INDEPENDENCE
GOLD CORP.

CONSOLIDATED FINANCIAL STATEMENTS

For the Year Ended

December 31, 2022

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of
Independence Gold Corp.

Opinion

We have audited the accompanying consolidated financial statements of Independence Gold Corp. (the "Company"), which comprise the consolidated statements of financial position as at December 31, 2022 and 2021, and the consolidated statements of loss and comprehensive loss, cash flows, and changes in shareholders' equity for the years then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, these consolidated 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 then ended in accordance with International Financial Reporting Standards ("IFRS").

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the consolidated 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 in our audit is sufficient and appropriate to provide a basis for our opinion.

Material Uncertainty Related to Going Concern

We draw attention to Note 1 of the consolidated financial statements, which indicates that the Company incurred ongoing losses and has no source of recurring revenue. As stated in Note 1, these events and conditions 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 consolidated financial statements of the current year. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

In addition to the matter described in the Material Uncertainty Related to Going Concern section, we have determined that matters described below to be the key audit matter to be communicated in our audit report.

*Assessment of Impairment Indicators of Mineral Properties*

As described in Note 9 to the consolidated financial statements, the carrying amount of the Company's Mineral Properties was $4,235,978 as of December 31, 2022. As more fully described in Note 3 to the consolidated financial statements, management reviews the Company's Mineral Properties for impairment whenever events or changes in circumstances indicate that its carrying amount may not be recoverable.

The principal considerations for our determination that the assessment of impairment indicators of the Mineral Properties is a key audit matter are that there was judgment made by management when assessing whether there were indicators of impairment for the Mineral Properties, specifically relating to the assets' carrying amount which is impacted by the Company's intent and ability to continue to explore and evaluate these assets. This in turn led to a high degree of auditor judgment, subjectivity, and effort in performing procedures to evaluate audit evidence relating to the judgments made by management in their assessment of indicators of impairment that could give rise to the requirement to prepare an estimate of the recoverable amount of the Mineral Properties.

Addressing the matter involved performing procedures and evaluating audit evidence in connection with forming our overall opinion on the consolidated financial statements. Our audit procedures included, among others:

- Obtaining an understanding of the key controls associated with evaluating the Mineral Properties for indicators of impairment.
- Evaluating management's assessment of impairment indicators.
- Evaluating the intent for the Mineral Properties through discussion and communication with management.
- Reviewing the Company's recent expenditure activity.
- Obtaining, on a test basis through government websites, confirmation of title to ensure mineral rights underlying the Mineral Properties are in good standing.

Other Information

Management is responsible for the other information. The other information obtained at the date of this auditor's report includes Management's Discussion and Analysis.

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

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

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 Consolidated Financial Statements

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

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

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

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

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

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

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

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

Davidson & Company LLP

Vancouver, Canada

Chartered Professional Accountants

April 4, 2023

INDEPENDENCE GOLD CORP.
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
As at December 31, 2022 and 2021 (Expressed in Canadian Dollars)

		December 31, 2022		December 31, 2021
ASSETS				
Current				
Cash and cash equivalents	$	1,570,116	$	1,969,024
Receivables (Note 4, 12)		20,013		75,326
Prepaid		23,565		-
Investments (Note 5)		12,304		57,811
		1,625,998		2,102,161
Long-term deposit		39,278		39,278
Land use deposits (Note 6)		115,468		112,000
Property and equipment (Note 7)		442,302		524,842
Mineral properties (Note 9)		4,235,978		4,235,978
	$	6,459,024	$	7,014,259
LIABILITIES AND SHAREHOLDERS' EQUITY				
Current liabilities				
Accounts payable and accrued liabilities (Note 10, 12)	$	226,273	$	186,501
Current portion of lease liabilities (Note 8)		102,340		91,426
		328,612		277,927
Non-current portion of lease liabilities (Note 8)		420,777		509,834
		749,390		787,761
Shareholders' equity				
Share capital (Note 13)		41,243,808		39,626,306
Reserves (Note 13)		1,027,840		1,223,518
Deficit		(36,562,014)		(34,623,326)
		5,709,634		6,226,498
	$	6,459,024	$	7,014,259

Nature and continuance of operations (Note 1)
Basis of preparation (Note 2)
Commitments (Note 11)
Subsequent Event (Note 19)

Approved and authorized by the Board on April 4, 2023

"Randy Turner"
Randy C. Turner, Director

"John McDonald"
John McDonald, Director

INDEPENDENCE GOLD CORP.
CONSOLIDATED STATEMENTS OF LOSS AND COMPREHENSIVE LOSS
For the years ended December 31, 2022 and 2021 (Expressed in Canadian Dollars)

	2022	2021
Expenses		
Exploration expenditures (Note 9)	$ 1,412,581	$ 2,053,065
Depreciation (Note 7)	95,824	99,143
Insurance	26,938	-
Interest	37,556	33,072
Legal, audit and accounting	31,599	60,055
Management and director fees (Note 12)	281,850	251,250
Office and miscellaneous	44,393	64,141
Regulatory and transfer agent fees	40,134	53,943
Share-based compensation (Note 13)	205,869	-
Shareholder communications	67,497	93,718
Wages and benefits	71,571	76,865
	(2,315,812)	(2,785,252)
Interest income	2,185	2,872
Rent recovery	79,314	64,185
Realized loss on investments (Note 5)	-	(4,299)
Unrealized loss on investments (Note 5)	(45,507)	(13,318)
Gain on sale of mineral properties	-	51,000
Flow-through premium	-	46,875
Write-down of mineral properties	-	(6,308,117)
	35,992	(6,160,802)
Loss and comprehensive loss for the year	$ (2,279,820)	$ (8,946,054)
Basic and diluted loss per common share	$ (0.02)	$ (0.10)
Weighted average number of common shares outstanding - basic and diluted	104,439,355	88,634,648

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

INDEPENDENCE GOLD CORP.

CONSOLIDATED STATEMENTS OF CASH FLOWS

For the years ended December 31, 2022 and 2021 (Expressed in Canadian Dollars)

		2022		2021
Cash flows from operating activities				
Loss for the year	$	(2,279,820)	$	(8,946,054)
Items not affecting cash:				
Depreciation		95,824		99,143
Write-off of mineral properties		-		6,308,117
Flow-through premium		-		(46,875)
Share-based compensation		205,869		-
Gain on sale of mineral properties		-		(21,001)
Unrealized loss (gain) on investments		45,507		13,318
Realized loss on investments		-		4,299
Interest expense		37,556		33,072
Changes in non-cash working capital items:				
Decrease (increase) in prepaid expenses		(23,565)		-
Decrease (increase) in receivables		55,313		21,904
(Decrease) increase in accounts payable and accrued liabilities		39,772		(34,050)
Net cash used in operating activities		(1,823,544)		(2,568,126)
Cash flows from financing activities				
Proceeds from private placement		1,600,000		1,787,506
Proceeds from exercise of warrants		-		90,840
Proceeds from the exercise of stock options		-		125
Share issuance costs		(42,913)		(92,667)
Lease liability payment		(128,983)		(97,206)
Net cash provided by financing activities		1,428,104		1,688,598
Cash flows from investing activities				
Proceeds on the sale of investments		-		78,023
Decrease in long-term deposit		-		2
Increase in land use deposits		(3,468)		(40,000)
Net cash provided by investing activities		(3,468)		38,025
Change in cash and cash equivalents during the year		(398,908)		(841,503)
Cash and cash equivalents, beginning of the year		1,969,024		2,810,527
Cash and cash equivalents, end of the year	$	1,570,116	$	1,969,024

Supplemental disclosure with respect to cash flows (Note 15)

Cash and cash equivalents consist of:				
Cash	$	1,570,116	$	1,775,574
Cash equivalents		-		193,450
		1,570,116		1,969,024
Cash received for interest:	$	2,185	$	2,872

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

INDEPENDENCE GOLD CORP.

CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY

For the years ended December 31, 2022 and 2021 (Expressed in Canadian Dollars)

	Share Capital								
	Number		Amount		Reserves		Deficit		Total
Balance, December 31, 2020	84,749,320	$	37,851,400	$	1,197,800	$	(25,718,452)	$	13,330,748
Shares issued on stock option exercise	500		201		(76)		-		125
Shares issued on warrant exercise	757,01		111,280		(20,440)		-		90,840
Shares issued for mineral properties	400,000		56,000		-		-		56,000
Shares issued on private placement for cash	17,875,000		1,787,506		-		-		1,787,506
Warrants issued on private placement	-		(58,019)		58,019		-		-
Share issuance costs	-		(122,062)		29,395		-		(92,667)
Reserves transferred on cancelled options	-		-		(41,180)		41,180		-
Loss for the year	-		-		-		(8,946,054)		(8,946,054)
Balance, December 31, 2021	103,781,821	$	39,626,306	$	1,223,518	$	(34,623,326)	$	6,226,498
Share-based compensation	-		-		205,869		-		205,869
Shares issued on private placement for cash	26,666,666		1,600,000		-		-		1,600,000
Warrants issued on private placement	-		(437,134)		437,134		-		-
Share issuance costs	-		(51,086)		8,173		-		(42,913)
Reserves transferred on cancelled options	-		-		(249,788)		249,788		-
Reserves transferred on cancelled warrants	-		505,722		(597,066)		91,344		-
Loss for the year	-		-		-		(2,279,820)		(2,279,820)
Balance, December 31, 2022	130,448,487	$	41,243,808	$	1,027,840	$	(36,562,014)	$	5,709,634

1. NATURE AND CONTINUANCE OF OPERATIONS

Independence Gold Corp. ("Independence" or the "Company") was incorporated under the Business Corporation Act (British Columbia) on November 1, 2011 and is considered to be in the exploration stage with respect to its mineral properties. Based on the information available to date, the Company has not yet determined whether its properties contain economically recoverable mineral reserves.

The Company's head office and principal address is 580 - 625 Howe Street, Vancouver, British Columbia, Canada, V6C 2T6. The Company's registered and records office is 2300 - 550 Burrard Street, Vancouver, British Columbia, Canada, V6C 2B5.

The recovery of the amounts comprised in mineral properties is dependent upon the confirmation of economically recoverable reserves, the ability of the Company to obtain necessary financing to successfully complete their exploration and development, and upon future profitable production.

These consolidated financial statements have been prepared by management on a going concern basis which assumes that the Company will be able to realize its assets and discharge its liabilities in the normal course of business for the foreseeable future. The Company has incurred ongoing losses and has no source of recurring revenue. These material uncertainties may cast significant doubt about the Company's ability to continue as a going concern. The continuing operations of the Company are dependent upon its ability to continue to raise adequate financing and to commence profitable operations in the future and repay its liabilities arising from normal business operations as they become due. Although the Company has been successful in obtaining financing in the past, there can be no assurance that it will be able to obtain adequate financing in the future or that such financing will be on terms advantageous to the Company.

These consolidated financial statements do not include any adjustments relating to the recoverability and classification of recorded asset amounts and classification of liabilities that might be necessary should the Company be unable to continue in existence

	2022	2021
Deficit	$ (36,562,014)	$ (34,623,326)
Working capital	$ 1,297,386	$ 1,824,234

2. BASIS OF PREPARATION

Statement of Compliance

These consolidated financial statements, including comparatives, have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and Interpretations issued by the International Financial Reporting Interpretations Committee ("IFRIC").

Basis of Consolidation and Presentation

These consolidated financial statements have been prepared on a historical cost basis except for certain financial assets measured at fair value. All dollar amounts presented are in Canadian dollars unless otherwise specified. Certain prior year figures have been reclassified to conform with current year presentation.

These consolidated financial statements incorporate the financials statements of the Company and its 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. These consolidated financial statements include the accounts of the Company and its direct wholly-owned subsidiaries (Note 12). All significant intercompany transactions and balances have been eliminated upon consolidation.

2. BASIS OF PREPARATION *(continued)*

Use of Estimates

The preparation of financial statements in conformity with IFRS requires management to make certain estimates, judgments and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported revenues and expenses during the period.

Although management uses historical experience and its best knowledge of the amount, events or actions to form the basis for judgments and estimates, actual results may differ from these estimates.

The most significant accounts that require estimates as the basis for determining the stated amounts include the recoverability of mineral properties, valuation of share-based payments, and recognition of deferred tax amounts.

Critical judgments exercised in applying accounting policies that have the most significant effect on the amounts recognized in the consolidated financial statements are as follows:

<u>Economic recoverability and probability of future economic benefits of exploration and evaluation assets</u>

Management has determined that mineral costs incurred which were capitalized may have future economic benefits and may be economically recoverable. Management uses several criteria in its assessments of economic recoverability and probability of future economic benefits including geologic and metallurgic information, history of conversion of mineral deposits to proven and probable reserves, scoping and feasibility studies, accessible facilities, existing permits and life of mine plans.

Information about assumptions and estimation uncertainties that have a significant risk of resulting in material adjustments are as follows:

<u>Valuation of share-based payments</u>

The Company uses the Black-Scholes Option Pricing Model for valuation of share-based payments. Option pricing models require the input of subjective assumptions including expected price volatility, interest rate, and forfeiture rate. Changes in the input assumptions can materially affect the fair value estimate and the Company’s earnings and equity reserves.

<u>Income taxes</u>

In assessing the probability of realizing income tax assets, management makes estimates related to expectations of future taxable income, applicable tax opportunities, expect timing of reversals of existing temporary differences and the likelihood that tax positions taken will be sustained upon examination by applicable tax authorities. In making its assessments, management gives additional weight to positive and negative evidence that can be objectively verified.

<u>Covid-19</u>

In March 2020, the World Health Organization declared coronavirus COVID-19 a global pandemic. This contagious disease outbreak, which has continued to spread, and any related adverse public health developments, has adversely affected workforces, economies and financial markets globally, potentially leading to an economic downturn. It is not possible for the Company to predict the duration or magnitude of the adverse results of the outbreak and its effect on the Company’s business or ability to raise funds.

3. SIGNIFICANT ACCOUNTING POLICIES

Share-based payments

The Company grants stock options to directors, officers, employees and consultants. The fair value of stock options is measured on the grant date, using the Black-Scholes Option Pricing Model and is recognized over the vesting period of the related options. Consideration paid for the shares on the exercise of stock options is credited to share capital. For vested options that have expired or were cancelled unexercised, the Company reverses the share-based payment reserve against the deficit.

Unit offering

The Company accounts for unit offering financing using the relative fair value method. Under this method, the fair values of the shares and share purchase warrants are determined separately and prorated to the actual proceeds received. The fair value of shares is determined using the share price at the issue date. The fair value of share purchase warrants is measured using the Black-Scholes Option Pricing Model at the issue date.

Investments

Investments in marketable securities have been designated as fair value through profit or loss and are recorded at fair value. Fair value through profit or loss investments are determined by reference to the last bid price on the date of the statement of financial position. Changes in fair value are recognized in profit or loss in the period for which they occur.

Cash and cash equivalents

Cash and cash equivalents consist of cash on hand, demand deposits, and highly liquid short-term investments with original maturities of three months or less.

Foreign exchange

The functional currency of an entity is the currency of the primary economic environment in which the entity operates. The functional currency of the Company and each of its subsidiaries is the Canadian dollar. The functional currency determinations were conducted through an analysis of the consideration factors identified in IAS 21, *The Effects of Changes in Foreign Exchange Rates*.

Transactions in currencies other than the Canadian dollar are recorded at exchange rates prevailing on the dates of the transactions. At the end of each reporting period, monetary assets and liabilities denominated in foreign currencies are translated at the period end exchange rate while non-monetary assets and liabilities are translated at historical rates. Revenues and expenses are translated at the exchange rates approximating those in effect on the date of the transactions. Exchange gains and losses arising on translation are included in loss and comprehensive loss.

Earnings (loss) per share

Basic earnings (loss) per share is computed by dividing net earnings (loss) available to common shareholders by the weighted average number of shares outstanding during the reporting period. Diluted earnings (loss) per share is computed similar to basic earnings (loss) per share except that the weighted average shares outstanding are

3. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

increased to include additional shares for the assumed exercise of stock options and warrants, if dilutive. The number of additional shares is calculated by assuming that outstanding stock options and warrants were exercised and that the proceeds from such exercises were used to acquire common stock at the average market price during the reporting periods.

Financial instruments

Financial assets

The following is the Company's accounting policy for financial instruments under IFRS 9:

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 the Company has opted to measure them at FVTPL.

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 profit or 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 consolidated statements of comprehensive loss in the period in which they arise.

Impairment of financial assets at amortized cost

An 'expected credit loss' impairment model applies which requires a loss allowance to be recognized based on expected credit losses. The estimated present value of future cash flows associated with the asset is determined and an impairment loss is recognized for the difference between this amount and the carrying amount as follows: the carrying amount of the asset is reduced to estimated present value of the future cash flows associated with the asset, discounted at the financial asset's original effective interest rate, either directly or through the use of an allowance account and the resulting loss is recognized in profit or loss for the period. In a subsequent period, if the amount of the impairment loss related to financial assets measured at amortized cost decreases, the previously recognized impairment loss is reversed through profit or loss to the extent that the carrying amount of the

investment at the date the impairment is reversed does not exceed what the amortized cost would have been had the impairment not been recognized.

3. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

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. Gains and losses on derecognition are generally recognized in the consolidated statements of comprehensive loss.

Equipment and mineral properties

Equipment is stated at historical cost less accumulated depreciation and accumulated impairment losses.

Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognized. All other repairs and maintenance are charged to the statement of comprehensive loss during the financial period in which they are incurred.

Leasehold improvements are amortized on a straight-line basis over the term of the lease.

The Company accounts for its mineral properties as exploration and evaluation assets in accordance with IRFS 6. The Company capitalizes mineral property acquisition costs, which include the cash consideration, option payments under an earn-in arrangement, and the fair value of common shares issued for mineral properties. The acquisition costs are deferred until the property is placed into production, sold or abandoned or determined to be impaired. A mineral property is reviewed for impairment whenever events or changes in circumstances indicate that its carrying amount may not be recoverable.

The Company expenses to operations all exploration and evaluation costs incurred prior to the determination of economically recoverable reserves. Exploration and evaluation expenditure related costs incurred for investigation and evaluation of potential mineral reserves and resources, including trenching, exploratory drilling, sampling, mapping, and other activities in searching for ore bodies under the properties, and evaluating the technical and commercial viability of developing mineral properties identified through exploration. Exploration and evaluation expenditures, net of any recoveries, are recorded on a property by property basis.

Leases

A contract is or contains a lease when the contract conveys a right to control the use of an identified asset for a period of time in exchange for consideration.

The Company recognizes a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, and subsequently at cost less any accumulated depreciation and impairment losses and adjusted for certain re-measurements of the lease liability. The cost of the right-of-use asset includes the amount of the initial measurement of the lease liability, any lease payments made at or before the commencement date, less any lease incentives received, any initial direct costs; and if applicable, an estimate of costs to be incurred by the Company in dismantling and removing the underlying asset, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease.
The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily

3. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

determined, the Company's incremental borrowing rate. The incremental borrowing rate reflects the rate of interest that the lessee would have to pay to borrow the funds necessary to obtain an asset of similar value in a similar economic environment with similar terms and conditions. Generally, the Company uses its incremental borrowing rate as the discount rate.

The lease liability is subsequently increased by the interest cost on the lease liability and decreased by lease payments made. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, a change in the estimate of the amount expected to be payable under a residual value guarantee, or as appropriate, changes in the assessment of whether a purchase or extension option is reasonably certain to be exercised or a termination option is reasonably certain not to be exercised.

The Company does not recognize right-of-use assets and lease liabilities for leases of low-value assets and leases with lease terms that are less than 12 months. Lease payments associated with these leases are instead recognized as an expense over the lease term on either a straight-line basis, or another systematic basis if more representative of the pattern of benefit.

The Company has applied judgement to determine the lease term for some lease contracts in which it is a lessee that include renewal options. The assessment of whether the Company is reasonably certain to exercise such options impacts the lease term, which significantly affects the amount of lease liabilities and right-of-use assets recognized.

Provision for environmental rehabilitation

The Company recognizes liabilities for legal or constructive obligations associated with the retirement of mineral properties and equipment. The net present value of future rehabilitation costs is capitalized to the related asset along with a corresponding increase in the rehabilitation provision in the period incurred. Discount rates using a pre-tax rate that reflect the time value of money are used to calculate the net present value.

The Company's estimates of reclamation costs could change as a result of changes in regulatory requirements, discount rates and assumptions regarding the amount and timing of the future expenditures. These changes are recorded directly to the related assets with a corresponding entry to the rehabilitation provision.

The increase in the provision due to the passage of time is recognized as interest expense.

The Company does not have any significant environmental rehabilitation provisions.

Impairment of tangible and intangible assets

At the end of each reporting period, the Company's assets are reviewed to determine whether there is any indication that those assets may be impaired. If such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment, if any. The recoverable amount is the higher of fair value less costs to sell and value in use. Fair value is determined as the amount that would be obtained from the sale of the asset in an arm's length transaction between knowledgeable and willing parties. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount and the impairment loss is recognized in profit or loss for the period. For an asset that does not generate largely independent cash flows, the recoverable amount is determined for the cash generating unit to which the asset belongs.

For the years ended December 31, 2022 and 2021 (Expressed in Canadian Dollars)

3. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its 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 (or cash-generating unit) in prior years. A reversal of an impairment loss is recognized immediately in profit or loss.

Income taxes

Income tax expense comprises current and deferred tax. Income tax is recognized in profit or loss except to the extent that it relates to items recognized directly in equity. Current tax expense is the expected tax payable on taxable income for the year, using tax rates enacted or substantively enacted at period end, adjusted for amendments to tax payable with regards to previous years.

Deferred tax is recorded by providing for temporary differences, between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Temporary differences are not provided for relating to goodwill not deductible for tax purposes, the initial recognition of assets or liabilities that affect neither accounting or taxable loss, and differences relating to investments in subsidiaries to the extent that they will probably not reverse in the foreseeable future. The amount of deferred tax provided is based on the expected manner of realization or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the statement of financial position date. A deferred tax asset is recognized only to the extent that it is probable that future taxable profits will be available against which the asset can be utilized.

Government assistance

When the Company is entitled to recover mineral exploration tax credits and grants, this government assistance is recognized as a recovery against the related exploration expenditures where there is reasonable assurance of recovery.

4. RECEIVABLES

The Company's receivables are as follows:

	December 31, 2022	December 31, 2021
GST Receivable	$ 11,419	$ 18,886
Other Receivable (Note 12)	8,594	56,440
Total	$ 20,013	$ 75,326

For the years ended December 31, 2022 and 2021 (Expressed in Canadian Dollars)

5. INVESTMENTS

	December 31, 2022	December 31, 2021
Bullet Exploration Inc.	$ 4,500	$ 19,500
Canterra Minerals Corporation	7,804	38,311
Total	$ 12,304	$ 57,811

The Company did not acquire or sell any investments and recognized an unrealized loss of $44,507 during the year ended December 31, 2022.

For the year ended December 31, 2021, the Company sold 195,000 shares of various companies for total gross proceeds of $78,023, and recognized a loss of $4,299 and an unrealized loss of $13,318.

6. LAND USE DEPOSITS

The Company has provided deposits as security for land use and potential future reclamation work relating to its mineral properties. As at December 31, 2022 a total of $115,468 (December 31, 2021 - $112,000) had been lodged with the British Columbia Ministry of Energy, Mines & Petroleum Resources.

For the years ended December 31, 2022 and 2021 (Expressed in Canadian Dollars)

7. PROPERTY AND EQUIPMENT

		Leasehold Improvements		Right of Use Asset	Total
COST					
Balance, December 31, 2020	$	134,149	$	1,044,523	1,178,672
Additions/(dispositions)		(134,149)		(146,131)	(280,280)
Balance, December 31, 2021		-		898,392	898,392
Additions/(dispositions)		-		13,284	13,284
Balance, December 31, 2022	**$**	**-**	**$**	**911,676**	**911,676**
ACCUMULATED DEPRECIATION					
Balance, December 31, 2020	$	125,949	$	292,886	418,835
Additions/(dispositions)		(134,149)		(10,279)	(144,428)
Depreciation		8,200		90,943	99,143
Balance, December 31, 2021		-		373,550	373,550
Additions/(dispositions)		-		-	-
Depreciation		-		95,824	95,824
Balance, December 31, 2022	**$**	**-**	**$**	**469,374**	**469,374**
CARRYING AMOUNTS					
Balance, December 31, 2020	$	8,200	$	751,637	759,837
Balance, December 31, 2021	$	-	$	524,842	524,842
Balance, December 31, 2022	**$**	**-**	**$**	**442,302**	**442,302**

The right of use asset consists of a lease for office space and a photocopier lease. The lease liability was measured at the present value of the remaining lease payments and discounted using the Company’s estimated incremental borrowing rate of 7% per annum.

For the years ended December 31, 2022 and 2021 (Expressed in Canadian Dollars)

8. LEASE LIABILITY

At December 31, 2022, the Company's lease liability is as follows:

	December 31, 2022	December 31, 2021
Opening balance	$ 601,260	$ 801,245
Additions	13,284	(135,851)
Interest	37,556	33,072
Lease payments	(128,983)	(97,206)
Ending balance	$ 523,117	$ 601,260

	December 31, 2022	December 31, 2021
Current portion	$ 102,340	$ 91,426
Long-term portion	420,777	509,834
Ending balance	$ 523,117	$ 601,260

At December 31, 2022, the Company is committed to minimum undiscounted lease payments as follows:

	December 31, 2022	December 31, 2021
Less than one year	$ 134,656	$ 128,983
One to five years	472,657	591,880
Total undiscounted lease liabilities	$ 607,313	$ 720,863

For the years ended December 31, 2022 and 2021 (Expressed in Canadian Dollars)

9. MINERAL PROPERTIES

Title to mineral properties involves certain inherent risks due to the difficulties of determining the validity of certain claims as well as the potential for problems arising from the frequently ambiguous conveyancing history characteristic of many mineral properties. The Company has investigated title to all of its mineral properties and to the best of its knowledge, title to all of its properties, except as described below are properly registered and in good standing.

The Company holds interest in various mineral claims located in Canada, the capitalized acquisition costs of which are as follows:

		December 31 2022		December 31 2021
BRITISH COLUMBIA				
3Ts PROJECT				
Taken Property	$	**345,693**	$	**345,693**
A 100% interest in certain claims. The property is subject to a sliding scale net smelter returns royalty ("NSR") ranging from 2.0% to 4.0%. The Company may reduce the NSR to 1.0% by paying $2,000,000 per percent.				
Tam Property		**1,750,979**		**1,750,979**
A 100% interest, subject to a 1.0% NSR, one-half of which may be purchased back for $250,000.				
Tsacha Property		**2,121,788**		**2,121,788**
A 100% interest in certain claims subject to a 2.0% NSR.				
Tommy Lake Property		**17,518**		**17,518**
A 100% interest.				
YUKON				
BOULEVARD PROJECT				
Boulevard, YCS, Solitude and Tiger Properties		-		-
A 100% interest in certain claims. On December 31, 2021, the Company wrote down the properties in the amount of $6,208,116				
	$	**4,235,978**	$	**4,235,978**

On May 28, 2021, the Company sold the Anita property and recognized a gain on sale of mineral properties of $51,000.

For the years ended December 31, 2022 and 2021 (Expressed in Canadian Dollars)

9. MINERAL PROPERTIES *(continued)*

During the year ended December 31, 2022, the Company incurred exploration expenditures as follows:

	Geology & Geophysics	Field Sampling	Drilling	Land Use & Tenure	Data Evaluation	Safety & Reclamation	Recoveries	Total for the year
BRITISH COLUMBIA								
3Ts Project	$ 110,101	$ -	$ 1,268,285	$ 8,849	$ 196,650	$ 71,942	$ -	$ 1,655,827
Merit	-	-	-	-	370	-	-	370
Nicoamen	-	-	-	-	370	-	-	370
YUKON								
Boulevard Project	1,233	-	-	-	-	-	-	1,233
Others	3,624	-	-	2,846	-	-	(251,689)	(245,219)
	$ 114,958	**$ -**	**$ 1,268,285**	**$ 11,695**	**$ 197,390**	**$ 71,942**	**$ (251,689)**	**$ 1,412,581**

During the year ended December 31, 2021 the Company incurred exploration expenditures as follows:

	Geology & Geophysics	Field Sampling	Drilling	Land Use & Tenure	Data Evaluation	Safety & Reclamation	Recoveries	Total for the year
BRITISH COLUMBIA								
3Ts Project	$ 436,720	$ 160,475	$ 1,274,069	$ 4,659	$ 297,584	$ 8,511	$ -	$ 2,182,018
Merit	5,258	-	1,547	-	-	3,724	-	10,529
Nicoamen	745	-	-	-	-	3,481	-	4,226
YUKON								
Boulevard Project	1,450	-	-	-	-	-	-	1,450
Others	762	669	-	81	639	-	(147,309)	(145,159)
	$ 444,935	**$ 161,144**	**$ 1,275,616**	**$ 4,740**	**$ 298,223**	**$ 15,716**	**$ (147,309)**	**$ 2,053,065**

Merit and Nicoamen Properties

On March 27, 2019 the Company entered into option agreements to earn 60% into each of the Merit and Nicoamen properties from Almadex Minerals Ltd. ("Almadex") by making a cash payment of $20,000 (paid), the issuance of an aggregate of 1,300,000 common shares (800,000 issued) and completing aggregate work commitments of $1,450,000 including a commitment to drill 1,000 m over a three year period. On December 31, 2021, the Company wrote off both properties totaling $100,000.

On March 24, 2022, the option agreement with Almadex was terminated.

10. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

Accounts payable and accrued liabilities are as follows:

	December 31, 2022	December 31, 2021
Trade payables	$ 96,695	$ 47,253
Accrued liabilities	129,578	139,248
Total	$ 226,273	$ 186,501

For the years ended December 31, 2022 and 2021 (Expressed in Canadian Dollars)

11. COMMITMENTS

a) In January 2012, the Company entered into a management agreement with a company controlled by a director which requires the Company to pay for geological consulting, management and administrative services. The agreement contains clauses which provides between 24 and 36 months remuneration should the contract be terminated or certain specified transactions occur. On January 1, 2021 the fee was $13,750 per month and on January 1, 2022, the management fee was increased to $16,750 per month.

b) On June 24, 2016, the Company completed a Private Placement in which Newmont Corporation ("Newmont") (formerly Goldcorp Inc.) acquired approximately 19.9% of the issued and outstanding common shares of the Company and entered into an Investors' Rights Agreement (the "Agreement"). Pursuant to the Agreement, Newmont has been granted the right to maintain its pro rata ownership percentage during future financings and the right (but not the obligation) to participate in any future equity financing to the extent required to allow Newmont to maintain its equity ownership in the Company to a maximum of 19.9% of the issued and outstanding shares, provided that Newmont holds not less than 7.5% of the Company. Newmont also has the right to match non-equity financing and tolling arrangements related to future exploration on the Company's current and future Yukon properties and a 30 day right of first refusal over any sale, in full or part, of the Company's interest in the Boulevard Project.

12. RELATED PARTY TRANSACTIONS

The consolidated financial statements include the financial statements of Independence Gold Corp. and its subsidiary, Silver Quest Resources (US) Ltd.

Key Management Personnel

Key management personnel include those persons having authority and responsibility for planning, directing, and controlling the activities of the Company as a whole. The Company has determined that key management personnel consists of executive and non-executive members of the Company's Board of Directors and corporate officers, including the Company's Chief Executive Officer and Chief Financial Officer.

Compensation paid or payable to key management for services rendered are as follows:

	For the year ended December 31, 2022	For the year ended December 31, 2021
Management fees	$ 242,850	$ 212,250
Geological consulting fees	30,150	24,750
Directors fees	39,000	39,000
Share-based compensation	177,009	-
Total	**$ 489,009**	**$ 276,000**

12. RELATED PARTY TRANSACTIONS *(continued)*

Included in receivables at December 31, 2022 is $5,248 (December 31, 2021 - $53,186) due from companies with directors and/or officers in common. Included in accounts payable and accrued liabilities at December 31, 2022 is $17,314 (December 31, 2021 - $13,960) due to directors and companies with directors and/or officers in common.

The Company provides geological, office and administrative services to public companies with common directors. During the year ended December 31, 2022, the Company received or accrued $44,940 (December 31, 2021 - $35,435) for rent and $46,750 (December 31, 2021 - $28,525) for accounting, investor relations, geology and other.

13. SHARE CAPITAL AND RESERVES

a) Authorized share capital

The authorized share capital of the Company is an unlimited number of common shares without par value. All issued shares are fully paid.

b) Issued share capital

As at December 31, 2022, the Company has 130,448,487 (December 31, 2021 – 103,781,821) common shares issued and outstanding.

On December 22, 2022, the Company completed a non-brokered private placement and issued 20,523,668 units (“Units”) at a price of $0.06 per unit for proceeds of $1,231,420, and 6,142,998 flow-through common shares (“FT Common Shares”), and together with the Units, the (“Securities”) at a price of $0.06 per FT Common Share for proceeds of $368,580 (together with the Unit Proceeds, the (“Funds”), for total proceeds of $1,600,000 under the Offering. Each Unit consists of one common share and one common share purchase warrant. Each warrant (“Warrant”) is exercisable into one common share in the capital of the Company at an exercise price of $0.12 per common share for a period of 24 months from the date of issue. The Company paid aggregate cash finder’s fees of $9,700 cash, other share issuance costs of $33,214 and issued an aggregate of 135,000 non-transferable finders compensation warrants (“Finder’s Warrants”) in connection with the distribution of FT Shares and Units to arm’s length subscribers. Each Finder’s Warrant entitles the holder to purchase one common share of the Company at a price of $0.12 per common share until December 22, 2024. The finder’s warrant issued as part of this private placement have been recorded at a fair value of $8,173 using the Black Scholes pricing model.

On December 31, 2021, the Company completed a non-brokered private placement and issued 2,700,000 units (“Units”) at a price of $0.10 per unit for proceeds of $270,000, and 15,175,000 flow-through common shares (“FT Common Shares”), and together with the Units, the (“Securities”) at a price of $0.10 per FT Common Share for proceeds of $1,517,500 (together with the Unit Proceeds, the (“Funds”), for total proceeds of $1,787,500 under the Offering. Each Unit consists of one common share and one-half common share purchase warrant (each, a “Warrant”). Each whole warrant (“Warrant”) is exercisable into one common share in the capital of the Company at an exercise price of $0.15 per common share for a period of 24 months from the date of issue. The Company paid aggregate cash finder’s fees of $53,700 cash and issued an aggregate of 537,000 non-transferable finders compensation warrants (“Finder’s Warrants”) in connection with the distribution of FT Shares and Units to arm’s length subscribers. Each Finder’s Warrant entitles the holder to purchase one common share of the Company at a price of $0.15 per common share until December 30, 2023. The finder’s warrant issued as part of this private placement have been recorded at a fair value of $29,395 using the Black Scholes pricing model.

For the years ended December 31, 2022 and 2021 (Expressed in Canadian Dollars)

13. SHARE CAPITAL AND RESERVES *(continued)*

On November 18, 2021, the Company issued 300,001 common shares on the exercise of warrants for proceeds of $36,000.

On August 9, 2021, an employee exercised 500 stock options for proceeds of $125.

On April 22, 2021, the Company issued 357,000 common shares on the exercise of warrants for proceeds of $42,840.

On April 15, 2021, the Company issued 100,000 common shares on the exercise of warrants for proceeds of $12,000.

On April 1, 2021, the Company issued 400,000 common shares valued at $56,000 to Almadex pursuant to the Merit and Nicoamen option agreements.

c) Stock options

The Company has an incentive stock option plan in place under which it is authorized to grant options to directors and employees to acquire up to 10% of the Company's issued and outstanding common shares. Under the plan, the exercise price of each option may not be less than the market price of the Company's stock as calculated on the date of grant less the applicable discount. The options can be granted for a maximum term of 10 years and vesting periods are determined by the Board of Directors.

As at December 31, 2022, the Company had outstanding stock options, enabling the holders to acquire further common shares as follows:

Number of Shares	Exercise Price	Expiry Date
1,825,000	$ 0.15	February 4, 2024
1,800,000	$ 0.10	July 17, 2025
450,000	$ 0.18	December 18, 2025
2,675,000	$ 0.15	January 27, 2027
6,750,000		

Stock option transactions are summarized as follows:

	December 31, 2022		December 31, 2021	
	Number of Options	Weighted Average Exercise Price	Number of Options	Weighted Average Exercise Price
Balance, beginning of year	5,749,500	$ 0.16	6,175,000	$ 0.15
Granted	2,675,000	$ 0.15	-	-
Exercised	-	-	(500)	$ 0.25
Expired/Cancelled	(1,674,500)	$ 0.25	(425,000)	$ 0.20
Balance, end of year	6,750,000	$ 0.14	5,749,500	$ 0.16
Options exercisable, end of year	**6,750,000**	**$ 0.14**	**5,749,500**	**$ 0.16**

For the years ended December 31, 2022 and 2021 (Expressed in Canadian Dollars)

13. SHARE CAPITAL AND RESERVES *(continued)*

On November 2, 2022, 100,000 options granted in 2017 expired unexercised.

On March 1, 2022, 1,574,500 options granted in 2017 expired unexercised.

On January 27, 2022, the Company granted 2,675,000 stock options to directors, employees, and consultants.

On August 10, 2021, an employee exercised 500 stock options.

On May 18, 2021, 325,000 options granted in 2016 expired unexercised.

On April 8, 2021, the Company cancelled 100,000 options granted to former contractors.

d) Share-based compensation

On January 27, 2022, the Company granted 2,675,000 stock options with a fair value of $205,869. All options vested immediately on grant. The following assumptions were used for the Black-Scholes valuation of stock options granted during the noted period:

	2022	**2021**
Risk-free interest rate	1.27%	-
Expected life of options	5 years	-
Annualized volatility	115.83%	-
Weighted average FV	$ 0.08	-
Expected dividend rate	0%	-

e) Warrants

As at December 31,2022, the Company had 22,545,668 outstanding share purchase warrants outstanding, enabling the holders to acquire further common shares as follows:

Number of Warrants	**Exercise Price**	**Expiry Date**
1,887,000	$0.15	December 30, 2023
20,658,668	$0.12	December 22, 2024
22,545,668		

For the years ended December 31, 2022 and 2021 (Expressed in Canadian Dollars)

13. SHARE CAPITAL AND RESERVES *(continued)*

Share purchase warrant transactions are summarized as follows:

	December 31, 2022		December 31, 2021	
	Number of Warrants	Weighted Average Exercise Price	Number of Warrants	Weighted Average Exercise Price
Balance, beginning of year	18,702,458	$ 0.13	17,572,459	$ 0.13
Issued	20,658,668	$0.12	1,887,000	$ 0.15
Expired	(16,815,458)	$ 0.13	-	-
Exercised	-	-	(757,001)	$ 0.12
Balance, end of year	22,545,668	$ 0.12	18,702,458	$ 0.13
Warrants exercisable, end of year	**22,545,668**	**$ 0.12**	**18,702,458**	**$ 0.13**

On December 30,2022, 2,358,458 warrants expired unexercised with a relative fair value of $160,202. The relative fair value of $140,436 related to these warrants was reclassified to share capital on expiry, and $19,766 was reclassified to deficit.

On December 22, 2022, 300,000 warrants expired unexercised, with a relative fair value of $30,154 and were reclassified to deficit on expiry.

On December 22, 2022, 20,658,668 warrants were granted at $0.12 for a period of two years.

On August 21, 2022, 14,157,000 warrants expired unexercised, with a fair value of $406,710. The relative fair value of $365,285 related to these warrants was reclassified to share capital on expiry, and $41,425 was reclassified to deficit on expiry.

The following assumptions were used for the Black-Scholes valuation of share purchase warrants granted during the noted years:

	2022	2021
Risk-free interest rate	1.65%	0.50%
Expected life of options	2 years	2 years
Annualized volatility	109.66%	125.22%
Weighted average FV	$0.06	$0.05
Expected dividend rate	0%	0%

14. SEGMENT INFORMATION

The Company operates in one reportable operating segment, being the acquisition, exploration, and evaluation of mineral properties in North America. All of the Company's capital assets are located in Canada.

15. SUPPLEMENTAL DISCLOSURE WITH RESPECT TO CASH FLOWS

Significant non-cash investing and financing transactions completed during the year ended December 31, 2022 consisted of the issuance of warrants valued at $8,173 in payment of finders fees on a private placement.

Significant non-cash investing and financing transactions during the year ended December 31, 2021, consisted of the issuance of 400,000 common shares valued at $56,000 pursuant to the Merit and Nicoamen property option agreements.

16. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

The fair value of cash and cash equivalents, short-term investments and common share investments are measured based on level 1 of the fair value hierarchy. The fair values of receivables and deposits, accounts payable and accrued liabilities approximate their book values due to the short-term nature of these instruments. Warrant investments are measured using level three of the fair value hierarchy.

The Company is exposed to a variety of financial risks by virtue of its activities, including credit risk, interest rate risk and liquidity risk. The overall risk management program focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on financial performance. Risk management is carried out by management under the direction and guidance of the Board of Directors. Management is responsible for establishing controls and procedures to ensure that financial risks are mitigated to acceptable levels.

Credit risk - Credit risk is the risk of a financial loss to the Company if a counter-party to a financial instrument fails to meet its contractual obligation. The Company manages credit risk by carrying short-term investments with investment grade ratings. The Company's cash and cash equivalents are invested in interest bearing accounts at major Canadian financial institutions. Because of these circumstances, the Company does not believe it has a material exposure to credit risk.

Interest rate risk - Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Financial assets and liabilities with variable interest rates expose the Company to cash flow interest rate risk. The risk that the Company will realize a loss in cash and cash equivalents are limited because the Company's deposits and short-term investments are redeemable on demand.

Liquidity risk - Liquidity risk is the risk that the Company will not be able to meet its obligations as they become due. The Company's ability to continue as a going concern is dependent on management's ability to raise required funding through future equity issuances, asset sales or a combination thereof. The Company manages its liquidity risk by forecasting cash flows from operations and anticipating any investing and financing activities. Management and the Board of Directors are actively involved in the review, planning and approval of significant expenditures and commitments.

Price risk - The Company is exposed to price risk with respect to commodity, equity, and marketable security prices. Equity price risk is defined as the potential adverse impact on the Company's earnings due to movements in individual equity prices or general movements in the level of the stock market. Commodity price risk is defined as the potential adverse impact on earnings and economic value due to commodity price movements and volatilities. The Company closely monitors commodity prices of precious and base metals, individual equity movements, and the stock market to determine the appropriate course of action to be taken by the Company.

For the years ended December 31, 2022 and 2021 (Expressed in Canadian Dollars)

17. CAPITAL MANAGEMENT

The Company manages its capital structure and makes adjustments to it, based on the funds available to the Company, in order to support the acquisition, exploration and development of mineral properties. The Board of Directors does not establish quantitative return on capital criteria for management, but rather relies on the expertise of the Company's management to sustain future development of the business. The Company defines capital that it manages as the components of shareholders' equity. There has been no change to the Company's approach to managing its capital during the current fiscal year.

The properties in which the Company currently has an interest are in the exploration stage; as such the Company has historically relied on the equity markets to fund its activities. In addition, the Company is dependent upon external financings to fund activities. In order to carry out planned exploration and pay for administrative costs, the Company will spend its existing working capital and raise additional funds as needed. The Company will continue to assess new properties and seek to acquire an interest in additional properties if it believes there is sufficient geologic or economic potential and if it has adequate financial resources to do so.

18. INCOME TAXES

A reconciliation of income taxes at statutory rates with reported taxes is as follows:

		2022		2021
Loss before income taxes	$	(2,279,820)	$	(8,946,054)
Expected income tax (recovery)	$	(616,000)	$	(2,415,000)
Impact of flow through shares		-		410,000
Non-deductible expenses and permanent differences		62,000		1,677,000
Changes in unrecognized deductible temporary differences		553,000		567,000
Impact of change of future tax rate		3,000		(149,000)
Share issuance costs		(12,000)		(25,000)
Adjustment to prior years provision versus statutory tax returns		1,000		65,000
Total income tax expense(recovery)	$	-	$	-

The Canadian income tax rate declined during the year due to changes in the law that reduced corporate income tax rates in Canada.

The significant components of the Company's temporary differences, unused tax credits and unused tax losses that have not been included on the consolidated statement of financial position are as follows:

		2022	Expiry		2021
Equipment	$	286,000	not applicable	$	286,000
Investment tax credit		335,000	2021 to 2041		281,000
Mineral properties		8,878,000	not applicable		7,284,000
Non-capital losses available for future periods		9,081,000	2026 to 20341		8,641,000
Right of use assets		81,000	not applicable		-
Share issue costs		151,000	2042 to 2045		166,000
Allowable capital losses		21,000	not applicable		21,000
Other		-	not applicable		-

Tax attributes are subject to review, and potential adjustment, by tax authorities.

19. SUBSEQUENT EVENT

On January 18, 2023, the Company granted 2,650,000 stock options to directors, employees and consultants.