MX GOLD CORP.

Financial Statements

Years ended December 31, 2022 and 2021

Expressed in Canadian dollars

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INDEPENDENT AUDITORS' REPORT

To the Shareholders and Directors of MX Gold Corp.

Opinion

We have audited the financial statements of MX Gold Corp. (the "Company") which comprise the statements of financial position as at December 31, 2022 and 2021, and the statements of income and comprehensive income, cash flows and changes in deficiency for the years ended December 31, 2022 and 2021, and the related notes comprising a summary of significant accounting policies and other explanatory information (together, 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, 2022 and 2021, and its financial performance and its cash flows for the years ended December 31, 2022 and 2021 in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board.

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 *Auditors' 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 2(b) of the accompanying Financial Statements, which describes matters and conditions that indicate the existence of a material uncertainty that may cast significant doubt about the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

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 for the year ended December 31, 2022. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

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

Other Information

Management is responsible for the other information, which comprises the information included in the Company's Management Discussion & Analysis to be filed with the relevant Canadian securities commissions.

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.

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 as issued by the International Accounting Standards Board, 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.

Auditors' 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 auditors' 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 auditors' 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 auditors' 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 financial statements of the current period and are, therefore, the key audit matters. We describe these matters in our auditors' 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 auditors' report is Joseph Bonvillain.

Manning Elliott LLP

CHARTERED PROFESSIONAL ACCOUNTANTS
Vancouver, British Columbia
May 1, 2023

MX GOLD CORP.
Statements of Financial Position
As at December 31, 2022 and 2021
Expressed in Canadian Dollars

	2022	2021
	$	$
ASSETS		
Current assets		
Cash	202,533	111,970
Marketable securities (Note 5)	20,000	150,000
Sales taxes receivable	35,620	280
Prepaid expenses	2,284	11,374
Total current assets	260,437	273,624
Total assets	260,437	273,624
LIABILITIES		
Current liabilities		
Accounts payable and accrued liabilities	365,903	417,649
Due to related parties (Note 7)	884,198	758,198
Provisions (Note 8)	-	600,000
Total current liabilities	1,250,101	1,775,847
DEFICIENCY		
Share capital (Note 9)	38,989,194	38,501,106
Contributed surplus (Note 9)	3,983,931	3,983,931
Deficit	(43,962,789)	(43,987,260)
Total deficiency	(989,664)	(1,502,223)
Total liabilities and deficiency	260,437	273,624

On behalf of the Board:

"Dan Omeniuk"
Director

"Robert Jeffery"
Director

The accompanying notes are an integral part of these financial statements

MX GOLD CORP.

Statements of Income and Comprehensive Income
For the years ended December 31, 2022 and 2021
Expressed in Canadian Dollars

	2022	2021
	$	$
General and Administrative Expenses		
Professional, management and consulting fees (Note 7)	181,135	162,076
Insurance, office and other miscellaneous	27,619	42,855
Investor relations and public company costs	16,335	12,856
Finance costs	1,468	1,499
Loss before other items	(226,557)	(219,286)
Other Items		
Gain from disposal of assets (Note 6)	-	695,000
Gain on settlement of provision (Note 8 and 14)	350,000	-
Revaluation loss on marketable securities (Note 5)	(130,000)	(120,000)
Recovery (provision) of sales taxes receivable	31,028	(43,694)
Provision of legal claims	-	(191,031)
	251,028	340,275
Net income and comprehensive income	24,471	120,989
Basic income per share	0.00	0.02
Diluted income per share	0.00	0.02
Weighted average number of common shares outstanding - basic	16,601,129	14,272,362
Weighted average number of common shares outstanding - diluted	16,601,129	17,982,029

The accompanying notes are an integral part of these financial statements

MX GOLD CORP.
Statements of Cash Flows
For the years ended December 31, 2022 and 2021
Expressed in Canadian Dollars

	2022	2021
	$	$
Operating activities		
Net income for the year	24,471	120,989
Adjustments for non-cash items:		
Revaluation loss on marketable securities	130,000	120,000
Gain on settlement of provision	(350,000)	-
Gain from disposal of assets	-	(695,000)
	(195,529)	(454,011)
Changes in non-cash working capital:		
Sales taxes receivable	(35,340)	35,207
Prepaid expenses	9,090	6,090
Accounts payable and accrued liabilities	(51,746)	(262,364)
Provision	(250,000)	214,180
Due to related parties	126,000	127,881
Cash used in operating activities	(397,525)	(333,017)
Investing activities		
Proceeds from disposal of assets	-	425,000
Cash provided by investing activities	-	425,000
Financing activities		
Proceeds from issuance of shares	500,000	-
Share issuance costs in cash	(11,912)	-
Cash provided by financing activities	488,088	-
Increase in cash	90,563	91,983
Cash, beginning of year	111,970	19,987
Cash, end of year	**202,533**	**111,970**

Supplemental cash flow disclosures – Note 15

The accompanying notes are an integral part of these financial statements

MX GOLD CORP.
Statements of Changes in Deficiency
For the years ended December 31, 2022 and 2021
Expressed in Canadian Dollars

	Number of shares	Share Capital	Contributed Surplus	Deficit	Total
		$	$	$	$
Balance, December 31, 2020	14,272,362	38,501,106	3,983,931	(44,108,249)	(1,623,212)
Net income and comprehensive income	-	-	-	120,989	120,989
Balance, December 31, 2021	14,272,362	38,501,106	3,983,931	(43,987,260)	(1,502,223)
Units issued for cash pursuant to non-brokered private placement	10,000,000	500,000	-	-	500,000
Share issuance costs in cash	-	(11,912)	-	-	(11,912)
Net income and comprehensive income	-	-	-	24,471	24,471
Balance, December 31, 2022	24,272,362	38,989,194	3,983,931	(43,962,789)	(989,664)

The accompanying notes are an integral part of these financial statements

1. Nature of Operations

The Company was incorporated on October 13, 1999 under the laws of British Columbia. The Company has registered its operations in the Province of Manitoba under the operating name Winnipeg MX Gold. The head office and principal address of the Company is located at 1300 Redonda Street, Winnipeg, MB, R2C 3T7.

2. Basis of Preparation and Going Concern

a) Statement of compliance

These financial statements are 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").

These financial statements were approved and authorized for issue by the Board of Directors on May 1, 2023.

b) Going concern

These financial statements have been prepared on a going concern basis which contemplates that the Company will be able to realize its assets and discharge its liabilities in the normal course of business for the foreseeable future.

As at December 31, 2022, the Company had a working capital deficit of $989,664 (2021 - $1,502,223) and used net cash in operating activities of $397,525 during the year ended December 31, 2022 (2021 - $333,017). These factors form a material uncertainty that may cast significant doubt upon the Company's ability to continue as a going concern. These financial statements do not give effect to adjustments to the carrying value and classification of assets and liabilities and related expense that would be necessary should the Company be unable to continue as a going concern. If the going concern assumption is not appropriate, material adjustments to the financial statements could be required.

The ability of the Company to carry out its business objectives is dependent on its ability to secure continued financial support from related parties, to obtain public equity financing, or to ultimately attain profitable operations in the future. Whether and when the Company can attain profitability and positive cash flows is uncertain. While the Company has been successful in securing financing in the past, there is no assurance that financing will be available in the future on terms acceptable to the Company.

In early March 2020, there was a global outbreak of coronavirus (COVID-19). The actual and threatened spread of the virus globally has had a material adverse effect on the global economy and, specifically, the regional economies in which the Company operates. The pandemic could have a negative impact on the stock market, including trading prices of the Company's shares and its ability to raise new capital. The Company continues to monitor and assess the impact of COVID-19 on its business activities. Currently the potential impact is uncertain, and it is difficult to reliably measure the extent of the effect of the COVID-19 pandemic on future financial results.

c) Basis of measurement

The financial statements have been prepared on the historical cost basis except for certain financial instruments which are measured at fair value.

d) Functional and presentation currency

These financial statements are presented in Canadian dollars. The functional currency of the Company is the Canadian dollar.

2. Basis of Preparation and Going Concern (continued)

e) Use of estimates

The preparation of these financial statements in conformity with IFRS requires management to make judgments and estimates and form assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities and the reported amount of expenses for the periods reported. The estimates and associated assumptions are based on historical experience and various other factors that are considered to be relevant. Actual results could differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis, and may change if new information becomes available. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 4.

3. Significant Accounting Policies

The accounting policies set out below have been applied consistently to all periods presented in these financial statements.

(a) Marketable securities

The Company has classified all of its marketable securities as fair value through profit or loss, thus securities are recorded at fair market value and any associated unrealized gain or loss, are included in the net income in the year in which they arise.

(b) Foreign currency translation

Transactions denominated in foreign currencies are translated to the functional currency of the Company and its subsidiary at exchange rates prevailing at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are translated at the exchange rate prevailing at the reporting date. Non-monetary assets and liabilities are translated at historical exchange rates prevailing at each transaction date. Revenues and expenses are translated at exchange rates prevailing on the date of transactions. All exchange gains and losses are included in determination of profit or loss.

(c) Financial instruments

Financial assets are classified and measured based on the business model for managing the financial assets and the contractual cash flow characteristics of the financial assets. IFRS 9 contains three primary measurement categories for financial assets: amortized cost, fair value through other comprehensive income and fair value through profit and loss. Financial assets are recognized in the statements of financial position if the Company has a contractual right to receive cash or other financial assets from another entity. Financial assets are derecognized when the rights to receive cash flows from the asset have expired or were transferred and the Company has transferred substantially all risks and rewards of ownership.

3. Significant Accounting Policies (continued)

(c) Financial instruments (continued)

All financial liabilities are recognized initially on the trade date at which the Company becomes a party to the contractual provisions of the instruments. The Company derecognizes a financial liability when its contractual obligations are discharged, cancelled or expired.

Financial instruments are not reclassified subsequent to their initial recognition unless the Company changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

The Company has classified its cash, and marketable securities as financial assets measured at fair value through profit and loss.

The Company has classified its accounts payable and due to related parties as financial liabilities measured at amortized cost. Such assets and liabilities are recognized initially at fair value inclusive of any directly attributable transaction costs and subsequently carried at amortized cost using the effective interest method, less any impairment losses.

Financial assets and financial liabilities are offset and the net amount presented in the statements of financial position when, and only when, the Company has a legal right to offset the amounts and intends either to settle on a net basis or to realize the asset and settle the liability simultaneously.

Impairment of financial assets

The Company recognizes loss allowances for expected credit losses on financial assets measured at amortized cost. Loss allowances for accounts receivables are always measured at an amount equal to lifetime expected credit losses if the amount is not considered fully recoverable. A financial asset carried at amortized cost is considered credit-impaired if objective evidence indicates that one or more events have had a negative effect on the estimated future cash flows of that asset that can be estimated reliably.
Individually significant financial assets are tested for credit-impairment on an individual basis. The remaining financial assets are assessed collectively.

An impairment loss in respect of a financial asset measured at amortized cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate.

In assessing collective impairment, the Company uses historical trends of the probability of default, timing of recoveries and the amount of loss incurred, adjusted for management's judgment as to whether current economic and credit conditions are such that the actual losses are likely to be greater or less than suggested by historical trends.

Losses are recognized in the statements of comprehensive income and reflected in an allowance account against receivables. When a subsequent event causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through the statements of comprehensive income.

3. Significant Accounting Policies (continued)

(c) Financial instruments (continued)

Fair value

Fair value estimates are made at the statement of financial position date based on relevant market information and other information about financial instruments. Financial assets and financial liabilities measured at fair value in the statement of financial position are grouped into a fair value evaluation hierarchy. This hierarchy groups financial assets and financial liabilities into three levels according to the significance of the inputs used in the fair value evaluation of the financial assets and financial liabilities. The fair value levels of the hierarchy are as follows:
Level 1 – Quoted prices (unadjusted) in active markets for identical assets and liabilities at the financial reporting date;

Level 2 – Inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and

Level 3 – Inputs for the assets or liabilities that are not based on observable market data.

The level within which the financial asset or financial liability is classified is determined based on the lowest level of significant input to the fair value measurement. The Company's cash, and marketable securities are categorized as Level 1.

(d) Property, plant and equipment

Property, plant and equipment are recorded at cost less accumulated depreciation and impairment losses, except for land, which is not depreciated but tested annually for impairment. The Company starts to depreciate property, plant and equipment when assets are ready and available for use.
Depreciation of property, plant and equipment is calculated using the following method over their respective estimated useful life at the following annual rates:

Mining equipment	30% declining balance
Computer equipment	2 year straight-line
Vehicles	7 year straight-line

Depreciation methods and useful lives are reviewed at each reporting date and adjusted if appropriate. Property, plant and equipment are written down to the net recoverable value when management determines there has been a change in circumstances which indicates its carrying amount may not be recoverable. Any gain or loss on disposal of an item of property and equipment is recognized in profit or loss.

(e) Exploration and evaluation assets

Expenditures incurred before the Company has obtained legal rights to explore an area are recognized in the statement of income and comprehensive income as exploration expenses.

Exploration and evaluation assets reflect expenditures for an area where technical feasibility and commercial viability have not yet been determined. Expenditures, including, but not limited to, land acquisition, geological and geophysical studies, exploratory drilling and sampling and directly attributable employee salaries and benefits are capitalized and accumulated pending determination of technical feasibility and commercial viability.

3. Significant Accounting Policies (continued)

(e) Exploration and evaluation assets (continued)

Exploration and evaluation assets reflect expenditures for an area where technical feasibility and commercial viability have not yet been determined. Expenditures, including, but not limited to, land acquisition, geological and geophysical studies, exploratory drilling and sampling and directly attributable employee salaries and benefits are capitalized and accumulated pending determination of technical feasibility and commercial viability.

Exploration and evaluation assets are not depleted. When assets are determined to be technically feasible and commercially viable, the accumulated costs are tested for impairment and the recoverable amount is transferred to property, plant and equipment. Upon transfer of exploration and evaluation costs into property, plant and equipment, all subsequent expenditures on the construction, installation or completion of infrastructure facilities are capitalized within mine development. After production starts, all assets included in mine development costs are transferred to producing mines. At such time as commercial production commences, these expenditures will be charged to operations on a unit-of-production method based on proven and probable resources.

Exploration and evaluation assets are also assessed for impairment when facts and circumstances suggest that the carrying amount exceeds the recoverable amount. The aggregate costs related to abandoned exploration and evaluation assets are charged to operations at the time of any abandonment or when it has been determined that there is evidence of a permanent impairment.

(f) Impairment

The carrying amounts of the Company's non-financial assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, the recoverable amount is estimated by reference to the higher of the value in use and fair value less costs to sell. Fair value less costs to sell is defined as the estimated price that would be received on the sale of the asset in an orderly transaction between market participants at the measurement date. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discounted rate that reflects current market assessments of the time value of money and the risks specific to the asset. For the purposes of impairment testing, assets that cannot be tested individually 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 groups of assets.

An impairment loss is recognized if the carrying amount of an asset or group of assets exceeds the estimated recoverable amount. Impairment losses are recognized in profit or loss.

When impairment subsequently reverses, the carrying amount of the asset is increased to the revised estimated recoverable amount, but to an amount that does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset in prior years. A reversal of an impairment loss is recognized immediately in profit or loss.

(g) Provisions

Provisions for legal or constructive obligations are recognized when the Company has a present legal or constructive obligation that has arisen as a result of a past event and it is probable that a future outflow of resources will be required to settle the obligation, provided that a reliable estimate can be made of the amount of the obligation. Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risk specific to the obligation.The increase in the provision due to passage of time is recognized as interest expense.

3. Significant Accounting Policies (continued)

(h) Income taxes

Income tax expense comprises current and deferred tax. Income tax is recognized in the statements of net income and comprehensive income except to the extent it relates to items recognized directly in equity.

Deferred taxes are the taxes expected to be payable or recoverable on the difference between the carrying amounts of assets in the statement of financial position and their corresponding tax bases used in the computation of taxable profit, and 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.

(i) Share issue costs

Professional, consulting, regulatory and other costs directly attributable to equity financing transactions are recorded as deferred share issue costs until the financing transactions are completed, if the completion of the transaction is considered likely; otherwise they are expensed as incurred. Share issue costs are charged to share capital when the related shares are issued. Deferred share issue costs related to financing transactions that are not completed are charged to expenses.

(j) Share purchase warrants

The Company bifurcates units consisting of common shares and share purchase warrants using the residual value approach whereby it first measures the common share component of the unit at fair value using quoted market prices as input values and then allocates any residual amount to the warrant component of the unit. The residual value of the warrant component is credited to contributed surplus. If the proceeds from the offering are less than or equal to the estimated fair market value of shares issued, a nil carrying amount is assigned to the warrants. When warrants are exercised, the corresponding assigned value of the warrants is reclassified to share capital. Warrants that are issued as payments for agency fee or other transactions costs are accounted for as share-based payments.

(k) Share-based payments

The Company's Stock Option Plan allows directors, officers and consultants to acquire shares of the Company in exchange for the options exercised. The fair value of share options granted to employees is recognized as an expense over the vesting period using the graded vesting method with a corresponding increase in equity. An individual is classified as an employee when the individual is an employee for legal or tax purposes (direct employee) or provides services similar to those performed by a direct employee, including directors of the Company.

The fair value is measured at the grant date and recognized over the period during which the options vest. The fair value of the options granted is measured using the Black-Scholes option-pricing model, taking into account the terms and conditions upon which the options were granted. At each financial position reporting date, the amount recognized as an expense is adjusted to reflect the actual number of share options that are expected to vest.

3. Significant Accounting Policies (continued)

(k) Share-based payments (continued)

The compensation cost of stock options granted to consultants is initially measured at fair value of the awards at the grant date, periodically remeasured to fair value until the consultant's performance is complete, and recognized over the periods during which the consultant become unconditionally entitled to the options. The compensation cost is charged to profit or loss with a corresponding increase to contributed surplus.

(l) Earning per share

Basic earning per share is calculated using the weighted average number of common shares outstanding during the period. Diluted earnings per share is calculated giving effect to the potential dilution that would occur if securities or other contracts to issue common shares were exercised or converted to common shares using the treasury method. The treasury method assumes that proceeds received from the exercise of stock options and warrants are used to repurchase common shares at the prevailing market rate. Diluted earning per share is equal to the basic earning per share as the outstanding options and warrants are anti-dilutive.

(m) Mining Exploration Tax Credit ("METC")

Mining exploration tax credits are recorded when there is reasonable assurance that the Company has complied with, and will continue to comply with, all conditions needed to obtain the credits. These non-repayable mining exploration tax credits are earned with respect to qualified mining exploration costs incurred in British Columbia, Canada and are recorded as a reduction of the related exploration expenditures.

(n) New accounting pronouncements adopted

The company has not adopted any new accounting pronouncements or standards that had a material impact on the 2022 fiscal year financial statements.

Additionally, there are no accounting pronouncements with future effective dates that are applicable or are expected to have a material impact on the Company's financial statements.

4. Significant Accounting Estimates and Judgments

Significant assumptions about the future and key sources of estimation uncertainty that management has made at the financial position reporting date, that could result in a material adjustment to the carrying amounts of assets and liabilities, in the event that actual results differ from assumptions made, relate to, but are not limited to, the following:

Critical accounting judgments

a) Going concern

Management has applied judgements in the assessment of the Company's ability to continue as a going concern when preparing its financial statements for the year ended December 31, 2022. Management prepares the financial statements on a going concern basis unless management either intends to liquidate the entity or to cease trading, or has no realistic alternative but to do so. In assessing whether the going concern assumption is appropriate, management takes into account all available information about the future, which is at least, but is not limited to, twelve months from the end of the reporting period. Please refer to note 2(b) for additional information.

Expressed in Canadian dollars

4. Significant Accounting Estimates and Judgments (continued)

Significant accounting estimates

b) Current and deferred taxes

Accounting for income taxes is a complex process requiring management to interpret frequently changing laws and regulations and make judgments relating to the application of tax law, the estimated timing of temporary difference reversals, and the estimated realization of tax assets. All tax filings are subject to subsequent government audits and potential reassessment. These interpretations, judgments and changes related to them impact current and deferred tax provisions, deferred income tax assets and liabilities and results of operations.

5. Marketable Securities

Marketable securities consist of 1,000,000 common shares of Metallica Metals Corp. ("Metallica") that were received during the prior year as described in Note 6.

The following summary is a continuity table of marketable securities:

	Number of Shares	Amount
		$
December 31, 2020	**-**	**-**
Acquired	1,000,000	270,000
Change in fair value, unrealized revaluation loss	-	(120,000)
December 31, 2021	**1,000,000**	**150,000**
Change in fair value, unrealized revaluation loss	-	(130,000)
December 31, 2022	**1,000,000**	**20,000**

6. Exploration and Evaluation Assets

On May 6, 2021 the Company completed the sale of its 50% net profit interest ("NPI") on gross cash income from the MAX mine and Mill Project to Metallica. As consideration for the purchase of the NPI, Metallica paid the Company a cash payment of $425,000 and issued an aggregate of 1,000,000 common shares of Metallica which are subject to a four month hold period in accordance with applicable securities laws. The NPI had a carrying value of $Nil.

7. Related Party Transactions

a) Due to related parties

	2022	2021
	$	$
Due to companies controlled by an officer	884,198	758,198

The amounts due to related parties are non-interest bearing, unsecured and due on demand.

Expressed in Canadian dollars

7. Related Party Transactions (continued)

b) Key management compensation

Key management includes directors (executive and non-executive), senior officers and financial consultants of the Company.

	2022 $	2021 $
Professional, management and consulting fees	120,000	120,000

8. Provisions and Obligations

The Company raised capital through the issuance of flow-through shares in 2015 and 2016, which provided indemnity to the shareholders for additional taxes payable if the Company was unable to, or failed to, renounce the qualifying expenditures as agreed, without limiting the recourse of the subscriber. The Company was not able to spend $625,349 of the flow-through funds raised on qualifying expenditures. The Company settled the matter with the indemnified shareholders by way of a release and settlement agreement signed on August 24, 2022, for a cash payment of $250,000 resulting in a gain on settlement of $350,000 which is recorded in the statement of income and comprehensive income.

9. Share Capital

Authorized: Unlimited number of common shares with no par value.

a) Issued and outstanding:

As at December 31, 2022, the Company had total issued and outstanding common shares of 24,272,362 (2021: 14,272,362).

b) Transactions incurred during the year ended December 31, 2022:

(i) On October 7, 2022, the Company completed a private placement of 10,000,000 units at $0.05 per unit for gross proceeds of $500,000. Each unit consists of one common share of the Company and one non-transferable common share purchase warrant, entitling the holder to purchase one share at $0.10 for one year from the closing date. Issuance costs to complete the transaction were $11,912.

c) During the year ended December 31, 2021, the Company had no share transactions.

d) The Company has a stock option plan whereby it is authorized to grant options to executive officers and directors, employees and consultants enabling them to acquire up to 10% of the issued and outstanding common shares of the Company. The exercise price of each option granted under the plan is determined at the discretion of the Board. Options granted under the plan generally expire no later than the fifth anniversary of the date the options were granted and vesting provisions for issued options are determined at the discretion of the Board.

There were no stock options issued during the year ended December 31, 2022 and 2021.

For the year ended December 31, 2022, the Company recorded a share-based compensation expense of $nil (2021: $nil) in the statement of income and comprehensive income.

Expressed in Canadian dollars

9. Share Capital (continued)

e) Warrants

A summary of warrant activities is as follows:

	Number of Warrants	Weighted Average Exercise Price
		$
Balance, December 31, 2020 & 2021	3,459,667	3.58
Expired	(2,000,000)	4.00
Granted	10,000,000	0.10
Balance, December 31, 2022	11,459,667	0.47

As at December 31, 2022, the warrants outstanding and exercisable were as follows:

Number of Warrants	Weighted Average Exercise Price ($)	Weighted Average Remaining Contractual Life (Years)	Expiry Date
1,459,667	3.00	0.01	January 3, 2023
10,000,000	0.10	0.77	October 7, 2023
11,459,667	0.47	0.67	

10. Income Taxes

The following table reconciles the expected income tax expense (recovery) at the Canadian statutory income tax rates to the amounts recognized in the statements of loss and comprehensive loss for the years ended December 31, 2022 and 2021.

		2022		2021
Net loss before tax	$	24,471	$	120,989
Statutory tax rate		27.00%		27.00%
Expected income tax recovery		6,607		32,667
Non-deductible items and other		(140,139)		(65,334)
Change in deferred tax asset not recognized		133,532		32,667
Total income tax recovery	$	-	$	-

Expressed in Canadian dollars

10. Income Taxes (continued)

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 deferred tax assets (liabilities) at December 31, 2022 and 2021 are comprised of the following:

		2022		**2021**
Non-capital loss carry forwards	$	3,508,994	$	3,393,719
Exploration and evaluation assets		3,151,072		3,151,072
Capital loss carry forwards		275,175		275,175
Issuance costs		(643)		-
Marketable securities		51,300		32,400
Total unrecognized deductible temporary differences	$	6,985,898	$	6,852,366

As at December 31, 2022, the Company has not recognized a deferred tax asset in respect of non-capital loss carry forwards of approximately $12,996,275 which may be carried forward to apply against future income for Canadian income tax purposes, subject to the final determination by taxation authorities, which begin to expire in 2031 and through 2042. The Company also had $2,038,330 in allowable capital losses, which can be claimed against capital gains and will expire in 2031.

11. Financial Instruments

The Company classifies its fair value measurements in accordance with the three level fair value hierarchies as follows:

Level 1 - quoted prices (unadjusted) in active markets for identical assets or liabilities;

Level 2 - inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and

Level 3 - inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The Company's financial instruments include cash, marketable securities, accounts payable, and due to related parties. The carrying amounts of cash, marketable securities, accounts payable, and due to related parties approximate their fair values because of the short-term nature of these instruments.

The following table summarizes the carrying values of the Company's financial instruments:

	December 31, 2022	**December 2021**
	$	$
Financial assets at FVTPL (i)	222,533	261,970
Other financial liabilities (ii)	1,143,257	1,175,847

(i) Cash and marketable securities
(ii) Accounts payable and due to related parties

Expressed in Canadian dollars

11. Financial Instruments (continued)

The following table sets forth the Company's financial assets measured at fair value on a recurring basis by level within the fair value hierarchy as follows:

Cash and Marketable securities	**Level 1**	**Level 2**	**Level 3**	**Total**
	$	$	$	$
As at December 31, 2022	222,533	-	-	222,533
As at December 31, 2021	261,970	-	-	261,970

12. Financial Risk Management Objectives and Policies

The risks associated with financial instruments and the policies on how to mitigate these risks are set out below. Management monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner.

a) Credit risk

Credit risk is the risk of financial loss to the Company if a counterparty to a financial instrument fails to meet its contractual obligations. The Company's cash and marketable securities are subject to credit risk for a maximum of the amounts shown on the statements of financial position. The Company limits its exposure to credit risk on cash and marketable securities by depositing only with reputable financial institutions.

b) Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company's objective to managing liquidity risk is to ensure that it has sufficient liquidity available to meet its liabilities when due. The Company uses cash to settle its financial obligations as they fall due.

The ability to do this relies on the Company maintaining sufficient cash on hand through debt or equity financing. The Company has a working capital deficit and requires additional funds to be raised by financing to meet its short-term obligations.

Expressed in Canadian dollars

12. Financial Risk Management Objectives and Policies (continued)

b) Liquidity risk (continued)

Significant commitments in years subsequent to December 31, 2022 are as follows:

	Carrying value	Contractual Cash flows	Within 1 year	1 - 5 Years
	$	$	$	$
Accounts payable and accrued liabilities	365,903	365,903	365,903	-
Due to related parties	884,198	884,198	884,198	-
	1,250,101	1,250,101	1,250,101	-

c) Interest rate risk

Interest rate risk is the risk that the fair value or the future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company is not exposed to significant interest risk.

13. Capital Management

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to pursue the development of its business and to maintain flexible capital structure which optimizes the cost of capital within a framework of acceptable risk.

The Company manages the capital structure and makes adjustments to it in light of changes in the economic conditions and the risk characteristics of the underlying assets. To maintain or adjust the capital structure, the Company may attempt to issue new shares, issue new debt, and/or dispose of assets. To meet these objectives, the Company monitors its financial position on an ongoing basis.

The Company is dependent on the capital markets and debt as its source of operating capital and the Company's capital resources are largely determined by the strength of the markets and by the status of the Company's opportunities in relation to these markets, and its ability to compete for investor support of its opportunities. There were no changes in the Company's approach to capital management during the year. The Company is not subject to externally imposed capital requirements.

14. Legal Actions

In 2007, Gladiator Equipment Inc. (“Gladiator”) took legal action against the Company, seeking rental and repair payments for a generator that was used on the Company’s property for total amount of $34,272. The Company defended by making a statement that all required payments had been made and no liability was owing to Gladiator. The last legal step taken was an affidavit sworn in response to interrogatories delivered by Gladiator on May 20, 2009. No meaningful steps have been taken by both parties since then, leaving the litigation dormant. The Company believes the claim has no merit and no provision was recorded as at any period presented.

A Notice of Claim dated December 11, 2012 was filed by United Rentals of Canada Inc. (“United Rentals”) against the Company and numerous other defendants in the Nelson Registry of the BC Supreme Court whereby United Rentals seeks $26,841 for equipment rentals and other relief. Judgment was granted in United Rental’s favour on June 1, 2015. The judgment amount of $26,841, plus pre-judgment interest in the amount of 24% per year from October 15, 2011 to the date of judgement and costs in the amount of $3,526 were registered on title of the Company's properties on June 11, 2015.

As at December 31, 2019, the judgment amount of $26,841 and interests and costs in amount of $52,543 has not been paid and has been recorded as accounts payable.

On November 26, 2021, Oberon Capital Corporation, Christopher Seip and John Budreski (the “Plaintiffs”) commenced an action by way of Notice of Civil Claim against the Company and its various current and former directors and officers. In the action, the Plaintiffs were seeking damages of $600,000 against the Company for breaches of the indemnity provisions of the Subscription Agreement (pursuant to which in 2016 the Plaintiffs purchased shares in the Company). The Company settled the matter with the indemnified shareholders by way of a release and settlement agreement signed on August 24, 2022, for an cash amount of $250,000 resulting in a gain on settlement of $350,000 which is recorded in other income.

15. Supplemental Disclosure with Respect to Cash Flows

During the years ended December 31, 2022 and 2021, the Company paid $nil in interest and income taxes.