SONORAN DESERT COPPER CORPORATION

Consolidated Financial Statements

Year Ended December 31, 2023 and 2022

(Expressed in Canadian Dollars)

Independent Auditor's Report

To the Shareholders of Sonoran Desert Copper Corporation

Opinion

We have audited the consolidated financial statements of Sonoran Desert Copper Corporation (the "Company"), which comprise the consolidated statements of financial position as at December 31, 2023 and 2022, and the consolidated statements of comprehensive loss, cash flows and changes in shareholders' deficit for the years then ended, and notes to the consolidated financial statements, including material accounting policy information (collectively referred to as the "financial statements").

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

Material Uncertainty Related to Going Concern

We draw attention to Note 1 to the financial statements, which indicates that the Company incurred a net loss of $1,354,169 during the year ended December 31, 2023 and, as of that date, the Company's current liabilities exceeded its total assets by $2,456,738. 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 other key audit matters to communicate in our report.

Other Information

Management is responsible for the other information. The other information comprises the information included in 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 audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

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

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

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

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

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

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

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

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DALE MATHESON CARR-HILTON LABONTE LLP
CHARTERED PROFESSIONAL ACCOUNTANTS
Vancouver, BC

June 24, 2024

SONORAN DESERT COPPER CORPORATION

Consolidated Statements of Financial Position
As at December 31, 2023 and 2022
Expressed in Canadian Dollars

	Notes		December 31, 2023		December 31, 2022
ASSETS					
Current Assets					
Cash		$	**65,732**	$	23,241
Sales tax receivable			**97,254**		-
Prepaid expenses			**160,666**		87,500
Marketable securities	6		**1,000**		2,000
			324,652		112,741
Long-term Assets					
Exploration and evaluation assets	7		**216,443**		214,531
Total Assets		$	**541,095**	$	327,272
LIABILITIES AND SHAREHOLDERS' DEFICIT					
Current Liabilities					
Accounts payable	8, 11	$	**1,325,231**	$	1,207,663
Accrued liabilities	11		**296,150**		194,900
Flow-through premium liability	10		**-**		25,000
Short-term loans	9		**1,160,009**		1,088,247
Share subscriptions received	12		**-**		45,827
			2,781,390		2,561,637
Shareholders' Deficit					
Share capital	12		**12,563,770**		11,374,838
Share subscriptions received	12		**133,800**		-
Contributed surplus	13		**3,214,843**		3,208,715
Accumulated other comprehensive loss			**(358,973)**		(378,352)
Deficit			**(17,793,735)**		(16,439,566)
			(2,240,295)		(2,234,365)
Total Liabilities and Shareholders' Deficit		$	**541,095**	$	327,272

Nature of operations and going concern (Note 1)
Subsequent events (Note 15)

Approved on behalf of the Board of Directors on June 24, 2024

"Brian Leenars"
Director

"Gregory Pearson"
Director

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

SONORAN DESERT COPPER CORPORATION

Consolidated Statements of Comprehensive Loss
For the Years Ended December 31, 2023 and 2022
Expressed in Canadian Dollars

	Notes		For the years ended December 31, 2023		2022
Expenses					
Consulting and management fees	11	$	**357,430**	$	402,000
Exploration and evaluation expenditures	7		**336,725**		90,000
Foreign exchange (gain) loss			**(19,639)**		68,630
Accretion and interest expense	8,9		**108,630**		148,139
Marketing and advertising	11		**137,500**		237,500
Rent and administrative services	11		**124,815**		176,926
Professional fees	11		**163,365**		93,340
Transfer agent and filing fees			**9,177**		75,423
Share-based compensation	13		**-**		459,600
Total expenses			**(1,218,003)**		(1,751,558)
Other income (expense)					
Recovery of sales tax			**54,365**		-
Amortization of flow-through premium liability	10		**25,000**		-
Unrealized loss on marketable securities	6		**(1,000)**		(3,000)
Write-off exploration and evaluation assets	7		**(214,531)**		(10,650)
Total other income (expense)			**(136,166)**		(13,650)
Net loss for the year		$	**(1,354,169)**	$	(1,765,208)
Other comprehensive income					
Foreign exchange difference on translation of foreign operation			**19,379**		-
Net and comprehensive loss for the year		$	**(1,334,790)**	$	(1,765,208)
Basic and diluted loss per share		$	**(0.06)**	$	(0.10)
Weighted average number of common shares outstanding – basic and diluted			**22,376,936**		18,528,662

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

SONORAN DESERT COPPER CORPORATION

Consolidated Statements of Cash Flows
For the Years Ended December 31, 2023 and 2022
Expressed in Canadian Dollars

	For the years ended December 31, 2023	2022
Cash provided by (used in):		
Operating activities		
Net loss for the year	$ **(1,354,169)**	$ (1,765,208)
Items not affecting cash:		
Foreign exchange	**2,286**	67,219
Stock-based compensation	**-**	459,600
Unrealized loss on marketable securities	**1,000**	3,000
Amortization of flow-through premium liability	**(25,000)**	-
Interest and accretion expense	**108,630**	148,139
Write-off exploration and evaluation assets	**214,531**	10,650
Changes in non-cash working capital items:		
Sales tax receivable	**(97,254)**	-
Prepaid expenses	**(73,166)**	87,500
Accounts payable	**197,793**	344,166
Accrued liabilities	**101,250**	106,900
Net cash used in operating activities	**(924,099)**	(538,034)
Investing activities		
Exploration and evaluation assets	**(216,443)**	(831)
Net cash used in investing activities	**(216,443)**	(831)
Financing activities		
Domus debt repayment	**(100,000)**	(200,000)
Share issuance, net of issuance costs	**1,149,233**	318,400
Share issuance, warrants exercised	**-**	150,125
Share subscriptions received	**133,800**	45,827
Net cash provided by financing activities	**1,183,033**	314,352
Change in cash	**42,491**	(224,513)
Cash, beginning	**23,241**	247,754
Cash, ending	$ **65,732**	$ 23,241
Non-cash activities:		
Shares issued for acquisition of exploration and evaluation assets	$ **-**	$ 25,000
Share issuance cost - Broker warrants issued	$ **6,128**	$ 17,000

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

SONORAN DESERT COPPER CORPORATION

Consolidated Statements of Changes in Shareholders' Deficit
For the Years Ended December 31, 2023 and 2022
Expressed in Canadian Dollars

	Notes	Number of common shares outstanding		Share capital		Share subscription received		Contributed surplus		Accumulated Other Comprehensive Income (Loss)		Deficit		Total Shareholders' Deficit
Balance, December 31, 2022		**19,763,266**	**$**	**11,374,838**	**$**	**-**	**$**	**3,208,715**	**$**	**(378,352)**	**$**	**(16,439,566)**	**$**	**(2,234,365)**
Share issued for cash	12	**6,021,500**		**1,204,300**		**-**		**-**		**-**		**-**		**1,204,300**
Share subscription received	12	**-**		**-**		**133,800**		**-**		**-**		**-**		**133,800**
Share issuance cost - cash	12	**-**		**(9,240)**		**-**		**-**		**-**		**-**		**(9,240)**
Share issuance cost – broker warrants	13	**-**		**(6,128)**		**-**		**6,128**		**-**		**-**		**-**
(Income) Loss for the year		**-**		**-**		**-**		**-**		**19,379**		**(1,354,169)**		**(1,334,790)**
Balance, December 31, 2023		**25,784,766**	**$**	**12,563,770**	**$**	**133,800**	**$**	**3,214,843**	**$**	**(358,973)**	**$**	**(17,793,735)**	**$**	**(2,240,295)**
Balance, December 31, 2021		17,688,057	$	10,898,313	$	-	$	2,732,115	$	(378,352)		(14,674,358)	$	(1,422,282)
Share issued for cash	12	1,700,000		340,000		-		-		-		-		340,000
Share issuance – warrants exercise	12	250,209		150,125		-		-		-		-		150,125
Share issuance cost - cash	12	-		(21,600)		-		-		-		-		(21,600)
Share issuance cost – broker warrants	13	-		(17,000)		-		17,000		-		-		-
Shares issuance – acquisition of mineral interest	7,12	125,000		25,000		-		-		-		-		25,000
Stock-based compensation	13	-		-		-		459,600		-		-		459,600
Loss for the year		-		-		-		-		-		(1,765,208)		(1,765,208)
Balance, December 31, 2022		19,763,266	$	11,374,838	$	-	$	3,208,715	$	(378,352)	$	(16,439,566)	$	(2,234,365)

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

1. Nature of operations and going concern

Sonoran Desert Copper Corporation (the "Company" or "SDCU") was federally incorporated on February 22, 2007 as Prime Meridian Resources Corp. On March 21, 2023, the Company changed its name to Sonoran Desert Copper Corporation. The Company is a public company listed on the TSX Venture Exchange ("TSX-V") with the symbol SDCU.V. The corporate head office of the Company is located at 2110 - 650 West Georgia Street, Vancouver, BC V6B 4H8.

The Company, in the junior mining sector, is an exploration company focused on developing its portfolio of energy metals projects and properties. The recoverability of the amounts shown for resource properties is dependent upon the existence of economically recoverable reserves, successfully permitting, the ability of the Company to obtain necessary financing to complete exploration and development, and upon future profitable production or proceeds from disposition of each resource property.

These consolidated financial statements have been prepared in accordance with the International Financial Reporting Standards ("IFRS") applicable to a going concern which contemplates that the Company will be able to realize its assets and settle its liabilities in the normal course as they come due for the foreseeable future. As at December 31, 2023, the Company had no source of revenue and reported a loss for the year of $1,354,169 (December 31, 2022 - $1,765,208), had current liabilities in excess of current assets of $2,456,738 (December 31, 2022 - $2,448,896), and had an accumulated deficit of $17,793,735 (December 31, 2022- $16,439,566). These factors indicate a material uncertainty exists that may cast significant doubt over the Company's ability to continue as a going concern. Management has determined that the Company will require additional financing to meet its obligations for the next fiscal year. Continued operations are dependent on the Company's ability to complete equity financings and secure project debt financing. It is not possible to predict whether financing efforts will be successful. These consolidated financial statements do not include adjustments or disclosures that may result should the Company not be able to continue as a going concern. Such adjustments could be material.

2. Basis of preparation

a) Statement of compliance

These consolidated financial statements are prepared in accordance with International Financial Reporting Standards ("IFRS"), as issued by International Accounting Standards Board ("IASB"), applicable to the preparation of financial statements. These consolidated financial statements include the accounts of the Company and its wholly-owned subsidiaries, Prime Meridian Resources Inc., a US company and Sonoran Copper S.A. De C.V, a Mexican company. The Board of Directors approved these consolidated financial statements on June 24, 2024.

b) Functional and presentation currency

These consolidated financial statements are presented in Canadian dollars, which is the functional currency of the Company. The functional currency of Prime Meridian Resources Inc., the Company's US subsidiary, is the United States Dollar ("USD"). The functional currency of Sonoran Copper S.A. de C.V, the Company's Mexican subsidiary, is the Mexican Peso ("MXN").

c) Reverse stock-split

On November 14, 2023, the Company's consolidated its issued and outstanding common shares through a reverse stock a one-for-four reverse stock-split (the "Reverse Stock Split"). The Company's common shares began trading on a split-adjusted basis when the market opened on November 14, 2023. As a result of the Reverse Stock Split, the outstanding common shares has decreased from 103,139,063 to 25,784,766 shares. Unless otherwise noted, impacted amounts and share information included in the financial statements and notes thereto have been retroactively adjusted for the Reverse Stock Split as if such Reverse Stock Split occurred on the first day of the first period presented.

2. Basis of preparation (continued)

d) Critical accounting estimates and judgments

The preparation of financial statements requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities and contingency liabilities as at the date of the financial statements, and the reported amount of revenues and expenses during the reporting period. Estimates and judgments are continuously evaluated and are based on management's experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Estimates include share-based payments, deferred tax assets, and fair value measurements for financial assets. Actual results may differ from these estimates.

Key critical judgment in applying accounting policies:

Going concern

These consolidated financial statements have been prepared on the basis of the accounting principles applicable to a going concern, which assumes the Company's ability to continue in operation for the foreseeable future and to realize its assets and discharge its liabilities in the normal course of operations. There are several adverse conditions that cast significant doubt upon the soundness of this assumption. Refer to Note 1 for more details.

Income taxes and recoverability of potential deferred tax assets

In assessing the probability of realizing income tax assets recognized, management makes estimates related to expectations of future taxable income, applicable tax planning opportunities, expected timing of reversals of existing temporary differences and the likelihood that tax positions taken will be sustained upon examination by applicable tax authorities.

Exploration and evaluation assets

The application of the Company's accounting policy for exploration and evaluation assets requires judgement in determining whether there are indicators of impairment that require management to determine whether the recoverable amount is not less than the carrying amount. The carrying value of these assets is detailed in Note 7.

3. Material accounting policy information

The significant accounting policies of the Company are as follows:

a) Basis of consolidation

These consolidated financial statements include the accounts of the Company and its wholly owned and controlled subsidiaries. Control exists when the Company has the power, directly or indirectly, to govern the financial and operating policies of an entity so as to obtain benefits from its activities. The financial statements of the subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases. All inter-company transactions and balances have been eliminated upon consolidation.

b) Foreign currency translation

Items included in the financial statements of each consolidated entity are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). Foreign currency transactions are translated into the functional currency using the exchange rates prevailing are the dates of the transaction. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities not denominated in the functional currency of an entity are recognized in the consolidated statement of comprehensive loss.

Assets and liabilities of subsidiaries with a functional currency different from presentation currency is translated at the year end rates of exchange, and the results of its operations are translated at average rates of exchange for the year. The resulting translation adjustments are included in accumulated other comprehensive income as a separate component shareholders' deficit.

3. Material accounting policy information (continued)

c) Cash and cash equivalents

Cash is comprised of cash on hand and deposits in banks. Cash equivalents are short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of change in value.

d) Exploration and evaluation assets

Exploration and evaluation expenses are charged to the statement of comprehensive loss as they are incurred until the mineral property reaches the development stage. Significant costs related to property acquisitions are capitalized until the viability of the mineral interest is determined. When it has been established that a mineral deposit is commercially mineable and an economic analysis has been completed, the costs subsequently incurred to develop a mine on the property prior to the start of mining operations are capitalized and will be depreciated against production following commencement of commercial production, or written off if the property is sold, allowed to lapse or abandoned.

From time to time, the Company may acquire or dispose of properties pursuant to the terms of option agreements. Because the options are exercisable entirely at the discretion of the optionee, the amounts payable or receivable are not recorded. Option payments are recorded as exploration and evaluation assets or recoveries when the payments are made or received.

e) Impairment of non-financial assets

Non-financial assets are evaluated at the end of each reporting period by management for indicators that the carrying value is impaired and may not be recoverable.

When indicators of impairment are present, the recoverable amount of an asset is evaluated at the level of a cash generating unit ("CGU"), the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or group of assets, where the recoverable amount of the CGU is the greater of the CGU's fair value less costs to sell and its value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments to the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted. If the recoverable amount of an asset or CGU is estimated to be less than its carrying amount, the carrying amount of the asset or CGU is reduced to its recoverable amount. An impairment loss is recognized in the statement of comprehensive loss.

Where an impairment loss subsequently reverses for assets with a finite useful life, the carrying amount of the asset or CGU is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset or CGU in prior periods. A reversal of an impairment loss is recognized immediately in the statement of comprehensive loss.

f) Share-based payments

Equity-settled share-based payments to employees and others providing similar services are measured at the fair value of the equity instruments at the grant date using the Black-Scholes Option Pricing Model. The fair value is estimated at grant date and each tranche is recognized on a graded-vesting basis over the period the options vest. At the end of each reporting period, the Company revises its estimate of the number of equity instruments expected to vest. The impact of the revision of the original estimates, if any, is recognized in comprehensive loss such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to contributed surplus. Equity-settled share-based payment transactions with parties other than employees 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.

3. Material accounting policy information (continued)

g) Earnings (loss) per share

Basic earnings (loss) per share ("EPS") is calculated by dividing net income or loss attributable common shareholders of the Company by the weighted average number of shares outstanding or committed to issue for the relevant year. Diluted earnings (loss) per share is calculated by dividing the net income or loss attributable to common shareholders by the sum of the weighted average number of common shares issued and outstanding or committed and all additional common shares that would have been outstanding, if potentially dilutive instruments were converted.

h) Income taxes

Tax expense comprises current and deferred tax. Tax expense is recognized in profit or loss except to the extent it relates to items recognized in other comprehensive income or directly in equity.

Current tax expense is based on the results for the period as adjusted for items that are not taxable or not deductible. Current tax is calculated using tax rates and laws that were enacted or substantively enacted at the end of the reporting period. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. Provisions are established where appropriate on the basis of amounts expected to be paid to tax authorities. Deferred taxes are the taxes expected to be payable or recoverable on differences between the carrying amount of assets in the statement of financial position and their corresponding tax bases used in the computation of taxable profit or loss are accounted for using the liability method.

Deferred tax liabilities are generally recognized for all taxable temporary differences between the carrying amounts of assets and their corresponding tax bases. Deferred tax assets are recognized to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilized. Such assets and liabilities are not recognized if the temporary difference arises from the initial recognition of goodwill or from the initial recognition (other than in a business combination) of other assets in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax liabilities are generally recognized for all taxable temporary differences. However, deferred tax liabilities are not recognized for taxable temporary differences arising on investments in subsidiaries where the reversal of the temporary difference can be controlled, and it is probable that the difference will not reverse in the foreseeable future, or on temporary differences that arise from goodwill which is not deductible for tax purposes.

Deferred tax assets are recognized to the extent it is probable that taxable profits will be available against which the deductible temporary differences can be utilized. Deferred tax assets are reviewed at the end of the reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

i) Financial instruments

(i) Classification

The Company classifies its financial instruments in the following categories: at fair value through profit and loss ("FVTPL"), at fair value through other comprehensive income (loss) ("FVTOCI") or at amortized cost. The Company determines the classification of financial assets at initial recognition. The classification of debt instruments is driven by the Company's business model for managing the financial assets and their contractual cash flow characteristics. Equity instruments that are held for trading are classified as FVTPL. For other equity instruments, on the day of acquisition the Company can make an irrevocable election (on an instrument-by-instrument basis) to designate them as at FVTOCI. Financial liabilities are measured at amortized cost, unless they are required to be measured at FVTPL (such as instruments held for trading or derivatives) or if the Company has opted to measure them at FVTPL.

3. Material accounting policy information (continued)

i) Financial instruments (continued)

The following table shows the classification of financial assets and liabilities:

Financial assets/liabilities	New Classification
Cash	FVTPL
Marketable securities	FVTPL
Accounts payable	Amortized cost
Short term loans	Amortized cost
Share subscription received	Amortized cost

(ii) Measurement

Financial assets and liabilities at amortized cost
Financial assets and liabilities at amortized cost are initially recognized at fair value plus or minus transaction costs, respectively, and subsequently carried at amortized cost less any impairment.

Financial assets and liabilities at FVTPL
Financial assets and liabilities carried at FVTPL are initially recorded at fair value and transaction costs are expensed in the statements of loss and comprehensive loss. Realized and unrealized gains and losses arising from changes in the fair value of the financial assets and liabilities held at FVTPL are included in the statements of comprehensive loss in the period in which they arise.

(iii) Derecognition

Financial assets
The Company derecognizes financial assets only when the contractual rights to cash flows from the financial assets expire, or when it transfers the financial assets and substantially all of the associated risks and rewards of ownership to another entity.

Financial liabilities
The Company derecognizes a financial liability when its contractual obligations are discharged or cancelled, or expire. The Company also derecognizes a financial liability when the terms of the liability are modified such that the terms and / or cash flows of the modified instrument are substantially different, in which case a new financial liability based on the modified terms is recognized at fair value.

Gains and losses on derecognition are generally recognized in profit or loss.

j) Flow-through shares

The Company will, from time to time, issue flow-through common shares to finance a portion of its exploration program. Pursuant to the terms of the flow-through share agreements, these shares transfer the tax deductibility of qualifying resource expenditures to investors. On issuance, the Company bifurcates the flow-through share into i) a flow-through share premium, equal to the estimated premium, if any, investors pay for the flow-through features, which is recognized as a liability, and ii) share capital. Upon expenditures being incurred, the Company derecognizes the liability and recognizes the amortization of the flow-through share premium liability for the amount of tax reduction renounced to the shareholders. The premium is recognized as other income and the related deferred tax is recognized as a tax provision.

Proceeds received from the issuance of flow-through shares are restricted to be used only for Canadian resource property exploration expenditures within a two-year period.

The Company may also be subject to a Part XII.6 tax on flow-through proceeds renounced under the look-back rule, in accordance with Government of Canada flow-through regulations. When applicable, this tax is accrued as an expense.

3. Material accounting policy information (continued)

k) Adoption and future changes in accounting standards

A number of new standards, and amendments to standards and interpretations, were not yet effective for the year ended December 31, 2023 and have not been early adopted in preparing these consolidated financial statements. These new standards, and amendments to standards and interpretations were either not applicable or are not expected to have material impact on the Company's consolidated financial statements.

4. Capital management

The Company's objectives when managing capital are to:

- Ensure there are adequate capital resources to manage the Company's ability to continue as a going concern;
- Maintain adequate levels of funding to sustain the required current investments and any new capital investments;
- Maintain investor, creditor and market confidence to sustain future development of the business; and
- Provide returns to shareholders and benefits for other stakeholders.

The Company classifies its share capital and contributed surplus as capital. The Board of Directors does not establish qualitative 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 will continue to assess new investments and seek to acquire an interest in investments if it feels there is sufficient geologic or economic potential and if it has adequate financial resources to do so. Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Company, is appropriate. There were no changes in the Company's approach to capital management during the year. The Company is not subject to any externally imposed capital requirements.

5. Financial instruments and financial risk management

a) Fair value

The fair value of financial instruments is the amount of consideration that would be agreed upon in an arm's length transaction between knowledgeable, willing parties who are under no compulsion to act. Fair values are determined by reference to quoted market prices, as appropriate, in the most advantageous market for that instrument to which the Company has immediate access. Where quoted market prices are not available, the Company uses the closing price of the most recent transaction for that instrument. In the absence of an active market, fair values are determined based on prevailing market rates for instruments with similar characteristics. The fair value of current financial instruments approximates their carrying values as long as they are short term in nature or bear interest at market rates.

5. Financial instruments and financial risk management (continued)

b) Fair value hierarchy

Financial instruments that are held at fair value are categorized based on a valuation hierarchy which is determined by the valuation methodology utilized:

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

There were no transfers between levels 1 and 2 during the year.

The Company's financial instruments are carried at amortized cost with the exception of cash and marketable securities. Cash and marketable securities have been assessed on the fair value hierarchy described above and classified as Level 1.

5. Financial instruments and financial risk management

c) Financial risks

(i) Interest rate risk
Interest rate risk consists of the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in market interest rates. As at December 31, 2023, the Company is not exposed to interest rate risk as its loans bear interest at fixed rates.

(ii) Foreign currency risk
Foreign currency risk is the risk that the fair values of future cash flows of a financial instrument will fluctuate because they are denominated in currencies that differ from the respective functional currency. The Company is exposed to foreign currency risk to the extent expenditures incurred or funds received, and balances maintained by the Company are denominated in USD or MXN. The Company had net monetary liabilities totaling $914,955 in US dollars at December 31, 2023. The Company's foreign currency risk is assessed as high.

(iii) Credit risk
Credit risk is the risk of loss if counterparties do not fulfill their contractual obligations. As of December 31, 2023, the Company is not exposed to credit risk.

(iv) Liquidity risk
Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they come due. The Company manages liquidity risk by maintaining sufficient cash. Liquidity requirements are managed based on expected cash flow to ensure there is capital to meet short term and long-term obligations. At December 31, 2023, the Company did not have sufficient cash on hand to pay its short-term creditors and does not generate cash from its operations. Accordingly, liquidity risk is considered high.

6. Marketable securities

In September 2014, the Company received 500,000 units of Bitterroot Resources Ltd., ("Bitterroot") with a fair value of $10,000 as partial proceeds on the sale of certain mineral property interests in Baraga Basin, Michigan. Each unit consists of one Bitterroot common share and one warrant, exercisable for two years at $0.10 per share. During the year ended December 31, 2015, the shares of Bitterroot were consolidated to 10:1, thus the number of shares the Company owns were adjusted to 50,000. Warrants expired unexercised on September 17, 2016.

The common shares are classified as FVTPL. As at December 31, 2023, the fair value of the shares was $1,000 (December 31, 2022 – $2,000).

7. Exploration and evaluation assets

	Bruce and Camping Lake	Bluffy Lake	Dixie Lake	Kelly Palladium	Pakwash, Red Lake	Cuatro Hermanos, Mexico	Total
Balance, December 31, 2021	$ 71,500	$ 7,200	$ 80,000	$ 30,000	$ 10,650	$ -	$ 199,350
Acquisition costs – issued shares (Note 12)	-	-	25,000	-	-	-	25,000
Acquisition costs	-	-	-	831	-	-	831
Write-off E&E assets	-	-	-	-	(10,650)	-	(10,650)
Balance, December 31, 2022	$ 71,500	$ 7,200	$ 105,000	$ 30,831	$ -	$ -	$ 214,531
Acquisition costs	-	-	-	-	-	216,443	216,443
Write-off E&E assets	(71,500)	(7,200)	(105,000)	(30,831)	-	-	(214,531)
Balance, December 31, 2023	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ 216,443**	**$ 216,443**

7. Exploration and evaluation assets (continued)

Bruce and Camping Lake, Ontario

On September 23, 2019, the Company entered into an option agreement with 15444230 Ontario Inc., pursuant to which the Company has an option to acquire two sets of mineral claims in the Bruce Lake area and the Camping Lake area, both in the Red Lake mining district in Ontario. In consideration, the Company issued 100,000 shares and made payments totalling $25,500 in the first year. Additional payments totalling $61,000 are due over the following three years. The acquisition is subject to a 1.5% net smelter royalty, of which 0.75% can be purchased by the Company for $500,000. During the year ended December 31, 2023, the Company terminated the option agreement. Acquisition costs relating the project were written-off.

Bluffy Lake, Ontario

In September 2021, the Company acquired, through staking, an additional 2,920 hectares east of its Camping Lake Project in the Red Lake District of Ontario. During the year ended December 31, 2023, the Company did not renew the claims for the Bluff Lake Project and has written-off acquisition costs related to the property.

Dixie Lake, Ontario

The Company entered into an agreement to acquire 100% interest in mineral claims in the Dixie Lake area of Red Lake mining district of Ontario. In consideration, the Company issued in total 250,000 shares (with a fair value of $90,000) and paid $15,000 to the vendor. During the year ended December 31, 2023, the Company did not renew the Dixie Lake claims and has written off the acquisition costs related to the property.

Kelly Palladium, Ontario

During the year ended December 31, 2020, the Company entered into an agreement to acquire a 100% ownership in the Kelly Palladium Project in Ontario. The Company paid $30,000 to the vendor to complete the purchase, which is subject to a 1% net smelter royalty in favour of the vendor. The Company has the exclusive right to buy the royalty from the vendor for $500,000. During the year ended December 31, 2023, the Company did not renew the claims for the project and has written off acquisition costs related to the property.

Pakwash, Red Lake, Ontario

During the year ended December 31, 2021, the Company acquired a 100% ownership in three mineral interest claims on the western shore of Pakwash Lake in the Red Lake Mining District of Ontario. The Company paid a one-time payment of $10,650 subject to a 1% royalty in favour the vendor that can be purchased by the Company for $500,000. At December 31, 2022, the Company decided not to pursue the interest in Pakwash Project and recorded an impairment of $10,650.

La Sarita Copper-silver Project, Sonora, Mexico

On November 26, 2022, the Company entered a Letter of Intent to purchase 100% interest in the La Sarita Copper-silver Project in Sonora, Mexico. In order to exercise the 1st Purchase Option, the Company will make cash payments totalling USD$230,000, exploration expenditures of $2,225,000 and issue 812,500 common shares to Quirina Vasquez Vargas ("QVV"), the vendor for a 100% ownership of the La Sarita Project, over a 5-year term. During the year ended December 31, 2023, the Company decided not to proceed with the acquisition of the La Sarita Project.

El Chuin Copper Project, Sonora, Mexico

On November 26, 2022, the Company entered two Purchase Option Agreements to purchase 100% interest in the El Chuin Copper Project in Sonora, Mexico. In order to exercise the 1st Purchase Option, the Company will make cash payments totalling USD$230,000, exploration expenditures of $2,225,000 and issue 812,500 common shares to QVV, the vendor for a 100% ownership of the El Chuin and El Chuin concessions, over the 5-year term. During the year ended December 31, 2023 the Company decided not to proceed with the El Chuin Project.

7. Exploration and evaluation assets (continued)

Cuatro Hermanos Porphyry Copper Project, Sonora, Mexico

On January 16, 2023, the Company executed an Exploration Right Assignment Agreement with Definitive Rights Assignment Option (the "Agreement") to purchase a 100% interest in the Cuatro Hermanos Porphyry Copper Project in Sonora, Mexico subject to TSX-V approval. In order to exercise Purchase Option, the Company will make cash payments totalling USD$5,862,500 and exploration work commitment of US$2,850,000 to Minerales Y Yacimientos Mexicanos Sacramento, S.A. DE C.V., (the "Seller") for a 100% ownership of the Cuatro Hermanos Porphyry Project, over a 60-month term, payments schedule as below:

Date		Cash Payment		Work Commitment
Execution	USD$	50,000 (paid)	USD$	-
12 Months	USD$	150,000*	USD$	100,000 (met)
24 Months	USD$	200,000	USD$	250,000
36 Months	USD$	200,000	USD$	500,000
48 Months	USD$	200,000	USD$	1,000,000
60 Months	USD$	5,062,500	USD$	1,000,000
	USD$	5,862,500	USD$	2,850,000

*Not yet paid, but no notice of default issued.

Below is a summary of exploration and evaluation expenditures recorded in the statement of comprehensive loss:

	Year ended December 31, 2023	Year ended December 31, 2022
Geological consulting	$ 135,069	$ 90,000
Mining taxes	125,948	-
Other exploration expenditures	75,708	-
Total	$ 336,725	$ 90,000

8. Payable to Domus Management Ltd.

During the year ended December 31, 2018, the Company was notified by Domus Management Ltd. ("Domus") and Primrose Drilling Ltd. ("Primrose"), that the debt owed to Primrose was assigned to Domus. Domus and the Company agreed to the following terms for repayment of the debt:

- The Company shall pay US$200,000 on or before September 30, 2018 with the balance (US$310,880) being paid without interest by way of installments of US$50,000 on October 31 of each year starting on October 31, 2018 until the full debt is retired. As long as the installments are paid in full and on time, no interest will be charged on the debt.
- In the event the debt is not repaid in terms of the above, the debt becomes due on demand and bears interest at 10% compounded annually. On February 20, 2020, the Company agreed to a consent judgment in the Court of Queen's Bench of Alberta in the amount of $741,453 plus interest.

On June 15, 2021, the Company and Domus entered into an agreement where Domus and the Company agreed to the total amount owing of $629,313 with 0.2% interest per annum and the Company is obligated to pay $20,000 per month, by the 15th of each month, until the debt and interest have been repaid in full. The fair value of the debt was determined to be $546,654 on June 15, 2021. The fair value was determined using a 12% discount rate. The difference between the fair value and carrying value on June 15, 2021 was recorded as a debt discount of $82,659 in deficit.

The Company agreed to pay the 3.8% interest per annum on the remaining balance due beginning in 2023. For the year ended December 31, 2023, the Company recorded accretion expenses of $9,888 (2022 - $52,851) and made cash payments of $100,000 (2022 - $200,000). As at December 31, 2023, the Company was in default of the loan in the amount of $200,524 (December 31, 2022 - $290,637) which is included in accounts payable.

9. Loans

The continuity of loans is as follows:

December 31, 2021	$	925,740
Interest accrued		95,288
Foreign exchange		67,219
December 31, 2022	$	1,088,247
Interest accrued		98,742
Foreign exchange		(26,980)
December 31, 2023	$	1,160,009

As at December 31, 2023, the Company owed a total of $1,160,009 (2022 - $1,088,247) in loans, consisting of loan principal of $848,277 (US$615,200) (December 31, 2022 - $848,239/US$615,200) and interest payable of $311,732 (US$226,079) (December 31, 2022 - $240,008/US$172,060). All of the loans accrue interest at a rate of 3% per quarter, except for one loan which accrues interest at 10% per annum.

10. Flow-through premium liabilities

During the year ended December 31, 2021, the Company issued 125,000 flow-through units at a price of $0.80 for total proceeds of $100,000. These funds are to be used for qualifying exploration expenditures and were renounced to the flow-through shareholders effective December 31, 2021. A $25,000 flow-through share premium liability was recorded representing the excess paid for the flow-through shares over the fair value of the shares without the flow-through feature.

During the year ended December 31, 2023, the Company fully incurred the flow-through expenditures and amortized the $25,000 flow-through premium liability to the statement of comprehensive loss.

11. Related party transactions

Balances owing are included in accounts payable and accrued liabilities, due on demand, unsecured, non-interest bearing and have no specified terms of repayment.

On July 21, 2022, the Company granted a total of 1,625,000 stock options to its directors, officers and consultants of the Company. Of the 1,625,000 options, 1,225,000 options were granted to directors and officers with exercisable price at $0.60 with a five-year expiry. Total share-based payments related to 1,225,000 options is $235,200.

On November 9, 2022, the Company granted a total of 562,500 stock options to three directors of the Company. Each director was granted 187,500 options with exercisable price at $0.40 with a five-year expiry. Total share-based payments related to 562,500 options is $115,000.

11. Related party transactions (continued)

The Company entered into transactions, including compensation of key management, with the following related parties:

Name	Relationship	Nature of Transaction		Fees incurred year ended December 31, 2023		Fees incurred year ended December 31, 2022		Balance payable at December 31, 2023		Balance payable at December 31, 2022
Nexvu Services Inc.	Owned by Nexvu Capital, of which Brian Leeners is a shareholder	Rent and corporate services	$	**120,000**	$	120,000	$	**309,370**	$	193,370
Brian Leeners	Chief executive officer and director	Management services		**120,000**		120,000		**82,500**		117,250
Global Link Capital	Greg Pearson, director of the Company, is a shareholder	Management services		**120,000**		120,000		**82,250**		117,250
Gordorn J. Fretwell, Law Corporation	Gordon Fretwell is a shareholder of Nexvu Capital Corporation	Legal services		**23,750**		51,025		**189,116**		165,616
Blue Summit Venture	Tyler Thorburn is shareholder of Blue Summit Venture	Management		**30,000**		120,000		**113,000**		79,100
		Marketing		**-**		175,000		**-**		-
AE Financial Management Ltd.	Edward Low, chief financial officer, is a shareholder	Accounting services		**42,000**		42,000		**124,150**		89,150
			$	**455,750**	$	748,025	$	**900 ,386**	$	761,736

12. Share capital

Authorized: Unlimited common voting shares, without par value.

During the year ended December 31, 2023, the Company consolidated its issued and outstanding shares on a ratio of one for four. All share information has been retroactively restated.

<u>Share issuance – private placement</u>

During the year ended December 31, 2023, the Company completed:

a) private placement for total gross proceeds of $385,800 by issuing 1,929,000 units at a price of $0.20 per unit. Each unit consists of one common share of the Company and one common share purchase warrant, with each warrant (Note 13(b)) entitling the holder to acquire one additional common share of the Company at a price $0.40 per share for 3 years. The warrants are subject to the right of the Company to accelerate the exercise period of the warrant if shares of the Company trade at or above $2.00 for a period of 10 consecutive trading days (Note 13(b)).

   The Company paid cash finder's fee of $5,800 and issued 29,000 broker warrants, exercisable at $0.40 for 3 years commencing the date of issuance (Note 13(c)).

b) private placement for total gross proceeds of $818,500 by issuing 4,092,500 units at a price of $0.20 per unit. Each unit consists of one common share of the Company and one common share purchase warrant, with each warrant entitling the holder to acquire one additional common share of the Company at a price $0.40 per share for 3 years. The warrants are subject to the right of the Company to accelerate the exercise period of the warrant if shares of the Company trade at or above $2.00 for a period of 10 consecutive trading days (Note 13 (b)).

12. Share capital (continued)

Share issuance – private placement (continued)

The Company paid $3,440 cash finder's fee and issued 17,200 broker warrants exercisable at $0.40 for 36 months commencing the date of issuance (Note 13(c)).

During the year ended December 31, 2022, the Company completed:

a) private placement for total gross proceeds of $340,000 by issuing 1,700,000 units at a price of $0.20 per unit. Each unit consists of one common share of the Company and one common share purchase warrant, with each warrant entitling the holder to acquire one additional common share of the Company at a price $0.40 per share for 3 years. The warrants are subject to the right of the Company to accelerate the exercise period of the warrant if shares of the Company trade at or above $2.00 for a period of 10 consecutive trading days (Note 13(b)).

   The Company paid cash finder's fee of $21,600 and issued 108,000 broker warrants, exercisable at $0.40 for 3 years commencing the date of issuance. (Note 13(c))

Share issuance – warrants exercise

For the year ended December 31, 2023, no warrants were exercised (2022 – 250,209 warrants were exercised at a price of $0.60, for total proceeds of $150,125).

Share issuance – exploration and evaluation asset interest

For the year ended December 31, 2023, no shares were issued (2022 – 125,000 shares at a price of $0.20) for the acquisition of mineral properties (Note 7).

Share subscription received

As at December 31, 2023, the Company received $133,800 for a private placement announced on November 21, 2023. The financing offers up to 2,500,000 units priced at $0.20 per unit. Each unit will consist of one common share and one common share purchase warrant, exercisable at $0.50 to common share. The warrants expire two years from date of issuance.

13. Options and warrants

a) Stock options

The Company has adopted an incentive stock option plan (the "SOP"), as amended, under the rules of the TSX-V pursuant to which it is authorized to grant options to executive officers, directors, employees and consultants, enabling them to acquire up to 20% of the issued and outstanding common shares of the Company. Under the SOP, the option exercise price of any option granted shall be equal to the greater of either the amount designated by the administrator at the time of grant, or the discounted market price of the Company's common shares for the 10 trading days immediately preceding the day on which the TSX-V received notice that options have been granted under this SOP. For the purpose of the SOP, the discounted market price is calculated in accordance with the policies of the TSX-V at the time of grant of the options. The administrator may also determine that the option exercise price per common share may escalate at a specified rate or rates.

The options can be granted for a maximum term of 5 years and vest immediately. No individual may hold options to purchase common shares of the Company exceeding 5% of the total number of common shares outstanding from time to time. Pursuant to the policies of the TSX-V, shares issued upon the exercise of options are restricted from trading during the 4-month period subsequent to the exercise of the options. For stock options granted to employees, officers, directors and consultants, the Company recognizes stock-based compensation expense based on the estimated fair value of the stock options granted as calculated using the Black-Scholes Option-Pricing Model on the date of the grant.

For the year ended December 31, 2023, no stock options were granted.

On July 21, 2022, the Company granted 1,625,000 stock options to its directors, officers and consultants of the Company. The exercise price is $0.60 per share with expiry of 5 years commencing the date of grant. The Company recognized the fair value of stock options of $312,000.

13. Options and warrants (continued)

a) Options (continued)

On October 5, 2022, the Company granted 250,000 stock options to a consultant of the Company. The exercise price is $0.40 per share with expiry of 5 years commencing the date of grant. The Company recognize the fair value of stock option of $32,600. These 250,000 stock options were cancelled during the year ended December 31, 2022.

On November 9, 2022, the Company granted 562,500 stock options to three directors of the Company. The exercise price is $0.40 per share with expiry of 5 years commencing the date of grant. The Company recognized the fair value of stock options of $115,000.

The Company uses Black-Scholes Option Pricing Model to determine the fair value of the stock options, based on the following assumptions as below:

	2023	2022
Risk-free interest rate	-	2.96% - 3.51%
Expected life	-	5 years
Volatility	-	132.5% - 136.17%
Expected dividend yield	-	Nil

As at December 31, 2023, stock options transactions are summarized as follows:

	Number of options	Weighted average exercise price ($)	Weighted average life remaining (years)
Balance, December 31, 2021	1,450,000	0.40	4.27
Issued	2,437,500	0.52	-
Cancelled	(500,000)	0.40	-
Balance, December 31, 2022	3,387,500	0.50	4.16
Balance, December 31, 2023	3,387,500	0.50	3.12

As at December 31, 2023, the following stock options were outstanding and exercisable:

Expiry Date	Exercise Price ($)	Number of options	Remaining Years
January 29, 2026	0.40	950,000	2.08
August 17, 2026	0.40	250,000	2.63
July 21, 2027	0.60	1,625,000	3.56
November 9, 2027	0.40	562,500	3.86
		3,387,500	3.12

b) Warrants

For the year ended December 31, 2023, 6,021,500 (2022 – 1,700,000) warrants were issued pursuant to private placements (Note 12).

As at December 31, 2023, warrant transactions are summarized as follows:

13. Options and warrants (continued)

b) Warrants (continued)

	Number of warrants	Weighted average exercise price ($)	Weighted average life remaining (years)
Balance, December 31, 2021	4,251,517	0.72	0.37
Issued	1,700,000	0.40	-
Exercised	(250,209)	0.60	-
Expired	(4,001,308)	0.72	-
Balance, December 31, 2022	1,700,000	0.40	2.69
Issued	6,021,500	0.40	-
Balance, December 31, 2023	7,721,500	0.40	2.36

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

Expiry Date	Exercise Price ($)	Number of Warrants	Remaining Years
September 7, 2025	0.40	1,700,000	1.69
March 22, 2026	0.40	1,929,000	2.22
September 14, 2026	0.40	4,092,500	2.71
	0.40	7,721,500	2.36

c) Broker warrants

For the year ended December 31, 2023, 46,200 (2022 – 108,000) broker warrants were issued as part of private placements (Note 12).

For year ended December 31, 2023, the Company recorded the fair value of broker warrants of $6,128 (2022 - $17,000), using Black-Scholes Option Pricing Model based on the following assumptions:

	2023	2022
Risk-free interest rate	3.05% - 4.04%	3.42%
Expected life	3 years	3 years
Volatility	121.62% - 137.59%	166.06%
Expected dividend yield	Nil	Nil

As at December 31, 2023, broker warrant transactions are summarized as follows:

	Number of broker warrants	Weighted average exercise price ($)	Weighted average life remaining (years)
Balance, December 31, 2021	94,000	0.60	0.44
Issued	108,000	0.40	-
Expired	(94,000)	0.60	-
Balance, December 31, 2022	108,000	0.40	2.69
Issued	46,200	0.40	-
Balance, December 31, 2023	154,200	0.40	1.90

13. Options and warrants (continued)

c) Warrants (continued)

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

Expiry Date	Exercise Price ($)	Number of Warrants	Remaining Years
September 7, 2025	0.40	108,000	1.69
March 22, 2026	0.40	29,000	2.22
September 14, 2026	0.40	17,200	2.71
	0.40	154,200	1.90

d) Contributed surplus

The contributed surplus records items are recognized as stock-based compensation expenses until such time that the stock options are exercised, at which time the corresponding amount will be transferred to share capital.

14. Income taxes

The following table reconciles the expected income tax payable at the Canadian federal and provincial statutory income tax rates to the amounts recognized in the statements of comprehensive loss for the years ended December 31, 2023 and 2022. The presentation of the prior year income tax note has been updated to conform with the current year presentation.

		December 31, 2023		December 31, 2022
Net income (loss) before tax	$	(1,354,169)	$	(1,765,208)
Statutory tax rate		27%		27%
Expected income payment (recovery)		(365,626)		(476,606)
Non-deductible items		29,330		164,090
Effect of foreign exchange rates		4,346		(84,147)
Share issuance costs		(2,495)		(5,832)
Others		(71,336)		(5,320)
Change in deferred tax asset not recognized		405,781		407,815
Total income tax (recovery) expense	$	-	$	-

Deferred taxes reflect the tax effects of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and their tax values. The unrecognized deductible temporary differences are as follows:

Canada		December 31, 2023		December 31, 2022
Non-capital loss carryforwards (Canada)	$	7,245,922	$	6,458,231
Exploration and evaluation assets		1,319,500		925,824
Share issuance costs		55,872		71,765
Capital loss carryforwards		8,219		8,219
Other		28,469		28,469
Unrecognized deductible temporary differences	$	8,657,982	$	7,492,509

USA		December 31, 2023		December 31, 2022
Net operating loss	$	1,594,660	$	1,600,213
Exploration and evaluation assets		2,861,305		2,871,268
Unrecognized deductible temporary differences	$	4,455,965	$	4,471,481

South Africa		December 31, 2023		December 31, 2022
Net operating loss	$	63,402	$	69,001
Unrecognized deductible temporary differences	$	63,402	$	69,001

14. Income taxes (continued)

Mexico		December 31, 2023		December 31, 2022
Net operating loss	$	162,361	$	-
Exploration and evaluation assets		157,404		-
Unrecognized deductible temporary differences	$	319,765	$	-

The Company has non-capital loss carryforwards of $7,245,922 (2022 - $6,458,231) which may be carried forward to apply against future income tax for Canadian income tax purposes, subject to the final determination by taxation authorities, expiring in the following years:

Year of Expiry		Taxable Loss
2035	$	308,297
2036		536,780
2037		327,172
2038		824,215
2039		1,174,956
2040		1,033,351
2041		1,162,706
2042		1,159,032
2043		719,413
Total	$	7,245,922

In addition, the Company has capital losses of $8,219, which may be carried forward indefinitely to reduce future income tax gains.

The Company has net operating loss carryforwards of $63,402 (2022 - $69,001) which may be carried forward to apply against future income tax for South African tax purposes, as follows:

Year of Expiry		Taxable Loss
2037	$	63,402
Total	$	63,402

The Company has net operating loss carryforwards of $1,594,660 (2022 - $1,600,213) which may be carried forward to apply against future income tax for US tax purposes, as follows:

Year of Expiry		Taxable Loss
2024	$	151,015
2025		135,757
2026		398,596
2027		352,125
2028		140,469
2029		117,660
2030		218,820
2031		66,711
2032		13,022
2033		485
Total	$	1,594,660

14. Income taxes (continued)

The Company has net operating loss carryforwards of $162,361 (2022 - $Nil) which may be carried forward to apply against future income tax for Mexican tax purposes, as follows:

Year of Expiry		Taxable Loss
2033	$	162,361
Total	$	162,361

15. Subsequent events

a) On February 13, 2024, the Company amended the private placement financing previously announced on November 21, 2023 (Note 12). The updated financing will offer up to 10,000,000 units price at $0.10 per unit. Each unit consists of one common share and one common share purchase warrant, with each warrant being exercisable for an additional common share at an exercise price of $0.25 for 24 months. The warrants are subject to the right of the Company to accelerate the exercise period if, after the expiration of the four-month hold, share of the Company close at or above $0.50 for 10 consecutive trading days. To date, the Company has received proceeds of approximately $336,000.

b) On February 27, 2024, the Company entered into a memorandum of understanding (MOU) with Envirotek Remediation Inc. (ETK). Under the terms of the MOU, both parties agree to collaborate jointly on developing and commercializing proprietary ETK solutions for the mining industry. This includes bioleaching solutions for extracting metal from low-grade ores and mining waste streams and polymer encapsulation solutions for the remediation of tailings to aggregates and other industrial end uses. Upon successful completion of the development programs and subject to the required approvals of both parties, a special purpose vehicle (SPV) will be formed and a shareholder agreement will be signed by the parties for the purpose of commercializing the ETK solutions into the mining industry.

c) On March 9, 2024, the Company optioned the Normanby gold-silver-copper project located in Papua New Guinea. The project consists of two exploration licenses. This Option Agreement between the Company and WNB Resources Limited ("WNB") and its beneficial shareholders Peter McNeil and Paige McNeil (the "Optionors"), requires the parties to complete the following cash payments, work expenditures and share issuances:

(a) the Optionors will cause WNB, subject to administrative matters, to issue and or transfer to the Company, all the existing shares in WNB representing 100% of the total issued capital of the WNB upon receipt of a cash payment in the amount of $10,000 due upon the execution of this Option Agreement.

(b) the Company will fund upcoming EL 2590 and EL 2504 Warden's Court Hearing costs and make minimum exploration expenditures, on the Property of $100,000 for ground exploration on an expedited schedule and subsequently $60,000 for assays and additional work and filing of the appropriate reporting requirements under the respective guidelines and subject to TSX Venture Exchange approvals of this Option Agreement. The above exploration programs will be agreed between the parties. The Company will also be responsible for updating and maintaining corporate records and associated regulatory filings.

(c) the Company will make cash payments to the Optionors of $2,500 per month for which the Company will be entitled to receive 2 days commensurate professional geological management services from the Optionors in relationship to the Property, for a minimum period of 24 months from the date of and subject to TSX Venture Exchange approvals of this Option Agreement.

(d) the Company will issue 1,500,000 common shares of the Company to the Optionors upon receipt of TSX Venture Exchange approvals of this Option Agreement.

(e) the Company will issue 1,500,000 common shares of the Company to the Optionors on the 12-month anniversary of TSX Venture Exchange approvals of this Option Agreement.

15. Subsequent events (continued)

(f) the Company will issue 1,000,000 common shares of the Company to the Optionors within 10 Days of the next renewal of the EL 2590 License and subject to TSX Venture Exchange approvals of this Option Agreement.

(g) the Company will issue 1,000,000 common shares of the Company to the Optionors within 10 Days of the next renewal of the EL 2504 License and subject to TSX Venture Exchange approvals of this Option Agreement.

(h) the common shares issued to the Optionors by the Company under the terms of the Purchase Option, will be subject to a 4-month statutory hold period which will begin on the date of issuance of the common shares.

The Company will cause WNB to grant a 1.5% net smelter return royalty (the "NSR") over the Licenses in favour of the Optionors or their respective nominees on the terms and conditions of the Royalty Deed to be executed on the same date as this Option Agreement. The Company does not have any residual rights to repurchase the NSR.