Matachewan Consolidated Mines, Limited

Annual Financial Statements
December 31, 2023 and 2022

To the Shareholders of Matachewan Consolidated Mines, Limited:

Opinion

We have audited the financial statements of Matachewan Consolidated Mines, Limited (the "Company"), which comprise the statements of financial position as at December 31, 2023 and December 31, 2022, and the statements of income (loss) and comprehensive income (loss), changes in shareholders' equity and cash flows for the years then ended, and notes to the financial statements, including material accounting policy information.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2023 and December 31, 2022, 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.

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.

Valuation of Unlisted Investments and Accuracy of Net Change in Unrealized Gains on Investments

Key Audit Matter Description

Valuation of unlisted investments and accuracy of net change in unrealized gains on investments.

The valuation of unlisted investments requires significant judgement and estimates by management and is therefore considered a key audit matter due to the subjective nature of certain assumptions inherent in each valuation.

The investment portfolio at the year-end was comprised of unlisted investments valued at $366,834 which accounted for 4.8% of the total portfolio.

Any input inaccuracies or unreasonable bases used in the valuation judgements could result in a material misstatement of the financial statements.

Please refer to Notes 3, 4 and 6 in the financial statements for details.

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Audit Response

We responded to this matter by performing audit procedures in relation to the valuation of unlisted investments and the accuracy of the net change in investment gains. Our audit work in relation to this included, but was not restricted to, the following:

- Sent third party confirmations to management of unlisted investments to corroborate the number of shares and information about recent raises
- Evaluated the appropriateness of the methodology used in the valuation of the unlisted investments
- With the assistance of internal valuations experts, developed an independent fair value estimate by using private investment financial information and information about recent raises
- Performed recalculations of the unrealized and realized gains/losses for selected investments and compared it to source documents
- Assessed the appropriateness of the disclosures relating to the assumptions used in the valuation of unlisted investments in the notes to the financial statements

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 Stephanie Pottruff.

MNP LLP

Waterloo, Ontario	Chartered Professional Accountants
April 9, 2024	Licensed Public Accountants

Matachewan Consolidated Mines, Limited
Statements of Financial Position
(expressed in Canadian dollars)

		As at December 31 2023	As at December 31 2022
Assets			
Current Assets			
Cash		$ 123,126	$ 393,582
Marketable securities	(Note 3,6)	6,907,271	5,830,810
Accounts receivable	(Note 8)	14,926	8,388
Income taxes receivable	(Note 15)	81,164	-
		7,126,487	6,232,780
Non-current Assets			
Investment in other companies	(Note 4,6)	683,468	1,123,818
Investment in petroleum interests	(Note 6, 14)	1	1
ROU asset	(Note 13)	45,994	73,590
Deferred income tax asset	(Note 15)	37,410	76,131
		$ 7,893,360	$ 7,506,320
Liabilities			
Current Liabilities			
Accounts payable and accrued liabilities	(Note 8)	$ 121,142	$ 68,564
Lease liability	(Note 13)	28,308	26,094
Income taxes payable	(Note 15)	-	165,287
Loans payable	(Note 9)	1,426,771	1,032,335
		1,576,221	1,292,280
Non-current liabilities			
Long term lease liability	(Note 13)	17,658	45,967
		1,593,879	1,338,247
Shareholders' Equity			
Share capital	(Note 10)	2,878,391	2,878,391
Contributed surplus	(Note 11, 12)	588,200	588,200
Surplus		2,832,890	2,701,482
		6,299,481	6,168,073
		$ 7,893,360	$ 7,506,320

Approved on behalf of the Board of Directors:

"R D McCloskey"

R D McCloskey, Director

"E G Dumond"

E G Dumond, Director

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

Matachewan Consolidated Mines, Limited
Statements of Changes in Shareholders' Equity
(expressed in Canadian dollars)

	Number of Common Shares	Share Capital	Contributed Surplus	Surplus (Deficit)	Shareholders' Equity
Balance at December 31, 2022	12,445,025	$ 2,878,391	$ 588,200	$2,701,482	$ 6,168,073
Net income	-	-	-	131,408	131,408
Balance at December 31, 2023	12,445,025	$ 2,878,391	$ 588,200	$2,832,890	$ 6,299,481
Balance at December 31, 2021	12,445,025	$ 2,878,391	$ 363,800	$3,294,384	$ 6,536,575
Net loss	-	-	-	(592,902)	(592,902)
Stock based compensation	-	-	224,400	-	224,400
Balance at December 31, 2022	12,445,025	$ 2,878,391	$ 588,200	$2,701,482	$ 6,168,073

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

Matachewan Consolidated Mines, Limited
Statements of Income (Loss) and Comprehensive Income (Loss)
(expressed in Canadian dollars)

		For the year ended December 31 2023	2022
Revenue			
Investment in petroleum interests - net		**$ 24,052**	$ 26,131
Reversal of financial asset impairment	(Note 9)	**-**	20,000
Royalty/option	(Note 7)	**25,000**	25,000
Loss on sale of petroleum interests	(Note 6,14)	**-**	(12,687)
Other income	(Note 8)	**134,058**	281,926
Realized gain (loss) on sale of investment in other companies and marketable securities		**(444,887)**	1,907,512
Unrealized appreciation (depreciation) of investment in other companies and marketable securities		**744,403**	(2,474,862)
		482,626	(226,980)
Expenses			
Administrative		**389,047**	263,627
Share based compensation	(Note 12)	**-**	224,400
Amortization	(Note 13)	**27,596**	14,012
		416,643	502,039
Income (loss) before provision for income taxes		**65,983**	(729,019)
Provision (recovery) for income taxes			
Current	(Note 15)	**(104,146)**	152,615
Deferred	(Note 15)	**38,721**	(288,732)
		(65,425)	(136,117)
Net income (loss) and comprehensive income (loss)		**$ 131,408**	$ (592,902)
Income (loss) per share			
Basic and diluted		**$ 0.01**	$ (0.05)
Weighted average number of common shares outstanding			
Basic		**12,445,025**	12,445,025
Diluted		**13,645,025**	12,445,025

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

Matachewan Consolidated Mines, Limited
Statements of Cash Flows
(expressed in Canadian dollars)

	For the year ended December 31 2023	2022
Operating activities		
Net income (loss)	**$ 131,408**	$ (592,902)
Items not affecting cash:		
Deferred income taxes	**38,721**	(288,732)
Reversal of financial asset Impairment	**-**	(20,000)
Loss on sale of petroleum interests	**-**	12,687
(Gain) loss on sale of marketable securities and investments	**444,887**	(1,907,512)
Amortization	**27,596**	14,012
Unrealized (appreciation) depreciation on investment in other companies and marketable securities	**(744,403)**	2,474,862
Interest on lease liability	**3,135**	1,390
Share based compensation	**-**	224,400
	(98,656)	(81,795)
(Increase) decrease in accounts receivable	**(6,538)**	20,575
Increase (decrease) in income taxes payable / receivable	**(246,451)**	201,262
Increase in accounts payable and accrued liabilities	**52,578**	8,571
Cash provided by (used in) operating activities	**(299,067)**	148,613
Investing activities		
Purchase of marketable securities	**(1,827,578)**	(5,601,119)
Proceeds on sale of marketable securities	**1,525,733**	5,087,519
Purchase of investments in other companies	**(34,750)**	-
Investment in petroleum interests	**-**	410,198
Cash used in investing activities	**(336,595)**	(103,402)
Financing activities		
Increase in loans payable	**394,436**	195,169
Repayments of lease liability	**(29,230)**	(18,958)
Cash provided by financing activities	**365,206**	176,211
Net increase (decrease) in cash	**(270,456)**	221,422
Cash, beginning of year	**393,582**	172,160
Cash, end of year	**$ 123,126**	$ 393,582
Interest paid	**$ 122,967**	$ 31,298
Income taxes paid (recovered)	**141,543**	$ (48,647)
Supplemental disclosure:		
Loan receivable settled with shares	$ -	$ 144,691

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

1. Nature of Operations

Matachewan Consolidated Mines, Limited ("Matachewan" or "the Company") was incorporated in the Province of Ontario, Canada by letters patent dated July 10, 1933, and the common shares are listed on the TSX Venture Exchange, symbol MCM.A. The Company has an investment in petroleum interests that it does not operate, as well as direct and indirect interests in mineral properties located in Canada. Matachewan is indirectly exposed to other natural resource opportunities by investing in marketable securities and investment in other companies listed on recognized exchanges that are natural resource based. The registered office of the Company is at Suite 1910 – 130 Adelaide Street West, Toronto, ON, M5H 3P5.

2. Summary of Material Accounting Policies

a) Statement of compliance

The financial statements of the Company have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and interpretations of the International Financial Reporting Interpretations Committee ("IFRIC").

The financial statements as at and for the year ended December 31, 2023 (with comparatives) were approved and authorized for issue by the board of directors on April 9, 2024.

b) Basis of preparation

The financial statements are presented in Canadian dollars, which is also the functional currency of the Company.

The financial statements are prepared on the historical cost basis, except for financial instruments classified as fair value through profit or loss which are stated at their fair value, and have been prepared using the accrual basis of accounting except for cash flow information.

c) *Revenue Recognition*

The Company's accounting policy for revenue recognition under IFRS 15 is as follows:

To determine the amount and timing of revenue to be recognized, the Company follows a 5-step process:

1. Identifying the contract with a customer
2. Identifying the performance obligations
3. Determining the transaction price
4. Allocating the transaction price to the performance obligations
5. Recognizing revenue when/as performance obligation(s) are satisfied.

The Company recognizes the earnings from its investment in petroleum interests to the extent it is earned and receivable from these operations and is not subject to a significant reversal in revenue. The Company does not operate any of the interests it has in oil and natural gas.

Any change in fair value on investment in petroleum interests is also included as part of revenue.

Royalty income is recognized as earned as per the terms of the overriding royalty agreement in accordance with IFRS 15. Revenue is recognized when it is no longer susceptible to market factors and is no longer subject to significant reversal of revenue.

Investment transactions are accounted for as of the settlement date. Realized gains and losses from investment transactions are calculated on an average cost basis. The difference between fair value and average cost is included in the Statements of Income (loss) and Comprehensive Income (loss) as part of the "Unrealized appreciation (depreciation) of investment in other companies and marketable securities".

d) Cash

Cash includes balances held with a Canadian chartered bank and brokerage accounts.

e) Financial instruments

Financial assets

Recognition and initial measurement

The Company recognizes financial assets when it becomes party to the contractual provisions of the instrument. Financial assets are measured initially at their fair value plus, in the case of financial assets not subsequently measured at fair value through profit or loss, transaction costs that are directly attributable to their acquisition. Transaction costs attributable to the acquisition of financial assets subsequently measured at fair value through profit or loss are expensed in profit or loss when incurred.

Classification and subsequent measurement

On initial recognition, financial assets are classified as subsequently measured at amortized cost, fair value through other comprehensive income ("FVOCI") or fair value through profit or loss ("FVTPL"). The Company determines the classification of its financial assets, together with any embedded derivatives, based on the business model for managing the financial assets and their contractual cash flow characteristics.

Financial assets are classified as follows:

- Amortized cost - Assets that are held for collection of contractual cash flows where those cash flows are solely payments of principal and interest are measured at amortized cost. Interest revenue is calculated using the effective interest method and gains or losses arising from impairment, foreign exchange and derecognition are recognized in profit or loss. Financial assets measured at amortized cost are comprised of accounts receivable.

- Fair value through other comprehensive income - Assets that are held for collection of contractual cash flows and for selling the financial assets, and for which the contractual cash flows are solely payments of principal and interest, are measured at fair value through other comprehensive income. Interest income calculated using the effective interest method and gains or losses arising from impairment and foreign exchange are recognized in profit or loss. All other changes in the carrying amount of the financial assets are recognized in other comprehensive income. Gains and loss on these financial assets are never recycled to profit and loss. The Company does not hold any financial assets measured at fair value through other comprehensive income.

- Mandatorily at fair value through profit or loss - Assets that do not meet the criteria to be measured at amortized cost, or fair value through other comprehensive income, are measured at fair value through profit or loss. All interest income and changes in the financial assets' carrying amount are recognized in profit or loss. Financial assets mandatorily measured at fair value through profit or loss are comprised of cash, marketable securities, investment in petroleum interests and investments in other companies.

- Designated at fair value through profit or loss – On initial recognition, the Company may irrevocably designate a financial asset to be measured at fair value through profit or loss in order to eliminate or significantly reduce an accounting mismatch that would otherwise arise from measuring assets or liabilities, or recognizing the gains and losses on them, on different bases. All interest income and changes in the financial assets' carrying amount are recognized in profit or loss. The Company does not hold any financial assets designated to be measured at fair value through profit or loss.

Business model assessment

The Company assesses the objective of its business model for holding a financial asset at a level of aggregation which best reflects the way the business is managed, and information is provided to management. Information considered in this assessment includes stated policies and objectives.

Contractual cash flow assessment

The cash flows of financial assets are assessed as to whether they are solely payments of principal and interest on the basis of their contractual terms. For this purpose, 'principal' is defined as the fair value of the financial asset on initial recognition. 'Interest' is defined as consideration for the time value of money, the credit risk associated with the principal amount outstanding, and other basic lending risks and costs. In performing this assessment, the Company considers factors that would alter the timing and amount of cash flows such as prepayment and extension features, terms that might limit the Company's claim to cash flows, and any features that modify consideration for the time value of money.

Impairment

The Company recognizes a loss allowance for the expected credit losses associated with its financial assets, other than financial assets measured at fair value through profit or loss. Expected credit losses are measured to reflect a probability-weighted amount, the time value of money, and reasonable and supportable information regarding past events, current conditions, and forecasts of future economic conditions.

The Company groups its financial assets into Stage 1, Stage 2 and Stage 3 as described below:

Stage 1 – Receivables that have not experienced a significant increase in credit risk since initial recognition;
Stage 2 – Receivables that have experienced a significant increase in credit risk since initial recognition;
Stage 3 – Receivables for which there is objective evidence of impairment.

Significant increase in credit risk

The Company has established a policy to assess, at the end of each reporting period, whether a financial instrument's credit risk has increased significantly since initial recognition, by considering the change in the risk of default occurring over the remaining life of the financial instrument. IFRS 9 provides a rebuttable presumption that a significant increase in credit risk ("SICR") has occurred if contractual payments are more than 30 days past due. The Company has not rebutted this presumption. Additional risk factors may be considered such as changes in financial condition of the borrower and other borrower specific information and other forward looking information.

Definition of default

The Company considers a financial instrument defaulted and therefore Stage 3 (credit-impaired) for ECL calculations in all cases when the borrower becomes 90 days past due on its contractual payments. In certain other cases, where qualitative thresholds indicate unlikeliness to pay as a result of a credit event, the Company carefully considers whether the event should result in an assessment at Stage 2 or 3 for ECL calculations.

The Company applies the simplified approach for accounts receivable. Using the simplified approach, the Company records a loss allowance equal to the expected credit losses resulting from all possible default events over the assets' contractual lifetime.

The Company assesses whether a financial asset is credit-impaired at the reporting date. Regular indicators that a financial instrument is credit-impaired include significant financial difficulties as evidenced through borrowing patterns or observed balances in other accounts and breaches of borrowing contracts such as default events or breaches of borrowing covenants. For financial assets assessed as credit-impaired at the reporting date, the Company continues to recognize a loss allowance equal to lifetime expected credit losses.

For financial assets measured at amortized cost, loss allowances for expected credit losses are presented in the statements of financial position as a deduction from the gross carrying amount of the financial asset.

Financial assets are written off when the Company has no reasonable expectations of recovering all or any portion thereof.

Derecognition of financial assets

The Company derecognizes a financial asset when its contractual rights to the cash flows from the financial asset expire.

Financial liabilities

Recognition and initial measurement

The Company recognizes a financial liability when it becomes party to the contractual provisions of the instrument. At initial recognition, the Company measures financial liabilities at their fair value plus transaction costs that are directly attributable to their issuance, with the exception of financial liabilities subsequently measured at fair value through profit or loss for which transaction costs are immediately recorded in profit or loss.

Classification and subsequent measurement

Subsequent to initial recognition, all financial liabilities are measured at amortized cost using the effective interest rate method. Interest, gains and losses relating to a financial liability are recognized in profit or loss.

The financial instruments of the Company are reclassified as follows:

	IFRS 9	
	Classification	**Measurement**
Cash	FVTPL	Fair value
Accounts receivable	Amortized cost	Amortized cost
Marketable securities	FVTPL	Fair value
Investment in petroleum interests	FVTPL	Fair value
Investment in other companies	FVTPL	Fair value
Loans payable	Other financial liabilities	Amortized cost
Accounts payable and accrued liabilities	Other financial liabilities	Amortized cost

Derecognition of financial liabilities

The Company derecognizes a financial liability only when its contractual obligations are discharged, cancelled or expire.

f) Marketable securities

Marketable securities are carried at fair value and are in shares of companies listed on a recognized exchange and are primarily natural resource based.

g) Investment in other companies

Investments in other companies are carried at fair value. These investments are in shares of companies predominately listed on a recognized exchange and are primarily natural resource based. The Company has used the exemption allowed by IAS 28 Investment in Associates to account for its investment in McChip Resources Inc. at fair value through profit and loss in accordance with IFFS 9 Financial Instruments. The intention, on acquisition, is to hold these investments for periods in excess of twelve months.

h) Investment in petroleum interests

This investment represented participation agreements with Signalta Resources Limited ("Signalta"), a Canadian controlled private company and similar operators based in Calgary, Alberta. These interests were sold back to Signalta in 2022.

i) Income taxes

Income tax expense consists of current and deferred tax expense. Current and deferred taxes are recognized in the Statements of Income (Loss) and Comprehensive Income (Loss).

Current tax is recognized and measured at the amount expected to be recovered from or payable to the taxation authorities based on the income tax rates enacted or substantively enacted at the end of the reporting period and includes any adjustment to taxes payable in respect of previous years.

Deferred tax is recognized on any temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable earnings. Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period when the asset is realized and the liability is settled. The effect of a change in the enacted or substantively enacted tax rates is recognized in net income (loss) and comprehensive income (loss) or in equity depending on the item to which the adjustment relates.

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.

j) Use of estimates, judgements and assumptions

The preparation of the financial statements in accordance with IFRS requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. These estimates are reviewed periodically, and as adjustments become necessary, they are made in the period in which they become known. Actual results could differ from those estimates.

Accounts which require management to make material estimates in determining amounts recorded include fair value of petroleum interests, fair value of share purchase warrants, determining the incremental borrowing rate, fair value measurement of stock options, impairment of financial assets, and investment in securities not quoted in an active market.

Fair value of investment in securities not quoted in an active market and petroleum interests:

Where the fair values of financial assets recorded on the statements of financial position 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, but where observable market data is not available, judgement is required to establish fair values.

Fair value of share purchase warrants:
The fair value of share purchase warrants is valued either at their quoted market value if traded on an active market, or valued through specified option pricing models based on specified criteria.

The model used by management is the Black – Scholes model which requires six key inputs to determine a value for a share purchase 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 judgement 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.

Impairment of financial assets:
The measurement of impairment losses under IFRS 9 requires judgment, in particular, the estimation of the amount and timing of future cash flows and collateral values when determining impairment losses.

Leases – Estimating the incremental borrowing rate.

The Company cannot readily determine the interest rate implicit in its lease, therefore, it uses its incremental borrowing rate ("IBR") to measure lease liabilities. The IBR is the rate of interest that the Company would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right of use asset in a similar economic environment. The IBR therefore reflects what the Company would have to pay, which requires estimation when no observable rates are available or when they need to be adjusted to reflect the terms and conditions of the lease. The Company estimates the IBR using observable inputs when available and is required to make certain entity-specific estimates.

Fair value measurement of share-based compensation.

The Company measures the cost of equity-settled transactions by reference to the fair value of the equity instruments at the date at which they were granted. Estimating fair value for warrants and stock options requires determining the most appropriate valuation model, which is dependent on the terms and conditions of the grant. This estimate also requires the determination of the most appropriate inputs to the valuation model including the expected life of the warrants and stock options, volatility and dividend yield and making assumptions about them. The assumptions and models used for estimating fair value for stock options are disclosed in Note 12.

k) Accounting for share-based payment

The grant date fair value of options allotted to directors, officers, and employees is recognized as an expense, with a corresponding increase in contributed surplus, over the period that the grantee becomes unconditionally entitled to the options. The amount recognized as an expense is adjusted to reflect the actual number of share options for which the related service and non-market vesting conditions are met.

The fair value of the options is measured at grant date, using an option pricing model that takes into account the exercise price, the term of the option, the current share price, the expected forfeitures and the expected volatility of the underlying shares, the expected dividend yield, forfeiture rate and the risk free rate for the term of the option. If the options are exercised, contributed surplus will be reduced by the applicable amount with a corresponding charge to share capital.

For equity-settled share-based payment transactions, the Company measures the goods or services received, and the corresponding increase in equity, directly, at the fair value of the goods or services received, unless that fair value cannot be estimated reliably, in which case, the Company measures their value, and the corresponding increase in equity, indirectly, by reference to the fair value of the equity instruments granted.

l) Earnings (loss) per share

The Company presents basic and diluted income per share EPS/(LPS) data for its common shares. Basic EPS/(LPS)are calculated by dividing the earnings attributable to common shareholders of the Company by the weighted average number of common shares outstanding during the year. Diluted EPS/(LPS) is determined by adjusting the earnings attributable to common shareholders and the weighted average number of common shares outstanding, for the effects of all dilutive potential common shares, which comprise share options granted to directors, officers, employees, consultants and other service providers of the Company.

m) Impairment

Non-financial assets

The carrying amounts of the Company's non-financial assets, other than deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists then the asset's recoverable amount is estimated.

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For the purpose of impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the cash-generating unit).

An impairment loss is recognized if the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. Impairment losses are recognized in profit or loss. Impairment losses recognized in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to the units and then to reduce the carrying amount of the other assets in the unit (group of units) on a pro rata basis.

In respect of other assets, impairment losses recognized in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized.

n) Dividends

Dividends on common shares are recognized in the financial statements in the year in which the dividends are approved by the Board of Directors.

o) Leases

The Company assesses whether a contract is or contains a lease, at inception of a contract. The Company recognizes a right-of-use asset and a corresponding lease liability with respect to all lease agreements in which it is the lessee, except for short-term leases (defined as leases with a lease term of 12 months or less) and leases of low value assets. For these leases, the Company recognizes the leases as an operating expense on a straight-line basis over the term of the lease.

The Company presents right-of-use assets in "ROU asset" and lease liabilities in "Lease liabilities" in the Statements of Financial Position.

Lease liability

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the Company uses its incremental borrowing rate. The incremental borrowing rate is defined as the rate of interest that the Company would have to pay to borrow, over a similar term and with a similar security, the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment.

Lease payments included in the measurement of the lease liability comprise:

- fixed lease payments (including in-substance fixed payments), less any lease incentives;
- variable lease payments that depend on an index or rate, initially measured using the index or rate at the commencement date;
- the amount expected to be payable by the lessee under residual value guarantees;
- the exercise of purchase options, if the lessee is reasonably certain to exercise the options; and
- payments of penalties for terminating the lease, if the lease term reflects the exercise of an option to terminate the lease.

The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability (using the effective interest method) and by reducing the carrying amount to reflect the lease payments made. The Company remeasures the lease liability (and makes corresponding adjustment to the related right-of-use asset) whenever:

- the lease term has changed or there is a change in the assessment of exercise of a purchase option, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate
- the lease payments change due to changes in an index or rate or a change in expected payment under a guaranteed residual value, in which cases the lease liability is remeasured by discounting the revised lease payments using the initial discount rate (unless the lease payments change is due to a change in a floating interest rate, in which a revised discount rate is used)

- a lease contract is modified and the lease modification is not accounted for as a separate lease, in which case the liability is remeasured by discounting the revised lease payments using a revised discount rate

Right-of-use assets

The right-of-use assets comprise the initial measurement of the corresponding lease liability, lease payments made at or before the commencement day and any initial direct costs. They are subsequently measured at cost less accumulated depreciation and impairment losses.

Whenever the Company incurs an obligation for costs to dismantle and remove a leased asset, restore the site on which it is located or restore the underlying asset to the condition required by the terms and conditions of the lease, a provision is recognized and measured under IAS 37. The costs are included in the related right-of-use asset, unless the costs are incurred to produce inventories.

Right-of-use assets are depreciated over the shorter period of lease term and useful life of the underlying asset. If a lease transfers ownership of the underlying asset or the cost of the right-of-use asset reflects that the Company expects to exercise a purchase option, the related right-of-use asset is depreciated over the useful life of the underlying asset. The depreciation starts at commencement date of the lease.

The Company applies IAS 36 Impairment of Assets to determine whether a right-of-use asset is impaired.

p) New Accounting Standards Adopted During the Year

IAS 1 Presentation of Financial Statements and IFRS Practice Statement 2 Making Materiality Judgments

Amendments to IAS1 and IFRS Practice Statement 2, issued in February 2021, help entities provide accounting policy disclosures that are more useful to primary users of financial statements by replacing the requirement to disclose “significant” accounting policies with a requirement to disclose “material” accounting policies and providing guidance to explain and demonstrate the application of the four-step materiality process to accounting policy disclosures.

The amendments are effective for annual periods beginning on or after January 1, 2023 and are required to be applied prospectively. The adoption of these amendments did not have a material impact on the financial statements.

3. Marketable Securities

The marketable securities at December 31, 2023 amount to $6,907,271 and have a cost of $7,060,534 (December 31, 2022 - $5,830,810 and $7,203,576). These marketable securities are in shares of companies listed on a recognized exchange and are primarily natural resource based.

4. Investment in Other Companies

The investment in other companies at December 31, 2023, had a fair value of $683,468 and had a cost of $650,855 (December 31, 2022 - $1,123,818 and $616,105). This investment is in shares of companies that are primarily natural resource based. The intention, on acquisition, is to hold these investments for periods in excess of twelve months. The investment is entirely comprised of fair value through profit or loss securities.

5. Capital Management

The Company’s capital structure consists of its shareholders’ equity. The Company manages its capital structure and makes adjustments to it, based on the funds available, to support the core nature of its business. The Company maintains its capital structure by using internally generated funds as the need arises. The Board of Directors does not establish quantitative return on capital criteria for management, but rather relies on the expertise of management to sustain future development of the business. The Company is not subject to externally imposed capital requirements.

Management reviews its capital management approach on an ongoing basis and believes that this approach is reasonable considering the relative size of the Company.

There were no changes in the Company’s approach to capital management during this reporting period.

Notes to financial statements (expressed in Canadian dollars)

6. Financial Risk Factors

The Company's financial risk exposure and the impact of the Company's financial instruments are summarized below:

Credit risk
The Company's credit risk is attributable to its accounts receivable. In the opinion of management, the credit risk with respect to these instruments is low. Accounts receivable represent amounts due from petroleum interest revenue. Management has assessed that there is no expected credit loss attributed to accounts receivable as amounts are paid within the 30-60 days of the period end date.

Liquidity risk
The Company ensures that there is sufficient cash and other short term assets readily convertible into cash in order to meet its liabilities when they come due. Additionally, the Company's cash is held in business accounts with its bank. The Company's short-term bank indebtedness related to the Company's broker account, which carries no interest rate, and was secured by investments held by the Company, and had no set terms of repayment. Management believes that the liquidity risk is low. All of the Company's liabilities mature within the next 12 months.

As at December 31, 2023, the Company has the following financial obligations:

			<1 year	1 – 5 years	>5 years		Total
Accounts payable	$	58,500	58,500	-	-	$	58,500
Accrued liabilities		62,642	62,642	-	-		62,642
Lease liabilities		45,966	28,308	17,658	-		45,966
Loan payable		1,426,771	1,426,771	-	-		1,426,771
	$	1,593,879	1,576,221	17,658	-	$	1,593,879

Interest rate risk
The Company has loans to supplement its investment strategies. The preceding exposes the Company to interest rate risk which fluctuates in accordance with market rates on its loans payable. The risk is not material.

Fair value
Fair value is determined using the following methods and assumptions:
The carrying value of accounts receivable, loans payable and accounts payable and accrued liabilities approximate their fair value due from the relatively short periods to maturity of these instruments. The carrying value of the floating rate loans payable is assumed to approximate its fair value as interest is based on market related variable rates.

Sensitivity Analysis
As at December 31, 2023 had the prices on the respective stock exchanges for marketable securities and publicly held investments in other companies raised or lowered by 5%, with all other variables held constant, the equity of the Company would have increased or decreased by $359,794 (December 31, 2022 - $308,981).

Cash, marketable securities, investment in other companies and investment in petroleum interests are carried at fair value.

Fair Value Hierarchy

Financial instruments recorded at fair value are classified using a fair value hierarchy that reflects the significance of inputs used in their measurement. The fair value hierarchy has the following levels:

Level 1 – inputs are unadjusted quoted prices of identical instruments in active markets.

Level 2 – inputs other than quoted prices included in Level 1 that are observable for the comparable asset or liability, either directly or indirectly.

Level 3 – one or more significant inputs used in a valuation technique are unobservable in determining fair value of the instruments.

For warrants that are not traded on a recognized securities exchange, no market value is readily available. When there are sufficient and reliable observable market inputs, an option pricing model is used to calculate the fair value these investments are included in level 2.

Notes to financial statements (expressed in Canadian dollars)

The following table outlines the Company's marketable securities and investments in other companies classified by their fair value hierarchy. There were no significant transfers between Level 1 and Level 2 during the years.

		Level 1		Level 2		Level 3		Total
Balance December 31, 2023								
Cash	$	123,126	$	-	$	-	$	123,126
Marketable securities		6,879,238		28,033		-		6,907,271
Investment in other companies		316,634		-		366,834		683,468
Investment in petroleum interests		-		-		1		1
Total	$	7,318,998	$	28,033	$	366,835	$	7,713,866
		Level 1		Level 2		Level 3		Total
Balance December 31, 2022								
Cash	$	393,582	$	-	$	-	$	393,582
Marketable securities		5,830,810		-,		-		5,830,810
Investment in other companies		348,817		-		775,001		1,123,818
Investment in petroleum interests		-		-		1		1
Total	$	6,573,209	$	-	$	775,002	$	7,348,211

7. Royalty and Option Interests

Mining property descriptions: Powell and Cairo Townships, Matachewan Area, Ontario

The Company has a royalty interest in the Matachewan property consisting of 24 mining claims that form part of the Young-Davidson Mine operated by Alamos Gold Inc.

The base royalty on the property is $1.1025 U.S. per tonne of ore mined and processed from the property. When applicable, an additional royalty is paid when the price of gold exceeds $270 U.S. per ounce. This amounts to 5% of the increase per ounce recovered above the base rate of $270 U.S.

Hislop and Guibord Townships: Matheson Area, Ontario

Under the terms of the Option and Joint Venture Agreement dated June 21, 2011, by arrangement STLLR Gold Inc. ("STLLR")-has earned a 60% interest and the Company retains a 40% interest, in 8 mining leases located in Hislop and Guibord Townships near Matheson, Ontario. STLLR will earn an additional 10% interest by completing a feasibility study or spending an additional $1,000,000 in exploration expenditures on the property, STLLR will earn a final 10% interest by obtaining financing to construct a mining operation on the property or spending an additional $2,000,000 in exploration expenditures on the property. The Company will retain a 30% assessable interest in the property together with a 2% net smelter royalty of which 1% can be repurchased for $1,000,000. The Company receives an annual $25,000 advance royalty effective with STLLR's 60% earned interest in the property.

8. Related Party Transactions and Disclosures

Administrative fees were paid to a related party in the amount of $nil for the year ended December 31, 2023 (December 31, 2022 - $11,282).

Included in other income, are dividends in the amount of $27,642 that were received from a related party that share common directors and officers (2022 - $18,428).

Transactions with related parties are incurred in the normal course of operations and initially recorded at fair value.

Key management personnel and directors' compensation

		Year ended December 31, 2023		Year ended December 31, 2022
Management compensation	$	95,400	$	77,400
Directors' fees		12,500		12,500
Share based payments		-		224,400

Notes to financial statements (expressed in Canadian dollars)

9. Loans Payable / Loans Receivable

The loans payable, representing broker margin accounts at December 31, 2023 were $1,426,771 (December 31, 2022 - $1,032,335). They were secured by certain of the Company's marketable securities. Interest payable on the margin accounts was at the rates of prime plus 1.00% to prime plus 1.50% annually (see Note 3). The broker margin account consists of cash owed by the Company to its' brokers and is due on demand.

The net loan receivable at December 31, 2023 was nil (December 31, 2022 – nil). On December 5, 2022 the Company settled its loan receivable from Taranis Resources Inc. ("Taranis") of $144,691 comprising of accrued interest of $44,691 and principal of $100,000 via receipt of shares of Taranis with a fair market value on the settlement date of $144,691. The Company had previously recorded an impairment of $20,000 on the loan receivable which was reversed on settlement. The transaction received formal approval from the shareholders of Taranis, at the annual meeting, August 2023.

10. Share Capital

a) Authorized

Unlimited common shares

***b) Common shares issued*:**

	Number of shares	Value
Balance – December 31, 2023 and December 31, 2022	12,445,025	$2,878,391

11. Contributed Surplus

The December 31, 2023 contributed surplus of the Company was $588,200 (December 31, 2022 - $588,200). The contributed surplus resulted from the fair market value of stock options granted August 30, 2022.

12. Share Based Compensation

Stock options

The Company has adopted a stock option plan ("the Plan"). Pursuant to the Plan, the Board of Directors may, from time to time at its discretion, allocate non-transferable options to purchase shares to directors, officers, employees, and consultants of the Company.

Under the Plan, the aggregate number of shares to be issued upon the exercise of outstanding options granted hereunder may not exceed 1,240,000 shares.

Exercise prices shall be determined by the Board of Directors. The exercise price shall not be less than the closing price ("the market price") of the shares on the exchange immediately preceding the day on which the Board grants the options and provides notice to the exchange of such. There is no vesting period and the term is five years for options granted.

1,200,000 stock options were outstanding on December 31, 2023 (December 31, 2022 – 1,200,000). Effective August 30, 2022 stock options on 1,200,000 shares were granted to directors, officers and employees of the Company at $0.28 per share to expire on August 29, 2027.

A summary of the status of the Company's outstanding stock options as of December 31, 2023 and December 31, 2022, and changes during the period ended on those dates are presented in the following table:

Opening balance December 31, 2022 and December 31, 2023	Number	Exercise price
Outstanding and exercisable, beginning	1,200,000	$0.28
Exercised	-	-
Expired	-	-
Granted	-	-
Outstanding, ending and exercisable	1,200,000	$0.28

Notes to financial statements (expressed in Canadian dollars)

The fair market value of stock options granted on August 30, 2022 was estimated using the Black Scholes fair value option-pricing model and the following assumptions were used:

Dividend yield	0.00%
Risk-free interest rate	3.33%
Expected stock volatility	81.82%
Forfeiture rate	0.00%
Weighted-average expected life in years	5.00
Weighted-average share price	$0.28
Exercise price	$0.28

Option pricing models require the use of highly subjective estimates and assumptions including the expected stock price volatility. Volatility is based on the historical volatility of the Company's common shares. Changes to the estimates and assumptions may materially affect the calculations. The effect in accounting for the share-based compensation was nil ($224,400 – December 31, 2022) determined for the year ended December 31, 2023 was the recognition of share-based compensation expense and contributed surplus for options granted. The options vested fully on grant.

The weighted average remaining contractual life is 3.67 years.

13. Leases

The Company has a lease for head office space that was entered into during the year with a third party. The lease is reflected on the statement of financial position as a right-of-use asset and lease liability. The term of the lease is thirty six months beginning September 1, 2022 and ending August 31, 2025. The incremental borrowing rate and term length used in the calculation of the right-of-use asset and discounted lease liability amounts are 5.2% and 36 months, respectively.

Property Plant and Equipment

		ROU Asset
Cost		
Balance: December 31, 2021		21,595
Additions		82,789
Disposals		(21,595)
Balance: December 31, 2022	$	82,789
Additions		-
Disposals		-
Balance: December 31, 2023	$	82,789

Accumulated amortization

Balance: December 31, 2021	$	16,782
Amortization		14,012
Disposals		(21,595)
Balance: December 31, 2022	$	9,199
Amortization		27,596
Disposals		-
Balance: December 31, 2023	$	36,795
Net book value:		
2023		45,994
2022		73,590

Lease liabilities

The continuity of lease liability is as follows:

		Liability
Balance – December 31, 2021	$	6,840
Additions		82,789
Contractual payments		(18,958)
Amount attributable to interest		1,390

Notes to financial statements (expressed in Canadian dollars)

Balance – December 31, 2022	$	72,061
Additions		-
Contractual payments		(29,230)
Amount attributable to interest		3,135
Balance – December 31, 2023	$	45,966
Current portion - due within one year	$	28,308

14. Investment in Petroleum Interests

Balance –	December 31, 2021	$422,886
	Disposal of petroleum interests	(422,885)
Balance –	December 31, 2022	$1
Balance -	December 31, 2023	$1

Effective January 1, 2022 the Company sold all its petroleum interests held with Signalta Resources Limited back to the operator for cash proceeds of $410,198 incurring a net loss on the transaction of $12,687.

The Company has a residual minor interest in a single well controlled by an independent operator.

15. Income Taxes

The effective combined Canadian federal and provincial statutory income tax rate for the current year is 26.43% (2022– 25.51%). The combined enacted tax rate for deferred tax assets and liabilities is 26.43% (2022 – 25.51%). The reconciliation of the combined Canadian federal and provincial statutory income tax rate to the effective tax rate is as follows:

		December 31, 2023		December 31, 2022
Net Income before expense of income taxes	**$**	**65,983**	$	(729,019)
Expected income tax expense	**$**	**17,296**	$	(185,983)
Tax rate changes and other adjustments		**(25,058)**		(24,804)
Unrealized depreciation of investments		**(6,126)**		99,144
Permanent differences		**3,393**		54,697
Non-taxable items		**(33,520)**		(68,556)
Changes in tax benefits not recognized		**(21,410)**		(10,615)
Income tax expense (recovery)	**$**	**(65,425)**	$	(136,117)

The Company's income tax (recovery) is allocated as follows:				
Current tax expense	**$**	**(104,146)**	$	152,615
Deferred tax expense		**38,722**		(288,732)
	$	**(65,425))**	$	(136,117)
The following table summarizes the components of deferred tax:				
Deferred Tax Assets		**December 31, 2023**		December 31, 2022
Fixed assets	**$**	**970**	$	-
Investment in other companies		**98,119**		34,094
Marketable securities		**-**		131,323
Lease liability		**12,150**		18,774
Investment in petroleum interest		**19,166**		-
Non-capital loss CFWDs		**-**		-
Deferred Tax Liabilities				
2673502 Ontario Inc	**$**	**(59,055)**	$	(89,286)
ROU asset		**(12,158)**		(18,774)
Marketable securities		**(21,785)**		-
Net deferred tax asset / (liability)	**$**	**37,409**	$	76,131

Notes to financial statements (expressed in Canadian dollars)

Deferred tax assets and liabilities have been offset where they relate to income taxes by the same taxation authority and the Company has the legal right and intent to offset:

Movement in net deferred tax assets / (liabilities)		**2023**		2022
Balance at the beginning of the year	**$**	**76,131**	$	(212,601)
Recognized in profit/(loss)		**(38,722)**		288,732
Balance at the end of the year	**$**	**37,409**	$	76,131

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 $nil (2022 - $83,924) deductive temporary differences.

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 there from.