



COAST COPPER CORP.

(An Exploration Stage Corporation)

FINANCIAL STATEMENTS

FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022

(Expressed in Canadian Dollars)

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of
Coast Copper Corp.

Opinion

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

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2023 and 2022, and its financial performance and its cash flows for the years then ended in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained 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 financial statements, which indicates that the Company had a loss of \$972,013 for the year ended December 31, 2023, and as at that date, the Company had an accumulated deficit of \$8,127,818. 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 the auditor's professional judgment, were of most significance in the audit of the financial statements of the current period.

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

Assessment of Impairment Indicators of Exploration and Evaluation Assets ("E&E Assets")

As described in Note 6 to the financial statements, the carrying amount of the Company's E&E Assets was \$707,291 as of December 31, 2023. As more fully described in Note 3 to the consolidated financial statements, management assesses E&E Assets for indicators of impairment at each reporting period.



The principal considerations for our determination that the assessment of impairment indicators of the E&E Assets is a key audit matter are that there was judgment made by management when assessing whether there were indicators of impairment for the E&E Assets, 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 E&E Asset.

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

- Evaluating management's assessment of impairment indicators.
- Evaluating the intent for the E&E Assets through discussion and communication with management.
- Reviewing the Company's recent expenditure activity and expenditure budgets for future periods.
- Assessing compliance with agreements and expenditure requirements including reviewing option agreements and vouching cash payments and share issuances.
- Obtaining confirmation of title to ensure mineral rights underlying the E&E Assets 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 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 and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

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

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

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

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

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

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

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

A handwritten signature in black ink that reads "Davidson & Company LLP". The signature is written in a cursive, flowing style.

Vancouver, Canada

Chartered Professional Accountants

March 25, 2024

COAST COPPER CORP.
STATEMENTS OF FINANCIAL POSITION
AS AT DECEMBER 31
(Expressed in Canadian dollars)

	Note	2023	2022
		\$	\$
ASSETS			
Current			
Cash		36,727	80,898
Receivables		11,689	69,319
Receivable from Skeena	4	933,659	874,756
Prepaid expenses and deposits		6,918	7,852
Marketable securities	5	283,149	335,746
		1,272,142	1,368,571
Non-Current			
Exploration and evaluation assets	6	707,291	470,834
Property		3,422	5,131
Receivable from Skeena	4	490,409	1,424,068
Reclamation deposit		13,642	13,642
		1,214,764	1,913,675
		2,486,906	3,282,246
LIABILITIES			
Current			
Accounts payable and accrued liabilities	13(b)	205,687	126,630
SHAREHOLDERS' EQUITY			
Share capital	8	10,047,738	9,995,738
Other equity reserves	8(e)	361,299	394,729
Deficit		(8,127,818)	(7,234,851)
		2,281,219	3,155,616
		2,486,906	3,282,246

Nature of operations and going concern (Note 1)

Approved on behalf of the Board:

"Dale Wallster", Director

"Adam Travis", Director

COAST COPPER CORP.
STATEMENTS OF INCOME (LOSS) AND COMPREHENSIVE INCOME (LOSS)
FOR THE YEARS ENDED DECEMBER 31
(Expressed in Canadian dollars)

	Note	2023	2022
		\$	\$
Expenses			
Amortization		1,709	567
Bonuses	13(a)	43,376	12,000
Consulting	13(a)	82,334	72,842
Director fees	13(a)	66,000	66,000
Exploration expenditures	6, 13(a)	302,478	1,102,166
Investor relations		82,904	158,894
Office and administration		56,041	56,015
Professional fees		50,518	41,468
Salaries and personnel costs	13(a)	243,631	218,463
Share-based payments expense	8(e), 13(a)	45,616	117,035
Transfer agent, regulatory and filing fees		13,347	18,548
Travel and accomodation		852	3,826
		988,806	1,867,824
Other items			
Accretion of receivable from Skeena	4	(125,244)	(30,136)
Interest income		(2,749)	(2,985)
Gain on sale of Red Chris properties		-	(2,058,201)
Realized loss on sale of marketable securities	5	23,725	-
Settlement of flow-through share premium liability on incurring eligible expenditures	7	-	(116,837)
Unrealized loss on marketable securities	5	52,597	35,468
Write-off of exploration and evaluation assets	6(a)(vi)	34,878	1,066
		(16,793)	(2,171,625)
Income (loss) and comprehensive income (loss) for the year		(972,013)	303,801
Basic and diluted income (loss) per share		\$ (0.02)	\$ 0.01
Basic and diluted weighted average number of shares outstanding		64,223,060	57,591,142

COAST COPPER CORP.
STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY
(Expressed in Canadian dollars)

	Note	Number of shares	Share capital \$	Other equity reserves \$	Deficit \$	Total \$
Balance, December 31, 2021		55,296,690	9,555,622	326,658	(7,585,497)	2,296,783
Income for the year		-	-	-	303,801	303,801
Private placement, net of share issue costs	8(b)	8,000,000	391,497	-	-	391,497
Shares issued pursuant to acquisition of mineral properties	8(b)	600,000	36,000	-	-	36,000
Shares issued pursuant to warrant exercise	8(b)	105,000	10,500	-	-	10,500
Reclass of exercised warrants	8(e)	-	2,119	(2,119)	-	-
Share-based payments expense	8(e)	-	-	117,035	-	117,035
Reclass of expired warrants	8(e)	-	-	(46,845)	46,845	-
Balance, December 31, 2022		64,001,690	9,995,738	394,729	(7,234,851)	3,155,616
Loss for the year		-	-	-	(972,013)	(972,013)
Shares issued pursuant to acquisition of mineral properties	8(b)	800,000	52,000	-	-	52,000
Share-based payments expense	8(e)	-	-	45,616	-	45,616
Reclass of expired warrants	8(e)	-	-	(23,590)	23,590	-
Reclass of cancelled stock options	8(e)	-	-	(55,456)	55,456	-
Balance, December 31, 2023		64,801,690	10,047,738	361,299	(8,127,818)	2,281,219

COAST COPPER CORP.
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31
(Expressed in Canadian dollars)

	Note	2023	2022
		\$	\$
Operating Activities			
Income (loss) for the year		(972,013)	303,801
Items not involving cash:			
Amortization		1,709	567
Accretion of Skeena receivable	4	(125,244)	(30,136)
Gain on sale of Red Chris properties		-	(2,058,201)
Realized loss on sale of marketable securities	5	23,725	-
Settlement of flow-through share premium liability	7	-	(116,837)
Share-based payments expense	8(e)	45,616	117,035
Unrealized loss on marketable securities	4	52,597	35,468
Write-off of exploration and evaluation asset	6(a)(vi)	34,878	1,066
Net change in non-cash working capital	9	121,399	(32,649)
Cash used in operating activities		(817,333)	(1,779,886)
Investing Activities			
Acquisition of exploration and evaluation assets	6, 9	(203,113)	(190,107)
Proceeds on sale of Skeena shares	5	476,275	-
Purchase of property		-	(5,698)
Receipt of cash pursuant to Red Chris properties sale	4	500,000	-
Cash received pursuant to the sale of exploration and evaluation assets, net	4	-	205,328
Cash provided by investing activities		773,162	9,523
Financing Activities			
Proceeds received pursuant to private placement	8(b)	-	400,000
Share issue costs	8(b)	-	(8,503)
Proceeds pursuant to exercise of warrants	8(b)	-	10,500
Cash provided by financing activities		-	401,997
Net decrease in cash		(44,171)	(1,368,366)
Cash, beginning of year		80,898	1,449,264
Cash, end of year		36,727	80,898
Supplemental cash flow information	9		

COAST COPPER CORP.
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2023
(Expressed in Canadian dollars)

1. NATURE OF OPERATIONS AND GOING CONCERN

Coast Copper Corp. ("**Coast Copper**" or the "**Corporation**") was incorporated as Roughrider Exploration Limited on December 7, 2011 under the British Columbia Business Corporations Act. Effective September 28, 2021, the Corporation changed its name from Roughrider Exploration Limited to Coast Copper Corp. The Corporation is listed on the TSX Venture Exchange ("**TSX-V**") as a Tier 2 Mining Issuer under the trading symbol "COCO". The principal business of the Corporation is the exploration and evaluation of mineral properties. The principal focus of the Corporation is exploring its portfolio of mineral properties, including the Empire Mine property located on northern Vancouver Island, British Columbia ("**BC**"). The Company's sole operating and geographical segment is the exploration and evaluation of mineral interests in Canada.

The address of the Corporation's head office and registered office is Suite 904 - 409 Granville Street, Vancouver, BC, Canada, V6C 1T2.

These financial statements have been prepared on the going concern basis, which contemplates the realization of assets and the settlement of liabilities and commitments in the normal course of business. The Corporation had a loss of \$972,013 for the year ended December 31, 2023 (2022: income of \$303,801). At December 31, 2023, the Corporation had an accumulated deficit of \$8,127,818. In assessing whether the going concern assumption is appropriate, management considers all available information about the future, which is at least, but not limited to, twelve months from the end of the reporting period.

The Corporation has incurred operating losses in its exploration operations and its ability to continue as a going concern is dependent upon the discovery of economically recoverable mineral reserves, the ability of the Corporation to obtain necessary financing to complete their development and fund their operations until commercially successful and future production or proceeds from the disposition thereof. While the Corporation has been successful in securing financing to date, there can be no assurances that it will be able to do so in the future, therefore, a material uncertainty exists that may cast significant doubt about the Corporation's ability to continue as a going concern.

These financial statements do not reflect the adjustments to the carrying values of assets and liabilities, the reported expenses and the statement of financial position classifications that would be necessary if the going concern assumption was inappropriate. These adjustments could be material.

Recent global issues, including the ongoing COVID-19 pandemic and geopolitical conflicts have adversely affected workplaces, economies, supply chains and financial markets globally. It is not possible for the Corporation to predict the duration or magnitude of the adverse results of these issues and their effects on the Corporation's business or results of operations at this time.

2. BASIS OF PREPARATION

These financial statements have been prepared in accordance with IFRS Accounting Standards ("**IFRS**"), as issued by the International Accounting Standards Board.

These financial statements were prepared on a historical cost basis, except for financial instruments classified as financial instruments at fair value through profit and loss and financial instruments at fair value through other comprehensive income, which are stated at their fair value. In addition, these financial statements use the accrual basis of accounting, except for cash flow information.

The Board of Directors (the "**Board**") approved these financial statements on March 25, 2024.

COAST COPPER CORP.
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2023
(Expressed in Canadian dollars)

3. MATERIAL ACCOUNTING POLICIES

a) Basis of presentation

These financial statements are expressed in Canadian dollars, the Corporation's functional and presentation currency, the currency of the primary economic environment in which it operates.

b) Exploration property acquisition costs

Costs related to the acquisition of exploration properties are capitalized and deferred until such time as the property is either sold, or put into production. If, after management review, it is determined that capitalized acquisition costs are not recoverable over the estimated economic life of the property, or the property is abandoned, or management deems there to be an impairment in value, the property is written down to its net realizable value.

Costs related to the exploration and evaluation of properties are recognized in profit or loss as incurred, up to the time a decision is made to proceed with the development of the related exploration property due to the existence of economically recoverable reserves. A mineral resource is considered to have economic potential when it is expected that a documented resource can be legally and economically developed considering forecast metal prices.

Incoming option payments, or proceeds from the sale of royalty interests received by the Corporation are first applied to capitalized costs, with any excess recognized in profit or loss. Tax credits received are applied against the costs that generated the tax credit. The amounts shown for exploration and evaluation assets do not necessarily represent present or future values. Their recoverability is dependent upon the discovery of economically recoverable reserves, the ability of the Corporation to obtain the necessary financing to complete the exploration and evaluation, and future profitable production or proceeds from the disposition thereof.

c) Impairment of non-financial assets

The recoverability of amounts expended on exploration property acquisition costs is dependent upon the determination of economically recoverable ore reserves, confirmation of the Corporation's interest in the underlying mineral claims, the Corporation's ability to overcome the regulatory, financing and other hurdles in order to complete their development and future profitable production or proceeds from the disposition thereof.

The Corporation performs impairment tests on exploration property interests when events or circumstances occur which indicate the assets may not be recoverable. Impairment assessments are carried out on a project-by-project basis with each project representing a single cash generating unit.

When impairment indicators are identified, an impairment loss is recognized if the asset's carrying value exceeds its estimated recoverable amount. The recoverable amount is the higher of the asset's value in use or the asset's fair value less costs to sell.

An impairment loss is reversed if there is an indication that there has been a favourable change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amounts that would have been determined (net of depreciation) if no impairment loss had been recognized.

3. MATERIAL ACCOUNTING POLICIES (continued)

d) Significant accounting estimates and judgments

The preparation of these financial statements requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, profit and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgments about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and further periods if the review affects both current and future periods.

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

i) Critical accounting estimates

Critical accounting estimates are estimates and assumptions made by management that may result in a material adjustment to the carrying amounts of assets and liabilities within the next financial year and include, but are not limited to, the following:

Share-based payments

The fair value of share-based payments is subject to the limitations of the Black-Scholes option pricing model that incorporates market data and involves uncertainty in estimates used by management in the assumptions. Because the Black-Scholes option pricing model requires the input of highly subjective assumptions, including the volatility of share prices and forfeiture rates. Changes in subjective input assumptions can materially affect the fair value estimate.

Flow-through share private placements

As an incentive to complete private placements, the Corporation may issue common shares, which by agreement are designated as flow-through ("FT") shares. The shares are usually issued at a premium to the trading price of the Corporation's shares because the Corporation renounces the resulting expenditures and income tax benefits to the FT shareholders. On issue, share capital is increased only by the non-FT share equivalent value and share-based payments reserve is increased by the fair value of warrants, if any. Any excess is recorded as a FT share premium liability.

Marketable securities

The fair value of financial instruments that are not traded in an active market is estimated on the basis of the price established in recent transactions involving similar instruments or, in the absence thereof, determined using valuation techniques. The Corporation uses its judgment to select a variety of methods and make assumptions that are mainly based on market conditions existing at the end of each reporting period.

COAST COPPER CORP.
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2023
(Expressed in Canadian dollars)

3. MATERIAL ACCOUNTING POLICIES (continued)

d) Significant accounting estimates and judgments (continued)

i) Critical accounting estimates (continued)

Measurement and recoverability of receivable from Skeena

The Corporation uses estimation in determining the incremental lending rate used to measure the receivable from Skeena Resources Limited (“**Skeena**”), specific to the asset, underlying currency and geographic location. Where the rate implicit in the receivable is not readily determinable, the discount rate is estimated using a credit-adjusted risk-free rate. This rate represents the rate that Skeena would incur to obtain the funds necessary to purchase an asset of similar value, with similar payment terms and security in a similar environment.

ii) Critical accounting judgments

Information about critical judgments in applying accounting policies that have the most significant effect on the amounts recognized in the financial statements include, but are not limited to, the following:

Recognition of deferred tax assets

The Corporation estimates the expected manner and timing of the realization or settlement of the carrying value of its assets and liabilities and applies the tax rates that are enacted or substantively enacted on the estimated dates of realization or settlement. The Corporation has not recognized a deferred tax asset as management believes it is not probable that taxable profit will be available against which deductible temporary differences can be utilized.

Going concern assumption

The assessment of whether the going concern assumption is appropriate requires management to consider all available information about the future, which is at least, but is not limited to, 12 months from the end of the reporting period. The Corporation estimates that its working capital is insufficient to continue operations for the upcoming year.

Valuation of exploration and evaluation assets

The assessment of any impairment or recovery of exploration and evaluation assets is dependent upon estimates of recoverable amounts that consider factors such as reserves, economic and market conditions. Judgment is required in assessing the appropriate level of cash generating units to be tested for such impairment, if facts and circumstances suggest that the carrying amount exceeds the recoverable amount.

Decommissioning liabilities

In the event that decommissioning liabilities are required to be recognized, such liabilities would be stated at the fair value of estimated future costs. Such estimates require extensive judgment about the nature, cost and timing of the work to be completed, and may change with future changes to costs, environmental laws and regulations, and remediation practices.

COAST COPPER CORP.
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2023
(Expressed in Canadian dollars)

3. MATERIAL ACCOUNTING POLICIES (continued)

d) Significant accounting estimates and judgments (continued)

ii) Critical accounting judgments (continued)

Recoverability of receivables

The Corporation exercises judgment in identifying impaired receivables, the collection of which may be uncertain. In determining whether an impairment loss should be recorded in profit or loss, the Corporation considers whether there is any observable data indicating that an increase in the credit risk or a decrease in the estimated future cash flows from a receivable has occurred using an expected credit loss model. This evidence may include observable data indicating that there has been an adverse change in the payment status and days outstanding.

e) Financial instruments

Financial assets

The Corporation classifies its financial assets in the following categories: fair value through profit or loss, amortized cost or fair value through other comprehensive income. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of financial assets at initial recognition.

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss ("**FVTPL**") are initially recognized at fair value, with any associated transaction costs being recognized in profit or loss when incurred. Subsequently, the financial asset is re-measured at fair value, and a gain or loss is recognized in profit or loss. The Corporation's marketable securities are recorded as FVTPL.

Amortized cost

Financial assets are measured at amortized cost if the objective of the business model is to hold the financial asset for the collection of contractual cash flows, and the asset's contractual cash flows are comprised solely of payments of principal and interest. They are classified as current assets or non-current assets based on their maturity date and are initially recognized at fair value and subsequently carried at amortized cost less any impairment. The Corporation's cash, receivables, receivable from Skeena and reclamation deposit are recorded at amortized cost.

Impairment of financial assets at amortized cost

The Corporation recognizes a loss allowance for expected credit losses on financial assets that are measured at amortized cost.

*Fair value through other comprehensive income ("**OCI**")*

For financial assets that are not held for trading, the Corporation can make an irrevocable election at initial recognition to classify the instruments at fair value through other comprehensive income ("**FVOCI**"), with all subsequent changes in fair value being recognized in other comprehensive income as a component of equity. This election is available for each separate investment. Under this FVOCI category, fair value changes are recognized in OCI while dividends are recognized in profit or loss. On disposal of the investment the cumulative change in fair value is not recycled to profit or loss, rather transferred to deficit. The Corporation does not have any financial assets designated as FVOCI.

COAST COPPER CORP.
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2023
(Expressed in Canadian dollars)

3. MATERIAL ACCOUNTING POLICIES (continued)

e) Financial instruments (continued)

Financial liabilities

Financial liabilities are non-derivatives and are recognized initially at fair value, net of transaction costs, and are subsequently stated at amortized cost. Any difference between the amounts originally received, net of transaction costs, and the redemption value is recognized in profit or loss over the period to maturity using the effective interest method.

Financial liabilities are classified as current or non-current based on their maturity date. Financial liabilities consist of accounts payable and accrued liabilities and are measured at amortized cost.

Fair value hierarchy

Fair value measurements of financial instruments are required to be classified using a fair value hierarchy that reflects the significance of inputs in making the measurements. The levels of the fair value hierarchy are defined as follows.

- Level 1 Valuation based on quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2 Valuation based on directly or indirectly observable inputs (other than Level 1 inputs) such as quoted interest or currency exchange rates; and
- Level 3 Valuation based on significant inputs that are not based on observable market data such as discounted cash flow methodologies based on internal cash flow forecasts.

Impairment

The Corporation assesses all information available, including on a forward-looking basis, the expected credit losses associated with its assets carried at amortized cost. The impairment methodology applied depends on whether there has been a significant increase in credit risk. To assess whether there is a significant increase in credit risk, the Corporation compares the risk of a default occurring on the asset as the reporting date, with the risk of default as at the date of initial recognition, based on all information available, and reasonable and supportive forward-looking information.

f) Share capital and share issue costs

Equity instruments are contracts that give a residual interest in the net assets of the Corporation. Financial instruments issued by the Corporation are classified as equity only to the extent that they do not meet the definition of a financial liability or financial asset. The Corporation's common shares, stock options and warrants are classified as equity instruments. Incremental costs directly attributable to the issue of new common shares are shown in equity as a deduction from the proceeds. Where the Corporation has issued common shares and warrants together as units, value is first allocated to share capital based on the market value of the Corporation's common shares on the date of issue, with any residual value from the proceeds allocated to the warrants.

COAST COPPER CORP.
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2023
(Expressed in Canadian dollars)

3. MATERIAL ACCOUNTING POLICIES (continued)

g) Share-based payments

The Corporation applies the fair value method of accounting for all stock option awards. Under this method, compensation expense attributed to the award of options to employees is measured at the fair value of the award on the date of grant, and is recognized over the vesting period of the award. Share-based payments to non-employees are valued based on the fair value of the service received, if reliably determinable, otherwise based on the fair value of the award granted. Valuation is calculated based on the date at which the Corporation receives the service. If and when the stock options are ultimately exercised, the applicable amounts of other equity reserves are transferred to share capital.

The fair value of instruments granted is measured using the Black-Scholes option pricing model, considering the terms and conditions under which the instruments are granted. The fair value of the awards is adjusted by an estimate of the number of awards that are expected to vest as a result of non-market conditions. At each statement of financial position date, the Corporation revises its estimates of the number of options that are expected to vest based on the non-market conditions including the impact of the revision to original estimates, if any, with corresponding adjustments to equity.

h) Other equity reserves

Other equity reserves consist of the fair value of stock options and warrants granted since inception, less amounts transferred to share capital for exercised stock options and warrants and amounts transferred to deficit for cancelled or expired stock options and warrants.

i) FT shares

The Corporation will, from time to time, issue FT common shares to finance a significant portion of its exploration program. Pursuant to the terms of the FT share agreements, these shares transfer the tax deductibility of qualifying resource expenditures to investors. On issuance, the Corporation allocates proceeds from the FT share and unit offerings using the residual method into i) share capital, ii) warrants and iii) FT share premium. The FT share premium, if any, represents the premium investors paid for the FT feature, which is recognized as a liability. Upon expenditures being incurred, the Corporation derecognizes the liability. The premium is recognized as settlement of flow-through share premium liability on incurring eligible expenditures, and the related deferred tax is recognized as a tax provision.

Proceeds received from the issuance of FT shares are to be used for certain Canadian resource property exploration expenditures incurred within a two-year period.

The Corporation may also be subject to a Part XII.6 tax on FT proceeds renounced under the Look-back Rule, in accordance with Government of Canada FT regulations. When applicable, this tax is accrued as a financial expense until paid.

j) Income taxes

Income tax is recognized in profit or loss except to the extent that it relates to items recognized directly in equity, in which case it is recognized in equity. Current tax expense is the expected tax payable on the 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.

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3. MATERIAL ACCOUNTING POLICIES (continued)

j) Income taxes (continued)

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. The following temporary differences are not provided for: goodwill not deductible for tax purposes; the initial recognition of assets or liabilities that affect neither accounting nor 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.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Corporation intends to settle its current tax assets and liabilities on a net basis.

k) Income (loss) per share

The Corporation presents basic income (loss) per share for its common shares, calculated by dividing the earnings or loss attributable to common shareholders of the Corporation by the weighted average number of common shares outstanding during the period. Diluted loss per share does not adjust the loss attributable to common shareholders or the weighted average number of common shares outstanding when the effect is anti-dilutive.

l) Foreign currency translation

The Corporation's functional and presentation currency is the Canadian dollar.

Any transaction denominated in a foreign currency is translated into the functional currency using the exchange rate prevailing at the date of the transaction or the date of valuation where items are re-measured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at period end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognized in profit or loss.

m) Decommissioning and restoration provisions

Decommissioning and restoration provisions are recorded when a present legal or constructive obligation exists as a result of past events where it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate of the amount of the obligation can be made.

The amount recognized as a provision is the best estimate of the consideration required to settle the present obligation at the reporting date, taking into account the risks and uncertainties surrounding the obligation and discount rates. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows discounted for the market discount rate.

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3. MATERIAL ACCOUNTING POLICIES (continued)

m) Decommissioning and restoration provisions (continued)

Over time the discounted liability is increased for the changes in the present value based on the current market discount rates and liability risks. When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, the receivable is recognized as an asset if it is virtually certain that reimbursement will be received and the amount receivable can be measured reliably.

Changes in reclamation estimates are accounted for prospectively as a change in the corresponding capitalized cost.

The Corporation did not have any decommissioning and restoration provisions for the years presented.

n) Mineral exploration tax credit

The federal and provincial taxation authorities provide companies with tax incentives for undertaking mineral exploration programs in certain areas. The Corporation records these tax credits as a reduction of exploration and evaluation expenditures when the proceeds are virtually certain to be received from the tax authorities.

o) New standards, interpretations and amendments to existing standards not yet effective

A number of new standards and amendments to standards and interpretations have been issued by the IASB but are not effective during the year ended December 31, 2023. These have not been applied in preparing these financial statements. The standards and amendments to standards that would be applicable to the financial statements of the Company are the following:

IAS 1, Presentation of Financial Statements

The amendments require that an entity discloses its material accounting policies, instead of its significant accounting policies. Further amendments explain how an entity can identify a material accounting policy. This amendment is effective for annual reporting periods beginning on or after January 1, 2023, with early adoption permitted. There was no material impact upon adoption of this standard.

In addition, the amendments clarify the requirements for classifying liabilities as current or non-current. The amendments provide a more general approach to the classification of liabilities based on the contractual arrangements in place at the reporting date. This amendment is effective for annual reporting periods beginning on or after January 1, 2024, with early adoption permitted. The Company anticipates that this amendment will not have a material impact on the results and financial position of the Company.

4. RECEIVABLE FROM SKEENA

On October 18, 2022, the Corporation completed the sale of its 100% interest in the Gin, Eldorado and Bonanza properties (collectively the **"Red Chris Properties"**), which are located in the Golden Triangle area of northern B.C., to Skeena Resources Limited (**"Skeena"**) for aggregate proceeds of \$3,000,000 in cash and shares (**"Purchase Price"**), with payments as follows:

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4. RECEIVABLE FROM SKEENA (continued)

	Cash	Share issuance	Total
	\$	\$	\$
Upon Closing (October 18, 2022)	250,000 (received)	250,000 (received)	500,000
April 18, 2023	250,000 (received)	250,000 (received)	500,000
October 18, 2023	250,000 (received)	250,000 (received)	500,000
April 18, 2024	250,000	250,000	500,000
October 18, 2024	250,000	250,000	500,000
April 18, 2025	<u>250,000</u>	<u>250,000</u>	<u>500,000</u>
	1,500,000	1,500,000	3,000,000

As a result of a portion of the cash and shares being recoverable over a 30-month period, the original \$2,500,000 receivable portion of the proceeds was discounted to a fair value of \$2,268,688 on the closing date ("**Closing Date**").

As part of the Purchase Price, the Corporation received the first tranche cash payment of \$250,000 and 39,936 common shares of Skeena with a value of \$250,000. Under the terms of an asset purchase agreement, at each six-month anniversary of the Closing Date, ending 30 months from the Closing Date, Skeena shall pay Coast Copper \$250,000 in cash and shall issue Skeena common shares to Coast Copper with a value of \$250,000. Each tranche of Skeena shares issued under this transaction will be subject to a hold period expiring four months and one day from the date of issuance.

In April 2023, the Corporation received the second tranche cash payment of \$250,000 and 30,413 common shares of Skeena with a value of \$250,000.

In October 2023, the Corporation received the third tranche cash payment of \$250,000 and 39,872 common shares of Skeena with a value of \$250,000.

In connection with the Red Chris Properties sale, the Corporation's Chief Executive Officer ("**CEO**") and Chair of the Board were each awarded cash bonuses of up to \$36,000, for an aggregate total of up to \$72,000. The first tranche of \$12,000 was paid in November 2022, the second tranche of \$12,000 was paid in May 2023 and the third tranche of \$12,000 was paid in October 2023. The remaining \$36,000 will be paid in three equal instalments, ending 30 months from the Closing Date. The remaining bonus payments are conditional on collection of the Skeena receivables and will be recorded upon collection.

The Eldorado property is subject to a 2% net smelter returns ("**NSR**") royalty, half of which is owned by Cazador Resources Ltd. ("**Cazador**"), a private company controlled by the Corporation's CEO.

As a result of the sale of the Red Chris Properties, the Corporation recorded a receivable from Skeena which was calculated using a discount rate of 8% over the remaining term. The receivable will be accreted to operations over the life of the receivable.

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4. RECEIVABLE FROM SKEENA (continued)

The continuity of the receivable from Skeena is as follows:

	\$
Balance December 31, 2021	-
Net present value of \$2,500,000 receivable	2,268,688
Accretion of receivable	<u>30,136</u>
Balance December 31, 2022	2,298,824
Receipt of cash	(500,000)
Receipt of 70,285 Skeena common shares	(500,000)
Accretion of receivable	<u>125,244</u>
Balance, December 31, 2023	<u><u>1,424,068</u></u>
Current portion	933,659
Non-current portion	<u>490,409</u>
	<u><u>1,424,068</u></u>

As of December 31, 2023, the future receipts of cash and shares from Skeena were as follows:

Year ending December 31:	\$
2024	1,000,000
2025	<u>500,000</u>
	1,500,000
Less: amount representing accretion	<u>(75,932)</u>
Present value of net receivable payments	<u><u>1,424,068</u></u>

5. MARKETABLE SECURITIES

Marketable securities are financial assets measured at FVTPL. At December 31, 2023, they consisted of an investment of 865,817 free-trading common shares of EuroPacific Metals Inc. ("**EuroPacific**") (formerly Goldplay Mining Inc.) (Note 6(a)(ii)) and 39,872 restricted common shares of Skeena. The Skeena common shares become free trading on February 20, 2024. The fair value of marketable securities has been determined by reference to published price quotations in an active market, a Level 1 valuation.

During the year ended December 31, 2023, the Corporation sold the first two tranches of 70,285 common shares of Skeena for gross proceeds of \$476,275, recording a loss on sale of marketable securities of \$23,725.

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5. MARKETABLE SECURITIES (continued)

A summary of the changes in FVTPL investments is presented below:

	\$
Balance December 31, 2021	121,214
Receipt of FVTPL investments pursuant to the Red Chris properties sale (39,936 Skeena shares) (Note 4)	250,000
Unrealized loss	<u>(35,468)</u>
Balance December 31, 2022	335,746
Receipt of FVTPL investments (70,285 Skeena shares)	500,000
Proceeds on sale of FVTPL investments (70,285 Skeena shares)	(476,275)
Realized loss on sale of FVTPL investments (70,285 Skeena shares)	(23,725)
Unrealized loss	<u>(52,597)</u>
Balance, December 31, 2023	<u><u>283,149</u></u>

6. EXPLORATION AND EVALUATION ASSETS

a) BRITISH COLUMBIA

i) EMPIRE MINE PROPERTY

On September 22, 2020, the Corporation entered into an option agreement to acquire a 100% interest in the Empire Mine property (the “**Empire Option Agreement**”) from Mirva Properties Ltd. (“**Mirva**”). The Empire Mine property consists of mineral claims (the “**Greater Empire Claims**”) and crown grants (the “**Quatsino Crown Grants**”) all located in the Rupert District on northern Vancouver Island, BC, near Port McNeill.

In order to earn a 100% interest in the Greater Empire Claims, the Corporation must make aggregate cash payments of \$750,000, issue 3,000,000 common shares of the Corporation to Mirva and complete work commitments totaling \$2,000,000 over a four-year period, as follows:

	Cash payment	Share issuance	Work commitment
	\$		\$
Upon regulatory approval	50,000 (paid)	200,000 (issued)	N/A
By September 22, 2021	100,000 (paid)	400,000 (issued)	200,000 (completed)
By September 22, 2022	150,000 (paid)	600,000 (issued)	400,000 (completed)
By September 22, 2023	200,000 (paid)	800,000 (issued)	600,000 (completed)
By September 22, 2024	<u>250,000</u>	<u>1,000,000</u>	<u>800,000 (completed)</u>
	750,000	3,000,000	2,000,000

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6. EXPLORATION AND EVALUATION ASSETS (continued)

a) BRITISH COLUMBIA (continued)

i) EMPIRE MINE PROPERTY (continued)

The share issuances of 200,000, 400,000, 600,000 and 800,000 common shares were each valued at \$38,000, \$36,000, \$36,000 and \$52,000, respectively.

In order to earn a 100% interest in the Quatsino Crown Grants, the Corporation must pay Mirva the equivalent of \$500,000 with either a cash payment or equivalent value in common shares of the Corporation, at the Corporation's election, on or before September 22, 2025.

The Corporation has the option to extend the Quatsino Crown Grants payment date to September 22, 2026 for an additional payment of \$35,000, to September 22, 2027 for a further additional payment of \$55,000 and to September 22, 2028 for a further additional payment of \$75,000.

Mirva has retained a 2% NSR royalty on the Empire Mine property, of which 1% may be purchased for \$1,000,000 at any time up to 120 days after commencement of commercial production. The Empire Option Agreement has been structured such that this NSR royalty plus all other NSR royalties which may currently exist and be payable on the Empire Mine property will not exceed in aggregate 2.5% before buydowns.

ii) SCOTTIE WEST PROPERTY

In May 2020, the Corporation staked the Scottie West property located in the Golden Triangle area of northern BC, near the District of Stewart.

On November 20, 2020, the Corporation entered into a farm-out agreement with EuroPacific whereby EuroPacific can earn a 70% interest in the Corporation's Scottie West property by making aggregate cash payments of \$500,000, issuing common shares of EuroPacific to the Corporation with a total value of \$500,000 and incurring a minimum of \$1,000,000 of exploration expenditures on the property over a four-year period.

By November 19, 2022, the Corporation had received cash payments totaling \$50,000 from EuroPacific and 865,817 common shares of EuroPacific with a total value of \$75,000. In addition, EuroPacific had incurred more than \$300,000 of exploration expenditures on the Scottie West property.

On November 20, 2022, the Corporation received notice from EuroPacific that it will not be continuing with the farm-out agreement, and consequently the farm-out agreement was terminated.

During the year ended December 31, 2023, the Corporation staked one additional Scottie West claim for \$3,113.

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6. EXPLORATION AND EVALUATION ASSETS (continued)

a) BRITISH COLUMBIA (continued)

iii) HOME BREW PROPERTY

In November 2023, the Corporation staked new claims for \$6,226 on its Home Brew property in south central BC. As a result, the Corporation owns a 100% interest in four mineral claims called the Home Brew property, with a carrying value of \$8,726 at December 31, 2023.

iv) KNOB HILL NW PROPERTY

In September 2023, the Corporation staked three new claims for \$8,051 on its Knob Hill northwest property on northern Vancouver Island. As a result, the Corporation owns a 100% interest in mineral claims with a carrying value of \$16,172 at December 31, 2023.

v) JACOBIE AND POLLEY EAST PROPERTIES

In January 2022, the Corporation staked the Jacobie and Polley East properties both located in central BC. Total cost of the staking was \$1,583 and \$722, respectively. In June 2022, the Corporation sold the Jacobie and Polley East claims for \$1,583 and \$722, respectively. The Corporation has retained a 1% NSR royalty on the properties, half of which can be repurchased for \$750,000.

vi) SHOVELNOSE SOUTH PROPERTY

In April 2022, the Corporation staked the Shovelnose South property located in south-central BC. Total staking costs were \$34,878. During the year ended December 31, 2023, the Corporation allowed the Shovelnose South claims to lapse and consequently wrote off to operations the capitalized costs of \$34,878.

b) SASKATCHEWAN

GENESIS PROPERTY

The Corporation owns a 50% interest in the Genesis property, with a carrying value of \$Nil, located in the Athabasca Basin region of Canada.

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6. EXPLORATION AND EVALUATION ASSETS (continued)

Exploration and evaluation assets

A summary of the changes in exploration and evaluation assets is presented below:

	Note	Empire Mine \$	(Note 4) Gin \$	(Note 4) Eldorado \$	(Note 4) Bonanza \$	Scottie West \$	Home Brew \$	Knob Hill NW \$	Sandy \$	Jacobie \$	Polley East \$	Shovelnose South \$	Total \$
Balance, December 31, 2021		238,830	198,000	398,238	66,000	-	2,500	6,974	1,066	-	-	-	911,608
Option payments	6(a)(i)	150,000	-	-	-	-	-	-	-	-	-	-	150,000
Issuance of shares	6(a)(i)	36,000	-	-	-	-	-	-	-	-	-	-	36,000
Staking		505	1,272	-	-	-	-	1,147	-	1,583	722	34,878	40,107
Write-off		-	-	-	-	-	-	-	(1,066)	-	-	-	(1,066)
Sale of mineral claims		-	(199,272)	(398,238)	(66,000)	-	-	-	-	(1,583)	(722)	-	(665,815)
Change during the year		186,505	(198,000)	(398,238)	(66,000)	-	-	1,147	(1,066)	-	-	34,878	(440,774)
Balance, December 31, 2022		425,335	-	-	-	-	2,500	8,121	-	-	-	34,878	470,834
Option payments	6(a)(i)	200,000	-	-	-	-	-	-	-	-	-	-	200,000
Issuance of shares	6(a)(i)	52,000	-	-	-	-	-	-	-	-	-	-	52,000
Staking		1,945	-	-	-	3,113	6,226	8,051	-	-	-	-	19,335
Write-off	6(a)(vi)	-	-	-	-	-	-	-	-	-	-	(34,878)	(34,878)
Change during the year		253,945	-	-	-	3,113	6,226	8,051	-	-	-	(34,878)	236,457
Balance, December 31, 2023		679,280	-	-	-	3,113	8,726	16,172	-	-	-	-	707,291

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6. EXPLORATION AND EVALUATION ASSETS (continued)

Exploration expenditures

The Corporation's exploration expenditures for the year ended December 31, 2023 were as follows:

	Empire	Knob Hill NW	Scottie West	Home Brew	Total
	\$	\$	\$	\$	\$
Analysis	9,697	776	6,052	-	16,525
Camp	2,061	-	-	-	2,061
Community engagement	497	-	-	-	497
Field equipment	10,676	48	1,376	-	12,100
Fuel	4,073	-	651	-	4,724
Geological consulting	105,832	1,268	24,092	248	131,440
Geophysics	55,000	-	-	-	55,000
Labour and benefits	3,003	-	-	-	3,003
Overhead	140,307	-	-	-	140,307
Resource modeling	60,764	-	-	-	60,764
Travel and accommodation	10,553	-	3,499	-	14,052
	402,463	2,092	35,670	248	440,473
Government refund	(135,945)	(1,765)	(285)	-	(137,995)
	266,518	327	35,385	248	302,478

The Corporation's exploration expenditures for the year ended December 31, 2022 were as follows:

	Empire	Gin	Eldorado	Home Brew	Knob Hill NW	Sterling	Shovelnose	Total
	\$	\$	\$	\$	\$	\$	\$	\$
Analysis	149,363	-	-	-	802	-	118	150,283
Camp	36,975	-	-	-	273	-	753	38,001
Communications	4,815	-	-	-	-	-	-	4,815
Community engagement	4,855	139	185	-	-	-	-	5,179
Drilling	412,248	-	-	-	-	-	-	412,248
Field equipment	21,349	-	-	486	1,366	-	1,700	24,901
Fuel	28,550	-	-	-	877	-	886	30,313
Geological consulting	249,481	270	231	1,501	9,678	240	12,086	273,487
Geophysics	49,392	-	-	-	-	-	-	49,392
Labour and benefits	32,448	-	-	-	-	-	-	32,448
Overhead	115,367	-	-	-	962	-	37	116,366
Surveys	14,199	-	-	-	-	-	-	14,199
Travel and transport	34,098	-	-	110	1,788	-	997	36,993
	1,153,140	409	416	2,097	15,746	240	16,577	1,188,625
Government refund	(78,876)	(2,360)	(3,775)	(309)	(982)	(157)	-	(86,459)
	1,074,264	(1,951)	(3,359)	1,788	14,764	83	16,577	1,102,166

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7. FLOW-THROUGH SHARE PREMIUM LIABILITY

A summary of the changes in the Corporation's FT share premium liability was as follows:

	\$
Balance December 31, 2021	116,837
Settlement of FT share premium liability pursuant to incurring qualified expenditures	<u>(116,837)</u>
Balance, December 31, 2022 and 2023	<u><u>-</u></u>

As at December 31, 2022, the Corporation had satisfied its requirement to spend the qualified Canadian exploration expenditures pursuant to the private placement of flow-through units that was completed on November 26, 2021.

8. SHARE CAPITAL AND RESERVES

a) Authorized

An unlimited number of common shares without par value
An unlimited number of preference shares without par value

b) Share issuance details

Year ended December 31, 2023

During the year ended December 31, 2023, the Corporation issued 800,000 common shares of the Corporation with a value of \$52,000 to Mirva pursuant to the Empire Option Agreement.

Year ended December 31, 2022

On September 30, 2022, the Corporation completed a non-brokered private placement offering of a total of 8,000,000 units of the Corporation at an issue price of \$0.05 per unit for gross proceeds of \$400,000. Each unit consisted of one common share in the capital of the Corporation and one non-transferable common share purchase warrant, with each warrant entitling the holder to acquire an additional common share of the Corporation at an exercise price of \$0.10 per share until September 28, 2024. Share issue costs totaled \$8,503 including a finder fee of \$500.

On September 21, 2022, the Corporation issued 600,000 common shares of the Corporation with a value of \$36,000 to Mirva pursuant to the Empire Option Agreement.

In March 2022, 105,000 common shares of the Corporation were issued pursuant to the exercise of 105,000 warrants with an exercise price of \$0.10 per share for proceeds of \$10,500.

c) Stock options

The Corporation has a 20% fixed long-term incentive plan whereby the Corporation may grant certain awards to directors, officers, employees and consultants, including stock options, to an aggregate maximum of 12,800,338 common shares. The exercise price, term and vesting period of each option are determined by the Board within regulatory guidelines.

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8. SHARE CAPITAL AND RESERVES (continued)

c) Stock options (continued)

A summary of the changes in stock options is presented below:

	Number of options	Weighted average exercise price \$
Balance, December 31, 2021	4,090,000	0.13
Granted	1,555,000	0.05
Balance, December 31, 2022	5,645,000	0.11
Granted	1,775,000	0.05
Cancelled	(810,000)	0.11
Balance, December 31, 2023	6,610,000	0.09

The following stock options were outstanding as at December 31, 2023:

Outstanding	Exercisable	Weighted average Exercise Price (outstanding) \$	Expiry Date	Weighted average remaining life (in years)
100,000	100,000	0.12	April 11, 2024	0.28
150,000	150,000	0.05	April 11, 2024	0.28
1,200,000	1,200,000	0.18	June 1, 2025	1.42
200,000	200,000	0.18	January 11, 2026	2.03
1,990,000	1,990,000	0.10	October 28, 2026	2.83
1,295,000	1,295,000	0.05	November 24, 2027	3.90
100,000	75,000	0.07	March 3, 2028	4.18
1,575,000	-	0.05	November 27, 2028	4.91
<u>6,610,000</u>	<u>5,010,000</u>	<u>0.09</u>		<u>3.18</u>

d) Share purchase warrants

A summary of the changes in warrants is presented below:

	Number of warrants	Weighted average exercise price \$
Balance, December 31, 2021	12,500,402	0.21
Issued	8,000,000	0.10
Expired	(4,897,250)	0.30
Exercised	(105,000)	0.10
Balance, December 31, 2022	15,498,152	0.12
Expired	(7,498,152)	0.15
Balance, December 31, 2023	8,000,000	0.10

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8. SHARE CAPITAL AND RESERVES (continued)

d) Share purchase warrants (continued)

The following warrants were outstanding as at December 31, 2023:

Outstanding	Exercisable	Exercise Price	Expiry Date
		\$	
8,000,000 ¹	8,000,000	0.10	September 28, 2024

¹ If the volume-weighted average price of the Corporation's common shares on the TSX Venture Exchange is greater than \$0.20 per share for a period of 10 consecutive trading days, the Corporation may elect to accelerate the expiry date of part or all of the 8,000,000 warrants by giving notice thereof to the holders of the warrants, and in such case that portion of the warrants would be subject to an expiry date that is 30 business days after the date on which such notice is given by the Corporation.

e) Share-based payments expense

The share-based payments expense for the stock options, based on vesting schedules, during the year ended December 31, 2023 was \$45,616 (2022: \$117,035).

The fair value of the stock options that were granted during the year ended December 31, 2023 was calculated using the Black-Scholes option pricing model with the following weighted average assumptions:

	2023	2022
Risk-free interest rate	3.64%	3.81%
Expected stock price volatility	79%	79%
Expected dividend yield	0.0%	0.0%
Expected option life in years	5.0	5.0

The weighted average fair value at grant date of options granted during the year ended December 31, 2023 was \$0.03 (2022: \$0.03).

Expected volatility is based on historical price volatility to the extent of the expected life of the option.

During the year ended December 31, 2023, the Corporation reclassified \$23,590 (2022: \$46,845) from other equity reserves to deficit pursuant to warrants that expired, \$55,456 (2022: \$Nil) from other equity reserves to deficit pursuant to cancelled stock options and \$Nil (2022: \$2,119) from other equity reserves to share capital pursuant to warrants that were exercised.

9. SUPPLEMENTAL CASH FLOW INFORMATION

The net change in non-cash operating working capital balances for the year ended December 31 consisted of the following:

	2023	2022
	\$	\$
Receivables	57,630	57,915
Prepaid expenses	934	48,450
Accounts payable and accrued liabilities	62,835	(139,014)
	121,399	(32,649)

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9. SUPPLEMENTAL CASH FLOW INFORMATION (continued)

The non-cash investing transactions for the year ended December 31, 2023 and December 31, 2022 consisted of the Corporation:

- receiving 70,285 (2022: 39,936) common shares of Skeena, valued at \$500,000 (2022: \$250,000), pursuant to the Red Chris Properties sale;
- issuing 800,000 common shares (2022: 600,000) with a value of \$52,000 (2022: \$36,000) to Mirva pursuant to the Empire Option Agreement; and
- acquiring \$16,222 of exploration and evaluation assets via staking that are included in accounts payable and accrued liabilities.

10. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

The Corporation examines the various financial instruments to which it is exposed and assesses the impact and likelihood of those risks. These risks include credit risk, liquidity risk and market risk (including interest rate, currency and other price risk). The risk related to financial instruments is managed by senior management of the Corporation under directions approved by the Board.

Financial instruments

Cash, receivables, receivable from Skeena, reclamation deposit and accounts payable and accrued liabilities are carried at amortized cost as they approximate their fair values due to the short-term nature of the financial instruments. Marketable securities are measured using level 1 of the fair value hierarchy.

Fair value estimates of financial instruments are made at a specific point in time, based on relevant information about financial markets and specific financial instruments. As these estimates are subjective in nature, involving uncertainties and matters of significant judgment, they cannot be determined with precision. Changes in assumptions can significantly affect estimated fair values.

Financial risk factors

The Corporation's risk exposures and the impact on the Corporation's financial statements is summarized below:

a) Credit risk

Financial instruments that potentially subject the Corporation to a significant concentration of credit risk consist primarily of cash and receivables. The Corporation limits its exposure to credit loss by placing its cash with a major Canadian bank. At December 31, 2023, the Corporation also holds a receivable from Skeena in the amount of \$1,424,068, using a discount rate of 8%, pursuant to the Red Chris Properties sale. The Corporation assesses expected credit risk from Skeena by assessing the maturity and ability to make payments and has not assessed a significant risk of collection.

b) Liquidity risk

Liquidity risk is the risk that the Corporation cannot meet its financial obligations associated with financial liabilities in full. The Corporation is exposed to liquidity risk and manages it through the management of its capital structure, as outlined below. The majority of the Corporation's current financial liabilities are anticipated to mature within the next fiscal period. The Corporation intends to settle these with funds from its positive working capital position. The Corporation remains exposed to liquidity risk.

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10. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (continued)

Financial risk factors (continued)

c) *Market risk*

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

(i) *Interest rate risk*

Interest rate risk on cash is minimal because these investments generally have a fixed yield rate. As at December 31, 2023, the Corporation did not have any interest-bearing debt.

(ii) *Foreign currency risk*

The Corporation could be exposed to foreign currency risk on fluctuations related to cash, and accounts payable and accrued liabilities that are denominated in a foreign currency. As at December 31, 2023, the Corporation did not have any significant exposure to foreign currencies and so considers foreign currency risk insignificant to the Corporation at present.

(iii) *Price risk*

The Corporation may at times have limited indirect exposure to price risk with respect to commodity and equity prices. Equity price risk is defined as the potential adverse impact on the Corporation'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.

11. CAPITAL MANAGEMENT

The Corporation's objectives when managing capital are to safeguard the Corporation's ability to continue as a going concern, so that it can provide returns for shareholders and benefits for other stakeholders. The Corporation's strategy remains unchanged from the year ended December 31, 2022.

The Corporation considers the items included in shareholders' equity as capital. The Corporation manages the capital structure and makes adjustments to it in response to changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Corporation may issue new shares, or acquire or dispose of assets.

In order to facilitate the management of its capital requirements, the Corporation prepares annual expenditure budgets that are updated as necessary. The annual budgets are approved by the Board.

In order to maximize ongoing exploration efforts, the Corporation does not pay dividends. The Corporation's treasury management policy is to invest its cash in highly rated liquid short-term interest-bearing investments with an initial term to maturity of twelve months or less.

The Corporation is not subject to externally imposed capital requirements.

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12. INCOME TAXES

Income tax expense differs from the amount that would result from applying the Canadian federal and provincial income tax rates to loss before income taxes. These differences resulted from the following items for the years ended December 31:

	2023	2022
	\$	\$
Income (loss) before income taxes	(972,013)	303,801
Canadian federal and provincial income tax rates	27.00%	27.00%
Income tax recovery based on the above rates	(262,444)	82,026
Increase (decrease) due to:		
Non-deductible expenses and other permanent differences	22,179	17,158
Flow-through shares	-	105,844
Change in unrecognized tax assets	240,265	(202,732)
Tax benefit of share issue costs	-	(2,296)
Net income tax recovery	-	-

The components of unrecognized deferred tax assets and liabilities were as follows at December 31:

	2023	2022
	\$	\$
Share issue costs	16,365	27,859
Exploration and evaluation assets	675,524	580,615
Skeena receivable	20,502	54,317
Marketable securities	5,650	(1,451)
Capital losses	3,203	-
Non-capital losses	1,128,727	948,365
Unrecognized deferred tax assets	1,849,971	1,609,705

In assessing the ability to realize deferred tax assets, management considers whether it is probable that some portion or all of the deferred tax assets will be realized. The ultimate realization of deferred tax assets is dependent upon the generation of future taxable income during the periods in which those deferred tax assets are deductible.

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12. INCOME TAXES (continued)

As at December 31, 2023, the Corporation had exploration and evaluation expenditures of approximately \$3,207,000 (2022: \$2,621,000) which are available for carry-forward indefinitely, and non-capital losses of approximately \$4,180,000 (2022: \$3,512,000) that expire as follows:

	\$
2031	10,000
2032	35,000
2033	40,000
2034	409,000
2035	398,000
2036	415,000
2037	494,000
2038	241,000
2039	292,000
2040	451,000
2041	494,000
2042	224,000
2043	677,000
	<u>4,180,000</u>

13. RELATED PARTY TRANSACTIONS

Key management compensation

Key management personnel at the Corporation are the Directors and Officers of the Corporation. Key management personnel, or their related parties, may hold positions in other entities that result in them having control or significant influence over the financial or operating policies of those entities.

In addition to key management personnel, the Corporation transacted with the following related parties during the year ended December 31, 2023 and/or 2022:

- Cazador, a private company controlled by the Corporation's CEO, Adam Travis; and
- Thomas Morgan & Co Ltd. ("TMCL"), a private company controlled by the Corporation's Chair of the Board, Fletcher Morgan.

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13. RELATED PARTY TRANSACTIONS (continued)

a) Related Party Transactions

The Corporation's related party transactions for the year ended December 31 were as follows:

		2023	2022
		\$	\$
Bonuses	1	37,704	12,000
Consulting fees	2	82,335	70,417
Director fees	3	66,000	66,000
Equipment rentals (exploration)	4	6,203	6,654
Geological fees	5	59,170	93,276
Salaries	6	90,000	90,000
Share-based payments expense	7	30,882	76,803
		<u>372,294</u>	<u>415,150</u>

1 Bonuses consisted of cash payments of \$12,000 (2022: \$12,000) to each of Cazador and TMCL pursuant to the Red Chris Properties sale as well as Board-approved bonuses of \$9,126 to Cazador and \$4,578 to the CFO, Tim Thiessen for achieving certain Company milestones during the year ended December 31, 2023, the amounts of which are included in accounts payable and accrued liabilities.

2 Consulting fees for 2023 and 2022 consisted exclusively of CEO fees earned by Mr. Travis through Cazador.

3 Director fees for 2023 and 2022 consisted of amounts of \$30,000 earned by Mr. Morgan through TMCL and \$18,000 earned by each of the Corporation's independent Board members, Messrs. Dale Wallster and Dan Berkshire.

4 Equipment rentals consisted exclusively of rentals from Cazador.

5 Geological fees consisted of fees of \$59,170 (2022: \$72,276) earned by the CEO through Cazador, and \$Nil (2022: \$21,000) earned by a director of the Corporation, Dan Berkshire, all of which were included in exploration expenditures.

6 Salaries consisted exclusively of amounts earned by the CFO.

7 Share-based payments expense is a non-cash item that consisted of the fair value of stock options that have been granted to key management personnel.

b) Related Party Balances

Related party balances, which are included in accounts payable and accrued liabilities on the statement of financial position, consisted of the following at December 31:

		2023	2022
		\$	\$
Due to Cazador	1	85,077	55,705
Due to the CFO	2	1,343	-
Bonuses payable	3	13,704	-
		<u>100,124</u>	<u>55,705</u>

1 Amounts due to Cazador consisted of \$61,425 (2022: \$36,873) for CEO and geological fees and \$23,652 (2022: \$18,832) for reimbursable expenses including certain staking fees.

2 Amounts due to the CFO consisted exclusively of reimbursable expenses.

3 Bonuses payable consisted of \$9,126 owed to Cazador and \$4,578 owed to the Corporation's CFO.