered. Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset tax assets and liabilities and when the deferred tax balances relate to the same taxation authority.

Deferred tax assets are recognized to the extent future recovery is probable. At each reporting period end, deferred tax assets are reduced to the extent that it is no longer probable that sufficient taxable earnings will be available to allow all or part of the asset to be recovered.

Provisions for taxes are made using the best estimate of the amount expected to be paid based on a qualitative assessment of all relevant factors. The Company reviews the adequacy of these provisions at the end of the reporting period. However, it is possible that at some future date an additional liability could result from audits by taxing authorities. Where the final outcome of these tax-related matters is different from the amounts that were initially recorded, such differences will affect the tax provisions in the period in which such determination is made.

l) Flow-through Shares

Expenditure deductions for income tax purposes related to exploratory activities funded by flow-through equity instruments are renounced to investors in accordance with income tax legislation. The difference between the value ascribed to flow-through shares issued and the value that would have been received for common shares at the date of issuance of the flow-through shares is initially recognized as a liability on the consolidated statement of financial position. The liability is reversed when tax benefits are renounced and a deferred tax liability is recognized at that time. Income tax expense is the difference between the amount of the deferred tax liability and the liability recognized on issuance.

3. Significant Accounting Policies (continued)

m) Related Party Transactions

Parties are considered to be related if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions. Parties are also considered to be related if they are subject to common control. Related parties may be individuals or corporate entities. A transaction is considered to be a related party transaction when there is a transfer of resources or obligations between related parties.

n) Equipment

Equipment is stated at cost less accumulated depreciation and accumulated impairment losses. Cost comprises the fair value of consideration given to acquire or construct an asset and includes the direct charges associated with bringing the asset to the location and condition necessary for putting it into use. Depreciation is provided over the estimated useful lives of the equipment using the following methods:

- Exploration equipment – 50% declining balance
- Vehicles – 30% straight-line

o) Rehabilitation Provision

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

The obligation generally arises when the asset is installed or the ground / environment is disturbed at the production location. When the liability is initially recognized, the present value of the estimated cost is capitalized by increasing the carrying amount of the related mining assets to the extent that it was incurred prior to the production of related ore. Over time, the discounted liability is increased for the change in present value based on the discount rates that reflect current market assessments and the risks specific to the liability. The periodic unwinding of the discount is recognized in the statement of loss as a finance cost. Additional disturbances or changes in rehabilitation costs will be recognized as additions or charges to the corresponding assets and rehabilitation liability when they occur. When applicable for closed sites, changes to estimated costs are recognized immediately in the statement of loss and comprehensive loss. As December 31, 2022 and December 31, 2021 the provision was $nil.

p) Government Assistance

The Company recognizes government grants given on eligible expenditures when it is reasonably assured that they will be realized. The Company uses the cost reduction method to account for government grants, under which the credits are applied against the expense or asset to which the government grant relates.

q) Financial Assets and Liabilities

IFRS 9 – Financial Instruments (“IFRS 9”) includes guidance on the classification and measurement of financial assets. Under IFRS 9, financial assets are classified and measured either at amortized cost, fair value through profit or loss (“FVTPL”) or fair value through other comprehensive income (“FVTOCI”) based on the business model in which they are held and the characteristics of their contractual cash flows.

3. Significant Accounting Policies (continued)

q) Financial Assets and Liabilities (continued)

Financial assets
Financial assets are classified as either financial assets at FVTPL, amortized cost, or FVTOCI. The Company determines the classification of its financial assets at initial recognition.

i. Financial assets recorded at FVTPL

Financial assets classified as FVTPL are measured at fair value with changes in fair value on those items recognized in net loss and comprehensive loss. Financial assets are classified as FVTPL if they do not meet the criteria of amortized cost or FVTOCI.

The Company's marketable and other securities are classified as financial assets measured at FVTPL.

ii. Amortized Cost

Financial assets classified as amortized cost are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are carried at amortized cost less any provision for impairment. Individually significant receivables are considered for impairment when they are past due or when other objective evidence is received that a specific counterparty will default.

The Company's cash and cash equivalents, and taxes and other receivables are classified as financial assets measured at amortized cost.

iii. Financial assets recorded at FVTOCI

Financial assets are recorded at FVTOCI when the change in fair value is attributable to changes in the Company's credit risk. The Company did not hold any financial assets measured at FVTOCI as at December 31, 2022 and December 31, 2021.

Financial liabilities
Financial liabilities are classified as either financial liabilities at FVTPL or at amortized cost. The Company determines the classification of its financial liabilities at initial recognition.

i. Amortized cost

Financial liabilities measured at amortized cost, including borrowings, are initially measured at fair value, net of transaction costs. Financial liabilities are subsequently measured at amortized cost using the effective interest method, with interest recognized on an effective yield basis.

The effective yield basis is a method of calculating the amortized cost of a financial liability and of allocating interest costs over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability to the net carrying amount on initial recognition.

The Company's accounts payable and accrued liabilities approximate their amortized cost.

ii. Financial liabilities recorded at FVTPL

Financial liabilities are classified as FVTPL if they do not fall into the amortized cost category detailed above.

3. Significant Accounting Policies (continued)

q) Financial Assets and Liabilities (continued)

Transaction costs
Transaction costs associated with financial instruments carried at FVTPL are expensed as incurred, while transaction costs associated with all other financial instruments are included in the initial carrying amount of the asset or the liability.

Recognition and measurement
Instruments classified as FVTPL are measured at fair value with gains and losses arising from the changes in fair value of the financial instruments presented in the statement of loss and comprehensive loss as the net unrealized gains or losses in the period they arise. Instruments classified as amortized cost are measured at amortized cost using the effective interest rate method. Instruments classified as FVOCI are measured at fair value with unrealized gains and losses recognized in other comprehensive loss.

Determination of fair values
The determination of fair value requires judgement and is based on market information, where available and appropriate. At the end of each financial reporting period, the Company's management estimates the fair value of securities based on quoted trading prices at the end of the reporting period or the closing trade price on the last day the security traded if there were no trades at the end of the reporting period, or other such fair value method that is appropriate if the security is not listed on a recognized exchange.

Disposition of marketable securities
Realized gains or losses on the disposal of securities and unrealized gains and losses on securities classified as FVTPL are reflected in profit or loss on the transaction date and are calculated on a weighted average cost basis.

Derecognition of financial liabilities
The Company de-recognizes financial liabilities when the obligations are discharged, cancelled or expire. The difference between the carrying amount of the financial liability derecognized and the consideration paid and payable, including any non-cash assets transferred or liabilities assumed, is recognized in the statement of loss and comprehensive loss.

Impairment of financial assets
Financial assets not measured at FVTPL are assessed for indicators of impairment at the end of each reporting period. Financial assets are impaired when there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial assets, the estimated future cash flows of the financial assets have been negatively impacted. Evidence of impairment could include: significant financial difficulty of the issuer or counterparty; default or delinquency in interest or principal payments; or the likelihood that the borrower will enter bankruptcy or financial reorganization.

The carrying amounts of the Company's financial assets are reviewed at each reporting date to determine if there is any indication of impairment. As of December 31, 2022 and December 31, 2021, the fair values of the financial assets classified at amortized cost approximated their carrying value due to their short-term nature.

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

3. Significant Accounting Policies (continued)

q) Financial Assets and Liabilities (continued)

- Level 1 – valuation based on unadjusted quoted prices in active markets for identical assets or liabilities;
- Level 2 – valuation techniques based on inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- Level 3 – valuation techniques using inputs for the asset or liability that are not based on observable market data (i.e. unobservable inputs).

r) Leases

The Company determines if an arrangement is a lease at contract inception by evaluating if the contract conveys the right to control the use of identified assets during the period of use. A right-of-use ("ROU") asset represents the Company's right to use an identified asset for the lease term and a lease liability represents the Company's obligation to make payments as set forth in the lease agreement. ROU assets and lease liabilities are included on the Company's statements of financial position and are recognized based on the present value of the future lease payments at the lease commencement date over the expected lease term which includes options to extend or terminate the lease when it is reasonably certain those options will be exercised. The interest rate used to determine the present value of the future lease payments is the Company's incremental borrowing rate at lease inception, because the interest rate implicit in the lease is generally not readily determinable. A ROU asset initially equals the lease liability, adjusted for any lease payments made prior to lease commencement and any lease incentives. All leases are recorded on the statements of financial position except for leases with an initial term of less than 12 months. ROU assets are amortized on a straight-line basis over the shorter of the remaining useful life of the asset and lease term. Depreciation expense is recognized in the statements of loss and comprehensive loss.

s) New Accounting Standards and Amendments

Certain pronouncements have been issued by the IASB that are effective for annual periods beginning on or after January 1, 2021. The Company has assessed the amendments and determined that there is no material impact on the accounting and presentation of the financial statements.

Certain pronouncements have been issued by the IASB that are applicable for accounting periods after December 31, 2021. There are currently no such pronouncements that are expected to have a significant impact on the Company's financial statements upon adoption.

t) Critical Accounting Judgements and Estimates

The preparation of these financial statements requires management to make certain estimates, judgments and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and reported amounts of income and expenses during the reporting periods. Actual outcomes could differ from these estimates.

These financial statements include estimates that, by their nature, are uncertain. The impacts of such estimates are pervasive throughout these financial statements and may require accounting adjustments based on future occurrences. Revisions to accounting estimates are recognized in the period in which the

3. Significant Accounting Policy (continued)

estimate is revised and future periods if the revision affects both current and future periods. These estimates are based on historical experience, current and future economic conditions and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Significant assumptions about the future that management has made that could result in a material adjustment to the carrying amounts of assets and liabilities, in the event that actual results differ from estimates made, relate, but are not limited to, the following:

Fair Value of Investment in Securities Not Quoted in an Active Market
Where the fair values of financial assets and financial liabilities recorded on the statements of financial position, including equities and warrants, cannot be derived from active markets, they are determined using a variety of valuation techniques. The inputs to these models are derived from observable market data where possible; where observable market data is not available, management's judgment is required to establish fair values.

Warrants
The Company uses the Black-Scholes option pricing model to calculate the value of warrants issued as part of the Company's private placements and in the Company's investment portfolio. The Black-Scholes model requires six key inputs to determine a value for a warrant: risk free interest rate, exercise price, market price at date of issue, expected dividend yield, expected life and expected volatility. Certain of the inputs are estimates which involve considerable judgment and are, or could be, affected by significant factors that are out of the Company's control. For example, a longer expected life of the warrant or a higher volatility number used would result in an increase in the warrant value.

Going concern
The preparation of these financial statements requires management to make judgments regarding the going concern of the Company as previously discussed in Note 1.

Share-based compensation
The Black-Scholes option valuation model used by the Company to determine fair values for stock-based compensation was developed for use in estimating the fair value of freely traded options. This model requires input of highly subjective assumptions including future stock volatility and expected time until exercise. Changes in the subjective input assumptions can materially affect a stock option's fair value estimate.

Deferred taxes
The estimation of income taxes includes evaluating the recoverability of deferred tax assets based on an assessment of the Company's ability to utilize the underlying future tax deductions against future taxable income prior to expiry of those deductions. Management assesses whether it is probable that some or all of the deferred tax assets will not be realized. The ultimate realization of deferred tax assets is dependent upon the generation of future taxable income, which in turn is dependent upon the successful discovery, extraction, development and commercialization of mineral reserves. To the extent that management's assessment of the Company's ability to utilize future tax deductions changes, the Company would be required to recognize more or fewer deferred tax assets, and deferred tax provisions or recoveries could be affected.

Deferred Flow-Through Premium Estimates
Recorded costs of flow-through share premium liabilities reflect premiums received by the Company on the issue of flow-through shares. The premium is subject to measurement uncertainties and requires the Company to assess the value of non-flow-through shares. The determination is subjective and does not necessarily provide a reliable single measure of the fair value of the premium liability.

3. Significant Accounting Policy (continued)

r) Critical Accounting Judgements and Estimates (continued)

Provision for Flow-Through Shares
Management estimates the probability each year for the likelihood of the provision. Changes to the probability can affect the carrying value of the provision as disclosed in Note 13.

Income, value added, withholding and other taxes
The Company is subject to income, value added, withholding and other taxes. Significant judgment is required in determining the Company's provisions for taxes. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The Company recognizes liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. The determination of the Company's income, value added, withholding and other tax liabilities requires interpretation of complex laws and regulations. The Company's interpretation of taxation law as applied to transactions and activities may not coincide with the interpretation of the tax authorities. All tax related filings are subject to government audit and potential reassessment subsequent to the end of the financial statement reporting period. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the tax related accruals and deferred income tax provisions in the period in which such a determination is made.

4. Capital Management

The Company manages its capital structure and makes adjustments to it, based on the funds available to the Company, in order to support the acquisition and exploration of mineral properties. The Company's Board of Directors does not establish quantitative return on capital criteria for management, but rather relies on the expertise of the Company's management to sustain future development of the business. The Company defines its capital to comprise its shareholders' (deficit) equity, specifically its capital stock, warrant reserve, contributed surplus and accumulated deficit. The properties in which the Company currently has an interest are in the early exploration stage; as such the Company is dependent on external financing to fund its activities. In order to carry out the planned exploration activity and pay for administrative costs, the Company will spend its existing working capital and raise additional amounts as needed.

Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Company, is reasonable. There were no changes in the Company's approach to capital management during the years ended December 31, 2022 and 2021.

5. Financial Risks Factors

The Company's activities expose it to a variety of financial risks, including credit risk, liquidity risk and market risk (including interest rate and foreign exchange rate risk).

Risk management is carried out by the Company's management team with guidance from the Company's Audit Committee under policies approved by the Company's Board of Directors. The Board of Directors also provides regular guidance for overall risk management.

Credit Risk
Credit risk is the risk of loss associated with a counterparty's inability to fulfil its payment obligations. The Company's credit risk is primarily attributable to cash and cash equivalents. Cash and cash equivalents consist of cash on deposit with banks. Included in taxes and other receivables at December 31, 2022 is $28,333 (December 31, 2021 - $83,868) relating to sales taxes receivable from various Canadian governments. Management believes that the credit risk concentration with respect to its financial instruments is not significant.

5. Financial Risks Factors (continued)

Liquidity Risk
The Company's liquidity risk is the risk that Company has insufficient funds to settle its contractual financial liabilities as they fall due. The Company manages this risk by ensuring sufficient funds are available as contractual cash flows become due.

As at December 31, 2022, the Company had a cash and cash equivalents balance of $403,379 (December 31, 2021 - $1,080,484), as well as marketable and other securities of $33,300 (December 31, 2021 - $212,811) to settle current liabilities of $835,664 (December 31, 2021 - $615,127).

While the Company has been successful in obtaining required funding in the past, there is no assurance that future financings will be available.

Market Risk
Market risk is the risk of loss that might arise from changes in market factors such as interest rates, foreign exchange rates, and commodity and equity prices.

i) Interest Rate Risk:

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in market interest rates. The Company is exposed to limited interest rate risk, as it only holds cash and cash equivalents and does not have any interest-bearing debt.

ii) Foreign Currency Risk:

The Company holds a bank account denominated in United States dollars and is subject to risk of fluctuations in the exchange rate of the United States dollar against the Canadian dollar. As at December 31, 2022 and December 31, 2021, the Company had a minimal balance in its US bank account; therefore, the impact of any change in the United States dollar against the Canadian dollar would be insignificant.

iii) Commodity and Equity Risk:

The Company is exposed to price risk with respect to commodity and equity prices. The Company closely monitors commodity prices as it relates to the value and the future outlook of the Company's mineral properties and equity prices to determine the appropriate course of action to be taken for current and future projects. Commodity price risk could adversely affect the Company. In particular, the Company's future profitability and viability from mineral exploration depends upon the world market price of valuable minerals. Commodity prices have fluctuated significantly in recent years. There is no assurance that, even as commercial quantities of minerals may be produced in the future, a profitable market will exist for them. As of June 30, 2022, the Company is not a producer of valuable minerals. As a result, commodity price risk may affect the completion of future equity transactions such as equity offerings.

6. Cash and Cash Equivalents

Cash and cash equivalents consist of:

	December 31, 2022	December 31, 2021
	$	$
Cash deposits	**391,579**	1,050,484
Cash equivalents	**11,800**	30,000
	403,379	1,080,484

(Expressed in Canadian dollars, unless otherwise noted)

7. Taxes and other receivables

	December 31, 2022	December 31, 2021
	$	$
Taxes recoverable	**28,333**	83,868

8. Equipment

The following tables summarize the Company's equipment carrying values:

December 31, 2022	**Cost**	**Accumulated Depreciation**	**Carrying Value**
	$	**$**	**$**
Exploration equipment	**124,658**	**(108,540)**	**16,118**
Vehicles	**52,012**	**(52,012)**	**-**
	176,670	**(160,552)**	**16,118**

December 31, 2021	Cost	Accumulated Depreciation	Carrying Value
	$	$	$
Exploration equipment	124,658	(92,419)	32,239
Vehicles	79,863	(63,790)	16,073
	204,521	(156,209)	48,312

During the year ended December 31, 2022, the Company disposed of a vehicle for $17,000, resulting in a gain on disposal of $7,937 which was recorded in the statements of loss and comprehensive loss.

9. Leases

a) Right-of-Use Asset

	$
Balance, January 1, 2021	**41,548**
Depreciation for 2021	(5,589)
Disposal in 2021	(35,959)
Balance, December 31, 2021 and December 31, 2022	**-**

During the year ended December 31, 2021, the Company disposed of its right-of-use asset resulting in a loss on disposal of $1,741 which was recorded in the statements of loss and comprehensive loss. The Company's lease contract was for exploration equipment.

(Expressed in Canadian dollars, unless otherwise noted)

b) Lease Obligation

	$
Balance, January 31, 2021	**39,638**
Lease payments in 2021	(5,975)
Interest expense in 2021	554
Lease obligation settlement on disposal of right-of-use asset in 2021	(34,217)
Balance, December 31, 2021 and December 31, 2022	**-**

The Company calculated the lease obligation based on the net present value of the future lease payments. The obligation was calculated using an incremental borrowing rate of 5.95%.

10. Mineral Properties

The Company has ownership interests in the one exploration project, namely the Scadding-Powerline-Jovan ("SPJ") project.

The following table summarizes the cumulative exploration and evaluation and property acquisition expenditures the Company has incurred on the SPJ project:

	$
Balance, December 31, 2020	**7,386,581**
Exploration expenditures & property acquisition costs	2,252,049
Balance, December 31, 2021	**9,638,630**
Exploration expenditures & property acquisition costs	870,021
Balance, December 31, 2022	**10,508,651**

a) <u>Scadding-Powerline-Jovan Property</u>

The SPJ property consists of the Scadding, Powerline, Jovan, Blueberry, Loney and Golden Copper properties.

On April 24, 2019, the Company signed definitive agreements with both Northern Sphere Mining Corp. ("Northern Sphere") and Currie Rose Resources Inc. ("Currie Rose") to purchase a 100% interest in the leases comprising the Scadding Mine, as well as additional mineral claims that surround the permitted Scadding Mine site (collectively, the "Scadding Mine"), which is located in Scadding Township near the Wanapitei – Ashigami Lakes district, 40 kilometres east of Sudbury, Ontario. The site was initially mined by Northgate Exploration in the 1980's.

To acquire Northern Sphere's 51% interest in the Scadding Mine and a 100% interest in the surrounding claims, the Company satisfied the following conditions:

- issued 1,000,000 of the Company's common shares upon transfer of title (the shares were issued on September 10, 2019) with a fair value of $900,000;
- made a $100,000 cash payment (this was paid on the signing of definitive agreements); and
- incurred $300,000 in eligible exploration expenditures in the 12-month period following acquisition of the Scadding Mine.

The agreement with Northern Sphere is subject to both a standstill clause and voting requirements.

10. Mineral Properties (continued)

To acquire Currie Rose's 49% interest in the Scadding Mine, the Company satisfied the following conditions:

- issued 800,000 of the Company's common shares (the shares were issued on September 4, 2019) with a fair value of $640,000;
- made a $50,000 cash payment on transfer of title (this was paid on the signing of definitive agreements); and
- incurred $1.5M of eligible exploration expenditures on the leases partially comprising the Scadding Mine within a three-year period following acquisition.

As part of the agreement, Currie Rose retains a 3% Net Smelter Return ("NSR") on the property. Upon reaching commercial production, the Company agrees to pay Currie Rose $2,000,000 in exchange for a reduction of the NSR to 2.5%. An additional 1% of the NSR can be bought back for $1,000,000. 514 Finance Inc. acted as an arms-length advisor for this transaction and the Company issued 200,000 common shares for its services. The fair value of the shares issued was $160,000.

On July 9, 2019, the Company entered into an agreement with Blueberry Cobalt Project Corp. to purchase a 100% interest in certain claims located in Greater Sudbury, Ontario. In consideration for the purchase of the mining claims the Company paid $50,000 in cash and issued 300,000 common shares. The fair value of the shares issued was $15,000.

On September 2, 2019, the Company entered into an agreement with Klondike Bay Resources (Loney Property) to acquire a 100% interest in 151 claims in the Wanapitei Lake area, 33 kilometres northeast of Sudbury, Ontario. The terms of the purchase agreement require the following payments:

- $20,000 and 20,000 shares on the signing of the definitive agreement (the cash was paid on signing the agreement, while the Company issued 20,000 common shares on November 8, 2019). The fair value of the shares issued was $20,000.
- $30,000 and 30,000 shares on or before first anniversary of agreement (the shares were issued on September 30, 2020 with a fair value of $33,000, while the cash payment of $30,000 was made on November 3, 2020); and
- $30,000 and 25,000 shares on or before the second anniversary of the agreement (the shares were issued on September 17, 2021, with a fair value of $12,500, while the cash payment of $30,000 was made on September 24, 2021).

On October 2, 2019, the Company entered into an agreement with Golden Copper Corp. to purchase a 100% interest in 38 mining claims located 35 kilometres from downtown Sudbury, Ontario. The Company made a cash payment of $5,000 upon signing the definitive agreements. On November 8, 2019, the Company issued 187,500 common shares. The fair value of the shares issued was $187,500.

On July 18, 2018, the Company announced it acquired an option to earn 100% interests in the Jovan and Powerline properties. The purchase price was structured to be payable over a three-year period and included cash payments totalling $225,000, the issuance of commons shares valued at $180,000 and the commitment to spend up to $800,000 in exploration activities. The Company made a cash payment of $37,500 upon signing the definitive agreements. On October 5, 2018, the Company issued 50,000 common shares with a fair value of $20,000 pursuant to the definitive agreement. On August 14, 2019, in accordance with agreement, the Company issued 80,000 common shares with a fair value of $40,000 and paid $45,500 in cash. On August 6, 2020, the Company made a cash payment of $66,000 and on September 14, 2020, the Company issued 40,909 common shares with a fair value of $45,000 in accordance with the agreement. On July 15, 2021, the Company made a cash payment of $26,000. On January 11, 2022, the Company made a cash payment of $50,000. On January 18, 2022, the Company issued 150,000 common shares with a fair value of $60,000 in accordance with the agreement. All obligations to acquire 100% interest in the claims have now been fulfilled and the claims have been transferred over to the Company.

(Expressed in Canadian dollars, unless otherwise noted)

10. Mineral Properties (continued)

On February 15, 2021, the Company entered into an agreement to acquire a 100% interest in four claims (the "Claims") located on the Jovan property. This acquisition added 36 hectares to the Company's land position. Total consideration for the purchase of the mining claims was $150,000, of which $75,000 was paid in cash on the signing of the agreement and $75,000 was paid in common shares of the Company based on the previous 5-day VWAP. In total 107,143 common shares were issued on April 21, 2021, with a fair value of $0.7 each.

b) Charlevoix-Silica Property

On November 18, 2016, the Company entered into a purchase agreement with 9019-5504 Quebec Inc. to acquire a 100% interest in certain mining claims located in the Province of Quebec known as the Charlevoix-Silica Property. In consideration for the purchase of the mining claims, the Company issued 900,000 common shares on January 12, 2017 valued at $0.7 per share, for a total fair value of $630,000.

On February 16, 2021, the Company entered into an agreement with Quebec Silica to sell all of its interest in the Charlevoix-Silica Property. As consideration for the property, Quebec Silica issued to the Company 1,000,000 of its common shares. The fair value of the common shares received was $0.05 per share, determined using Quebec Silica's share price for its most recent financing prior to the transaction, for a total fair value received of $50,000. This was recorded as other income in the statements of loss and comprehensive loss.

c) McFaulds Lake and Area Properties

The Company had held property in this region of Northern Ontario since 2004. During the year ended December 31, 2020, the Company sold its remaining interests in the McFaulds Lake and area properties to Juno, a private company. As consideration for the properties, the Company received $55,000 in cash and 500,000 common shares in the capital of Juno. The fair value of the common shares received was $0.20 per share, determined using Juno's share price for its most recent financing prior to the transaction. The fair value of the shares received was valued at $100,000 and the total consideration received of $155,000 was recorded as other income in the statements of loss and comprehensive loss. On January 22, 2021, the Company sold all of its shares in Juno to various third parties for a total sum of $185,000 representing a price of $0.37 per common share. This resulted in a loss of $115,000 and was recorded as part of the net gain (loss) on marketable and other securities in the statements of loss and comprehensive loss.

11. Accounts Payable and Accrued Liabilities

	December 31, 2022	December 31, 2021
	$	$
Accounts payable	**440,956**	308,270
Accrued liabilities	**73,413**	105,966
	514,369	414,236

12. Deferred Premium on Flow-Through Shares

The premium paid for flow-through shares in excess of the market value of the shares without the flow-through features is initially recognized as a liability. The liability is subsequently reduced and recorded in the statements of loss and comprehensive loss on a pro-rata basis based on the corresponding eligible expenditures that have been incurred when it is the Company's intention to file the appropriate renunciation forms with the Canadian taxation authorities. As at December 31, 2022 there was $136,388 deferred premium recorded as a liability.

13. Provision for Flow-Through Shares

During the year ended December 31, 2015, the Company underwent an audit conducted by the Canada Revenue Agency ("CRA") for the calendar years 2010 to 2013. As a result of the audit, CRA adjusted the amount of qualifying expenditures that were renounced to subscribers aggregating approximately $2,500,000. The Company did not appeal the adjustment resulting in the subscribers being reassessed tax payable for calendar years 2010-2013 for which the Company was ultimately responsible. In addition, CRA assessed additional Part XII.6 tax of $255,043 to the Company in connection with the shortfall, which was paid in January 2017.

During the year ended December 31, 2022, the company concluded that it had not met the commitment for flow-through eligible exploration expenditures in connection with the November 2021 flow-through financing. The shortfall was estimated to be $112,389. The company recorded a provision representing the penalty to the CRA and the estimated amount of repayments to subscribers it currently expects to incur.

At December 31, 2022, there is a provision of $184,907 (December 31, 2021 - $200,891) representing the estimated amount of repayments to subscribers, related to the 2010-2013 and 2021-2022 shortfalls in flow-through eligible exploration expenditures. During the year ended December 31, 2022, the Company made cash payments of $15,984 (2021 - $16,807) to settle obligations to subscribers.

14. Marketable and Other Securities

As at December 31, 2022, the Company's marketable and other securities were valued at $33,300 (December 31, 2021 - $212,811) and included:

- Noble Mineral Exploration Inc. ("Noble") warrants held that are measured using the Black-Scholes model and classified as Level 2.

During the year ended December 31, 2022, the Company received $32,115 from the sale of Quebec Silica shares that were received from the sale of the Charlevoix-Silica Property (see Note 10(b)). During the year ended December 31, 2021, $778,930 was received from the sale of marketable securities, comprising $510,345 from the sale of Noble shares on the TSXV that were received from the sale of the Holdsworth property, $185,000 from the private sale of Juno shares to third parties that were received from the sale of the McFaulds Lake and area properties and $83,585 from the sale of Quebec Silica shares. The Company recorded a net gain (loss) on marketable and other securities in the statements of loss and comprehensive loss.

15. Government Assistance

The Company was approved for up to $200,000 of funding for the Ontario Junior Exploration Program ("OJEP") through the Ministry of Northern Development. As at December 31, 2022 the Ministry approved the funding allocation towards the Company's Summer 2022 drill program and granted the Company $200,000.

16. Related Party Transactions and Balances

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Company. Key management personnel include the Board of Directors and the executive management team, which comprises: (i) the President and Chief Executive Office; and (ii) the Chief Financial Officer.

(Expressed in Canadian dollars, unless otherwise noted)

16. Related Party Transactions and Balances (continued)

Compensation for key management personnel of the Company for the years ended December 31, 2022 and 2021 was as follows:

	2022	2021
	$	$
Short-term benefits	**363,750**	286,000
Share-based payments	**51,539**	195,971
	415,289	481,971

At December 31, 2022, included in accounts payable and accrued liabilities is an amount of $11,300 (December 31, 2021 - $nil) due to a company controlled by the Chief Financial Officer and $28,250 (December 31, 2021 - $nil) due to a company controlled by the then Chief Executive Officer.

17. Shareholders' Equity

a) Share Capital

The Company's authorized share capital includes an unlimited number of Class "A" common shares having no par value. At December 31, 2022, 28,527,157 common shares (December 31, 2021 – 25,746,352) were issued and outstanding. Please refer to the statements of changes in shareholders' equity for movements in share capital during the years ended December 31, 2022 and 2021.

On April 21, 2021, the Company issued 107,143 common shares in relation to the acquisition of a 100% interest in four claims located on the Jovan property (see Note 10(a)). The fair value of the shares issued was $75,000.

On September 17, 2021, the Company issued 25,000 common shares in relation to the Loney property agreement. The fair value of the shares issued was $12,500 (see Note 10(a)).

On November 9, 2021, the Company closed the first tranche of a non-brokered private placement offering for gross proceeds of $1,418,651 consisting of: (i) 1,894,780 "flow-through" units at a price of $0.45 each, and (ii) 1,415,000 non flow-through units at a price of $0.40 each. Each flow-through and non flow-through unit was comprised of one common share and one-half of one share purchase warrant. Each warrant is exercisable to acquire one common share at a price of $0.70 for a period of 24 months from the closing of the offering. The fair value of the warrants issued under this tranche was $0.15 per flow-through warrant and $0.135 per non flow-through warrant totaling $240,912 (see Note 17(c)).

On November 15, 2021, the Company closed the second tranche of a non-brokered private placement offering for gross proceeds of $393,500 consisting of: (i) 70,000 "flow-through" units at a price of $0.45 each, and (ii) 905,000 non flow-through units at a price of $0.40 each. Each flow-through unit and non flow-through unit is comprised of one common share and one-half of one share purchase warrant. Each warrant is exercisable to acquire one common share at a price of $0.70 for a period of 24 months from the closing of the offering. The fair value of the warrants issued under this tranche was $0.15 per flow-through warrant and $0.133 per non flow-through warrant totaling $65,629 (see Note 17(c)).

The Company paid finders' fees of $122,752 and issued 289,515 compensation options to such finders under the non-brokered private placement. Each compensation option entitles the holder to acquire units of the Company comprised of one common share and one half of one warrant at a price of $0.50 per compensation option. The fair value of the compensation options issued under the financing was $0.30 per compensation option (see Note 17(d)).

On January 18, 2022, the Company issued 150,000 common shares pursuant to Jovan-Powerline property agreement (see Note 10(a)). The fair value of the shares issued was $60,000.

17. Shareholders' Equity (continued)

a) Share Capital (continued)

On December 8, 2022 the Company completed a share consolidation on the basis of one post consolidation common share for every ten pre-consolidation common shares (the "Share Consolidation"). The Share Consolidation reduced the Company's issued and outstanding common shares to 28,527,157 post-consolidation common shares. The exercise price of outstanding share options and warrants, and the number of such options and warrants, were also proportionately adjusted based upon the Share Consolidation. All historical information presented in the financial statements has been adjusted to reflect the Share Consolidation.

On December 8, 2022, the Company closed the first tranche of a non-brokered private placement offering for gross proceeds of $175,500 consisting of (i) 926,923 "flow-through" shares at a price of $0.13 each and (ii) 550,000 non-flow-through units at a price of $0.10 per Unit. Each non flow-through unit is comprised of one common share in the capital of the Company and one half of one common share purchase warrant with each full warrant being exercisable to acquire one common share at a price of $0.15 per share for a period of 24 months following the closing date of the offering. The fair value of the warrants issued under this tranche was $0.05 per non-flow-through warrant, totaling $12,968 (see Note 17(c)).

On December 22, 2022, the Company closed the second tranche of a non-brokered private placement offering for gross proceeds of $150,007 consisting of 1,153,900 "flow-through" shares at a price of $0.13 each.

In connection with both closings of the offering, the Company paid finders' fees of $18,415 and issued 80,500 broker warrants to such finders under the non-brokered private placement. Each broker warrant entitles the holder to acquire units of the Company comprised of one common at a price of $0.10 per broker warrant. The fair value of the broker warrants issued under the financing was $0.06 per broker warrant, totaling $5,010 (see Note 17(d)).

b) Stock Options

The Company has a stock option plan (the "Plan") pursuant to which the Company's Board of Directors may grant incentive stock options to directors, officers, employees, and consultants at the discretion of the Board of Directors. The exercise price and vesting period of any option is fixed by the Board of Directors on the date of grant in accordance with applicable stock exchange or other regulatory requirements, if applicable. The maximum aggregate number of common shares under option at any time under the Plan cannot exceed 10% of the then issued and outstanding number of common shares.

On November 25, 2021, the Company granted 750,000 stock options to directors, employees, officers and consultants at an exercise price of $0.50 per common share. These five-year options vested immediately upon grant. The fair value of the stock options granted was estimated to be $254,288 and is included in the statements of loss and comprehensive loss for the year ended December 31, 2021.

On January 17, 2022, the Company granted 125,000 stock options to the Company's then CEO at an exercise price of $0.50 per common share. 50% of the options vested immediately upon grant and the remaining 50% vested on July 17, 2022. The fair value of the stock options granted was estimated to be $42,791 which is recorded in the statements of loss and comprehensive loss.

On August 10, 2022, the Company granted 125,000 stock options to a director of the Company at an exercise price of $0.50 per common share. 50% of the options vested immediately upon grant and the remaining 50% vested on February 10, 2023. The fair value of the stock options granted was estimated to be $9,750. Stock-based compensation expense related to the grant in the year ended December 31, 2022 was $8,748 which is included in the statements of loss and comprehensive loss.

(Expressed in Canadian dollars, unless otherwise noted)

17. Shareholders' Equity (continued)

b) Stock Options (continued)

The following table summarizes stock option movements during the years ended December 31, 2022 and 2021:

	Number of Options	Weighted Average Exercise Price
Balance, December 31, 2020	**1,538,056**	**1.10**
Granted	750,000	0.50
Cancelled/expired	(280,556)	1.20
Balance, December 31, 2021	**2,007,500**	**0.90**
Granted	250,000	0.50
Cancelled/expired	(185,500)	1.50
Balance, December 31, 2022	**2,072,000**	**0.80**

Outstanding stock options at December 31, 2022 were as follows:

Expiry Date	Number of Stock Options Outstanding	Black-Scholes Fair Value	Exercise Price	Remaining Contractual Life (Years)
July 18, 2023	122,500	73,474	0.90	0.55
September 8, 2024	200,000	159,413	1.00	1.69
February 18, 2025	417,000	286,542	0.80	2.10
August 21, 2025	345,000	319,604	1.30	2.64
November 25, 2026	737,500	221,250	0.50	3.91
January 17, 2027	125,000	42,791	0.50	4.05
August 10, 2027	125,000	9,750	0.50	4.61
	2,072,000	**1,112,824**	**0.80**	**2.97**

Of the stock options outstanding, 2,009,500 were vested at December 31, 2022.

The fair value of the stock options issued during the years ended December 31, 2022 and fiscal 2021 was calculated using the Black-Scholes option pricing model utilizing the following assumptions:

	August 10, 2022	January 17, 2022	November 25, 2021
Risk-free interest rate	2.91%	1.53%	1.03%
Expected stock volatility	142%	134%	132%
Expected life	5 years	5 years	5 years
Dividend yield	0%	0%	0%

(Expressed in Canadian dollars, unless otherwise noted)

17. Shareholders' Equity (continued)

c) Warrants

The Company has issued warrants as part of equity financings. The fair value of warrants is recognized upon issuance as an equity reserve until expiration or exercise.

The following table summarizes warrant movements during the years ended December 31, 2022 and 2021:

		2022		2021
	Number of Warrants	Weighted Average Exercise Price	Number of Warrants	Weighted Average Exercise Price
Balance, January 1	**6,620,240**	**$1.30**	5,379,083	$ 1.40
Issued	355,500	**0.14**	2,142,390	0.70
Expired	(4,477,850)	**1.50**	(901,233)	0.90
Balance, December 31	**2,497,890**	**$0.68**	6,620,240	$ 1.30

Warrants outstanding and exercisable as at December 31, 2022 were as follows:

Issue Date	Expiry Date	Exercise Price	Number of Warrants	Relative Fair Value
November 9, 2021	November 9, 2023	0.70	1,654,890	240,912
November 15, 2021	November 15, 2023	0.70	487,500	65,629
December 8, 2022	December 8, 2024	0.15	275,000	12,968
December 8, 2022	December 8, 2024	0.10	80,500	5,010
		$ 0.68	**2,497,890**	**$ 324,518**

The fair value of the warrants issued in 2022 and 2021 was estimated using a relative fair value attribution of the Black-Scholes model for pricing options using the following weighted average assumptions:

	December 8, 2022	November 15, 2021	November 9, 2021
Risk-free interest rate	3.78%	1.02%	0.97%
Expected stock volatility	235%	118%	118%
Expected life	2 years	2 years	2 years
Dividend yield	0%	0%	0%

d) Compensation Options

The Company has issued 289,515 compensation options to brokers as part of equity financings (see Note 17a)). The fair value of the compensation options is recognized upon issuance as an equity reserve until expiration or exercise.

The fair value of the compensation options issued in 2022 and 2021 was estimated using a relative fair value attribution of the Black-Scholes model for pricing options using the following weighted average assumptions:

	November 15, 2021	November 9, 2021
Risk-free interest rate	1.02%	0.97%
Expected stock volatility	118%	118%
Expected life	2 years	2 years
Dividend yield	0%	0%

(Expressed in Canadian dollars, unless otherwise noted)

18. Income Taxes

A reconciliation of the combined Canadian federal and provincial statutory income tax rate of 26.5% (2021 – 26.5%) to the effective tax rate is as follows:

		2022		2021
Net loss before income tax	$	**(1,605,295)**	$	(3,095,646)
Expected income tax recovery		**(425,400)**		(820,350)
Share-based compensation		**13,660**		67,386
Non-deductible expenses		**19,530**		(5,630)
Share issuance costs booked directly to equity		**(20,610)**		(63,420)
Effect of flow-through renunciation		**209,590**		-
Change in tax benefits not recognized		**203,230**		822,014
Income tax	$	**-**	$	-

Unrecognized deferred tax assets

Deferred taxes are provided as a result of temporary differences that arise due to the differences between the income tax values and the carrying amount of assets and liabilities. Deferred tax assets have not been recognized in respect of the following deductible temporary differences:

	2022	2021
	$	$
Mineral properties	**18,051,550**	22,720,080
Operating tax losses carried forward	**13,807,000**	13,053,920
Marketable securities	**1,004,720**	849,960
Investment tax credits	**911,650**	911,650
Share issuance costs	**497,210**	638,620
Reserves	**184,910**	200,890
Capital losses	**47,710**	47,710
Property, plant and equipment	**180,410**	165,220
	34,685,160	38,588,050

The Canadian operating tax loss carry forwards expire as noted in the table below. The capital loss carry forward may be carried forward indefinitely, but can only be used to reduce capital gains. The remaining deductible temporary differences may be carried forward indefinitely. Deferred tax assets have not been recognized in respect of these items because it is not probable that future taxable profit will be available against which the Company can utilize the benefits therefrom.

(Expressed in Canadian dollars, unless otherwise noted)

18. Income Taxes (continued)

The Company's Canadian operating tax losses expire as follows:

Year		Amount
2026	$	469,170
2027		665,050
2028		1,223,960
2029		1,155,540
2030		1,840,700
2031		1,038,320
2032		1,540,520
2033		779,160
2034		230,010
2035		372,020
2036		871,680
2037		575,400
2038		733,440
2039		617,430
2040		941,950
2041		752,650
	$	13,807,000

19. Commitments – Flow-through expenditure commitment

The Company completed flow-through share financings that involve a commitment to incur Canadian Exploration Expenditures ("CEE") prior to the end of specific calendar years and to renounce the CEE tax deductions to the flow-through share subscribers. The outstanding flow-through commitment at December 31, 2022 was $270,507 (December 31, 2021 - $1,184,187), which must be spent by December 31, 2023.

20. Subsequent Events

On March 21, 2023, the Company announced the grant, under the Company's stock option plan, of 680,000 stock options to certain directors, officers, employees, and consultants of the Company. The options entitle the holders to purchase the same number of common shares of the Company at a price of $0.10 per share for a period of five years.

On March 30, 2023 Greg Romain resigned as CEO and director of the Company.

On April 13, 2023, the Company announced that it has agreed to settle outstanding amounts owing to Mr. Romain through the issuance of common shares of the Company in accordance with applicable shares-for-debt policies of the TSXV. The Company and Mr. Romain entered into a debt settlement agreement which provided that the aggregate amount of the debt owed to such executive is $12,500 and will be settled by the issuance of 178,572 common shares at a deemed price of $0.07 per common share (the "Shares for Debt Transaction"). The issuance of the common shares is subject to the receipt of all applicable regulatory approvals, including the TSXV. The common shares issued pursuant to the Shares for Debt Transaction will be subject to a four-month hold period.

On April 19, 2023, the Company announced Mike England had been appointed as Interim CEO and Director.