



VALHALLA METALS INC.

**CONSOLIDATED
FINANCIAL STATEMENTS**

**FOR THE YEARS ENDED
DECEMBER 31, 2023 AND 2022
(Expressed in US Dollars)**

INDEPENDENT AUDITORS' REPORT

To the Shareholders and Directors of Valhalla Metals Inc.

Opinion

We have audited the consolidated financial statements of Valhalla Metals Inc. and its subsidiaries (together, the Company) which comprise:

- the consolidated statements of financial position as at December 31, 2023 and 2022;
- the consolidated statements of comprehensive loss for the years then ended;
- the consolidated statements of changes in equity for the years then ended;
- the consolidated statements of cash flows for the years then ended; and
- the notes to the consolidated financial statements, including material accounting policy information and other explanatory information.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Company as at December 31, 2023 and 2022, and its consolidated 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 audits in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

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. We have fulfilled our other ethical responsibilities in accordance with these requirements.

Material Uncertainty Related to Going Concern

We draw attention to Note 1 of the accompanying consolidated financial statements, which describes matters and conditions that indicate the existence of a material uncertainty that may cast significant doubt about the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements for the year ended December 31, 2023. 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.

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

Other Information

Management is responsible for the other information. The other information comprises the Company's Management 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 identified above 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.

If, based on the work we have performed on this other information, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

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

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board, 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.

Auditors' 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 auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these 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 auditors' 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 auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the 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.

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

The engagement partner on the audit resulting in this independent auditors' report is Artem Valeev.

Manning Elliott LLP

CHARTERED PROFESSIONAL ACCOUNTANTS
Vancouver, British Columbia
April 22, 2024

VALHALLA METALS INC.**CONSOLIDATED STATEMENTS OF FINANCIAL POSITION**

(Expressed in US Dollars)

		December 31 2023	December 31 2022
ASSETS			
Current assets			
Cash and cash equivalents	\$	1,681,885	\$ 6,774,914
Amounts receivable		5,152	63,553
Prepaid expense		123,335	284,462
Total current assets		1,810,372	7,122,929
Equipment	(Note 7)	-	36,121
Exploration and evaluation assets	(Note 6)	50,000	1,650,615
	\$	1,860,372	\$ 8,809,665
LIABILITIES			
Current liabilities			
Accounts payable and accrued liabilities	(Note 9)	153,972	367,209
Total current liabilities		153,972	367,209
Long term liabilities			
Reclamation provision	(Note 7)	100,833	-
Total long term liabilities		100,833	-
		254,805	367,209
EQUITY			
Share capital	(Note 8)	15,154,548	15,154,548
Contributed surplus		988,446	988,446
Deficit		(14,433,988)	(7,616,760)
Accumulated other comprehensive loss		(103,439)	(83,778)
		1,605,567	8,442,456
	\$	1,860,372	\$ 8,809,665

CORPORATE INFORMATION AND NATURE OF CONTINUANCE OF OPERATIONS (Note 1)

CONTINGENCIES (Note 11)

Approved by the Board of Directors on April 22, 2024

"Raj Chowdhry"

Raj Chowdhry, Director

"Rick Van Nieuwenhuyse"

Rick Van Nieuwenhuyse, Director

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

VALHALLA METALS INC.**CONSOLIDATED STATEMENTS OF COMPREHENSIVE LOSS****FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022**

(Expressed in US Dollars)

		2023	2022
Operating expenses			
Corporate development	\$	41,709	\$ -
Exploration and evaluation expenses	(Notes 6 and 7)	4,919,618	150,829
Foreign exchange		-	(852)
Gain on debt settlement	(Note 8)	-	(45,160)
Listing costs	(Note 4)	-	5,378,548
Management fees	(Note 9)	148,200	38,692
Office and miscellaneous		40,065	29,111
Professional fees		125,680	126,774
Regulatory and transfer agent		49,102	4,182
Shareholder communications and investor relations		62,343	-
Share based compensation	(Notes 6 and 9)	-	873,722
Operating loss		5,386,717	6,555,846
Impairment of mineral properties	(Note 6)	1,603,315	30,846
Interest Income		(172,804)	(22,761)
Net loss for the year		6,817,228	6,563,932
Other comprehensive loss			
Items that may be reclassified subsequently to income or loss:			
Currency translation adjustments		19,661	83,778
Total comprehensive loss for the year	\$	6,836,889	\$ 6,647,710
Basic and diluted loss per share	\$	(0.08)	\$ (0.27)
Weighted average number of shares outstanding (basic and diluted)		83,225,336	24,101,618

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

VALHALLA METALS INC.**CONSOLIDATED STATEMENTS OF CASH FLOWS****FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022**

(Expressed in US Dollars)

	2023		2022	
Cash provided by (used for):				
Operating activities				
Net loss for the year	\$	(6,817,228)	\$	(6,563,932)
Items not involving cash				
Impairment of exploration assets		1,603,315		30,846
Camp reclamation provision		100,833		-
Listing costs		-		5,083,323
Share based compensation admin		-		873,722
Share based compensation exploration		-		114,724
Gain on debt settlement		-		(45,160)
Change in non-cash working capital:				
Amounts receivable		58,401		(54,691)
Prepaid expenses		197,249		(233,313)
Sponsorship agreement liability		-		(219,487)
Accounts payable and accrued liabilities		(213,237)		(388,355)
		(5,070,667)		(1,402,322)
Investing activities				
Exploration acquisition costs		(2,700)		(50,615)
Camp equipment purchase		-		(36,121)
Cash acquired on RTO		-		217,338
		(2,700)		130,602
Financing activities				
Proceeds from private placement		-		7,700,407
		-		7,700,407
Unrealized foreign exchange gain/loss cash		(19,662)		85,162
Change in cash during the year		(5,073,367)		6,513,848
Cash, beginning of the year		6,774,914		261,065
Cash, end of the year	\$	1,681,885	\$	6,774,914
SUPPLEMENTAL DISCLOSURE WITH RESPECT TO CASH FLOW				
Cash paid for:				
Interest	\$	-	\$	-
Taxes	\$	-	\$	-
Shares issued for debt	\$	-	\$	59,473
Cash earned from interest income	\$	172,804	\$	22,761

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

VALHALLA METALS INC.

**CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022**

(Expressed in US Dollars)

	Number of Subordinate Voting Shares	Number of Multiple Voting Shares	Share Capital	Contributed surplus	Deficit	Accumulated other comprehensive loss	Total Equity
Balance, December 31, 2021	112,362	-	\$ 2,697,899	\$ -	\$ (1,052,828)	\$ -	\$ 1,645,071
Shares returned to treasury	(112,362)	-	-	-	-	-	-
Subordinate voting shares issued	1,791,085	-	-	-	-	-	-
Multiple voting shares issued	-	482,087	-	-	-	-	-
Shares issued for private placement	20,460,761	-	7,700,407	-	-	-	7,700,407
Shares issued for RTO	12,479,790	-	4,696,769	-	-	-	4,696,769
Shares issued for debt	285,000	-	59,473	-	-	-	59,473
Stock options compensation	-	-	-	988,446	-	-	988,446
Net loss for the year	-	-	-	-	(6,563,932)	-	(6,563,932)
Currency translation adjustments	-	-	-	-	-	(83,778)	(83,778)
Balance, December 31, 2022	35,016,636	482,087	\$ 15,154,548	\$ 988,446	\$ (7,616,760)	\$ (83,778)	\$ 8,442,456
Net loss for the year	-	-	-	-	(6,817,228)	-	(6,817,228)
Currency translation adjustment	-	-	-	-	-	(19,661)	(19,661)
Balance, December 31, 2023	35,016,636	482,087	\$ 15,154,548	\$ 988,446	\$ (14,433,988)	\$ (103,439)	\$ 1,605,567

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

VALHALLA METALS INC.**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS****FOR THE YEAR ENDED DECEMBER 31, 2023 AND 2022**

(Expressed in US Dollars)

1. CORPORATE INFORMATION AND NATURE OF CONTINUANCE OF OPERATIONS

Valhalla Metals Inc. (the “Company” or “Valhalla”), formerly SolidusGold Inc. (“Solidus”) was incorporated on April 13, 2011 under the laws of British Columbia under the name of “Mantra Capital Inc.” On September 4, 2014 the Company changed its name to SolidusGold Inc. (“Solidus”) and commenced trading on the TSX Venture Exchange (“TSX-V”). On September 16, 2022, the Company completed a share exchange agreement with Valhalla Metals Inc. (a US Company) (“Valhalla US”) giving effect to the acquisition of Valhalla US’s outstanding common shares by way of a reverse acquisition transaction (Note 4). These consolidated financial statements include the historical operations of Valhalla US, assets and liabilities of Valhalla US, which is deemed to be the continuing entity for financial reporting purposes. Valhalla US was incorporated in the state of Alaska, United States of America on May 13, 2018.

The principal business activity of the Company acquiring and exploring mineral properties. The Company is currently trading on TSX-V under the symbol VMXX. The address of the Company’s corporate office and its principal place of business is 2800 Park Place, 666 Burrard Street, Vancouver, British Columbia, V6C 2Z7, Canada.

The consolidated financial statements were prepared on a going concern basis with the assumption that the Company will continue in operation for the foreseeable future and will be able to realize its assets and discharge its liabilities and commitments in the normal course of business. The Company has incurred significant operating losses since inception, including \$6,817,228 in the current year, resulting in a deficit of \$14,433,988. The Company will require additional financing to continue operations and pursue its projects. While the Company has been successful in obtaining funding in the past through the issuance of additional equity, there is no assurance that such funding will be available in the future. An inability to raise additional funds would adversely impact the future assessment of the Company as a going concern. These factors indicate the existence of a material uncertainty that may cast significant doubt about the Company’s ability to continue as a going concern.

The Company is dependent upon its ability to finance its operations and exploration programs through financing activities that may include issuances of additional debt or equity securities. The recoverability of the carrying value of exploration and evaluation assets and, ultimately, the Company’s ability to continue as a going concern, is dependent upon the Company’s ability to raise financing to complete exploration on a mineral property, the outcome of which is uncertain. The financial statements do not include adjustments to amounts and classifications of assets and liabilities that might be necessary should the Company be unable to continue operations. Such adjustments could be material.

VALHALLA METALS INC.**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS****FOR THE YEAR ENDED DECEMBER 31, 2023 AND 2022**

(Expressed in US Dollars)

2. BASIS OF PRESENTATION**(a) Statement of compliance:**

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

(b) Approval of consolidated financial statements:

These consolidated financial statements were approved by the Company's Board of Directors on April 22, 2024.

(c) Basis of presentation:

These consolidated financial statements have been prepared on a historical cost basis except for certain financial instruments which are measured at fair value, as disclosed in Note 5. In addition, these consolidated financial statements have been prepared using the accrual basis of accounting, except for cash flow information.

(d) Functional currency and presentation currency:

The functional currency is the Canadian dollar for the Canadian parent entity and US dollar for the US subsidiary. The presentation currency of the Company and its subsidiaries is the US dollar, and accounts denominated in currencies other than the US dollar have been translated as follows:

1. Monetary assets and liabilities at the exchange rate at the consolidated statement of financial position date;
2. Non-monetary assets and liabilities at the historical exchange rates, unless such items are carried at fair value, in which case they are translated at the date when the fair value was determined;
3. Shareholders' equity items at historical exchange rates; and
4. Expense items at the rate of exchange on the transaction date.

Exchange gains and losses arising from translation of the Canadian operations to the Company's US dollar presentation currency are recorded as currency translation adjustments in other comprehensive income (loss), which is included in accumulated other comprehensive loss.

(e) Significant accounting estimates and judgements:

The preparation of these financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of expenses, assets and liabilities, the accompanying disclosures, and the disclosure of contingent liabilities at the date of the financial statements. Estimates and assumptions are continually evaluated and are based on management's experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

VALHALLA METALS INC.**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS****FOR THE YEAR ENDED DECEMBER 31, 2023 AND 2022**

(Expressed in US Dollars)

2. BASIS OF PRESENTATION (continued)**(e) Significant accounting estimates and judgements: (continued)**

In particular, the Company has identified a number of areas where significant judgements, estimates and assumptions are required. These areas include, but are not limited to, the following:

Significant accounting estimates

Significant 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:

- Reclamation provision:

The Company's provision for reclamation represents management's best estimate of the present value of the future cash outflows required to settle estimated reclamation costs at the Sun property. The provision reflects estimates of future reclamation costs, inflation and the applicable risk-free interest rates for discounting the future cash outflows. Changes in the above factors could result in a change to the provision recognized by the Company.

Significant accounting judgments

Information about significant 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:

- Going concern

The assessment of the Company's ability to continue as a going concern and to raise sufficient funds to pay for its ongoing operating expenditures, meet its liabilities for the ensuing year, and to fund planned project-acquisitions, involves significant judgment based on historical experience and other factors, including expectation of future events that are believed to be reasonable under the circumstances (Note 1).

- Exploration and Evaluation assets impairment

The assessment of evidence of impairment in respect of exploration and evaluation assets (capitalized mineral property acquisition costs) requires management to make judgments regarding the status of each project and the future exploration plans. The facts and circumstances indicating that the Company should test its exploration and evaluation assets for impairment are defined in IFRS 6. The nature of exploration and evaluation activities is such that only a proportion of projects are ultimately successful and some assets are likely to become impaired in future periods. Management has determined that there were facts and circumstances indicating that the carrying amount of the Company's exploration and evaluation assets may exceed their recoverable amount at December 31, 2023 (see Note 6).

VALHALLA METALS INC.**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS****FOR THE YEAR ENDED DECEMBER 31, 2023 AND 2022**

(Expressed in US Dollars)

2. BASIS OF PRESENTATION (continued)**(e) Significant accounting estimates and judgements: (continued)**

- Recovery of deferred tax assets:

Judgement is required to determine whether deferred tax assets are recognized in the statement of financial position. Deferred tax assets, including those arising from unutilized tax losses, require the Company to assess the likelihood that it will generate sufficient taxable earnings in future periods, in order to utilize recognized deferred tax assets. Judgement is also required in respect of the application of existing tax laws in each jurisdiction.

Assumptions about the generation of future taxable profits depend on management's estimates of future cash flows. These estimates of future taxable income are based on forecast cash flows from operations (which are impacted by production and sales volumes, commodity prices, reserves, operating costs, closure and rehabilitation costs, capital expenditure, dividends and other capital management transactions). To the extent that future cash flows and taxable income differ significantly from estimates, the ability of the Company to realize the net deferred tax assets recorded at the reporting date could be impacted. In addition, future changes in tax laws in the jurisdictions in which the Company operates could limit the ability of the Company to obtain tax deductions in future periods.

3. MATERIAL ACCOUNTING POLICIES

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

(a) Currency

These consolidated financial statements are presented in United States dollars. The functional currency of each entity in the consolidated group is determined with reference to the currency of the primary economic environment in which that entity operates. Accordingly, the functional currency of entities operating principally in the United States will be the United States dollar, while the functional currency of entities operating principally in Canada will be the Canadian dollar.

(b) Basis of consolidation

These consolidated financial statements include the accounts of the Company and its wholly-owned subsidiary, Valhalla Metals AK Inc. The financial statements of subsidiaries are included in the consolidated financial statements from the date control commences until the date control ceases. All significant intercompany transactions and balances are eliminated on consolidation.

VALHALLA METALS INC.**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS****FOR THE YEAR ENDED DECEMBER 31, 2023 AND 2022**

(Expressed in US Dollars)

3. MATERIAL ACCOUNTING POLICIES (continued)**(c) Income taxes**

Income tax on profit or loss for the periods presented 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 or other comprehensive loss, in which case the income tax is recognized in equity or other comprehensive loss.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted, or substantively enacted, at the end of the reporting period, and any adjustment to tax payable in respect of previous years. Current tax assets and current tax liabilities are only offset if a legally enforceable right exists to set off the amounts, and the Company intends to settle on a net basis, or to realize the asset and settle the liability simultaneously.

Deferred tax is provided 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 the initial recognition of assets or liabilities in a transaction that is not a business combination and affects neither accounting nor taxable profit. The amount of deferred tax provided is based on the expected manner of realization or settlement of the carrying amounts of assets and liabilities, on a non-discounted basis using tax rates at the end of the reporting period applicable to the period of expected realization.

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.

(d) Cash and cash equivalents

Cash and cash equivalents consist of cash on deposit with banks or highly liquid short-term interest-bearing securities that are readily convertible to known amounts of cash and those that have original maturities of three months or less or are fully redeemable without penalty prior to maturity.

(e) Financial instruments*(i) Classification*

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

*(ii) Measurement*Financial assets and liabilities at amortized cost

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

VALHALLA METALS INC.**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS****FOR THE YEAR ENDED DECEMBER 31, 2023 AND 2022**

(Expressed in US Dollars)

3. MATERIAL ACCOUNTING POLICIES (continued)Financial assets and liabilities at FVTPL

Financial assets and liabilities carried at FVTPL are initially recorded at fair value. 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 profit or loss in the period in which they arise.

Financial assets at FVTOCI

Financial assets carried at FVTOCI are initially recorded at fair value. Unrealized gains and losses arising from changes in the fair value of the financial assets held at FVTOCI are included in other comprehensive income or loss in the period in which they arise.

(iii) Impairment of Financial Assets at Amortized Cost

The Company recognizes a loss allowance for expected credit losses on financial assets that are measured at amortized cost. At each reporting date, the Company measures the loss allowance for the financial asset at an amount equal to the lifetime expected credit losses if the credit risk on the financial asset has increased significantly since initial recognition. If at the reporting date, the credit risk on the financial asset has not increased significantly since initial recognition, the Company measures the loss allowance for the financial asset at an amount equal to the twelve month expected credit losses. Regardless of whether credit risk has increased significantly, the loss allowances for trade receivables without a significant financing component classified at amortized cost, are measured using the lifetime expected credit loss approach. The Company shall recognize in the statements of loss and comprehensive loss, as an impairment gain or loss, the amount of expected credit loss (or reversal) that is required to adjust the loss allowance at the reporting date to the amount that is required to be recognized.

(iv) Derecognition

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 statements of loss and comprehensive loss.

(f) Share capital

Common shares issued by the Company are classified as equity. Costs directly attributable to the issue of common shares, net of any related income tax effects.

(g) Loss per share

Basic loss per share is computed by dividing the net loss available to common shareholders by the weighted average number of shares outstanding during the reporting year. Diluted loss per share is computed using the treasury stock method, under which the weighted average number of shares outstanding is 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 are exercised. Shares held in escrow, other than where their release is subject to the passage of time, are not included in the calculation of the weighted average number of common shares outstanding.

VALHALLA METALS INC.**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS****FOR THE YEAR ENDED DECEMBER 31, 2023 AND 2022**

(Expressed in US Dollars)

3. MATERIAL ACCOUNTING POLICIES (continued)**(h) Exploration and evaluation assets**

Exploration and evaluation assets include the purchase price of mineral properties and any costs incurred for mineral properties not classified as exploration and evaluation expenses. When economically viable reserves have been determined, technical feasibility has been determined and the decision to proceed with development has been approved, the capitalized mineral property interests for that project are reclassified as mining properties, a component of property, plant and equipment.

Exploration and evaluation expenses are comprised of costs that are directly attributable to:

- Researching and analysing exploration data;
- Conducting geological studies, exploratory drilling and sampling;
- Examining and testing extraction and treatment methods; and
- Activities in relation to evaluating the technical feasibility and commercial viability of extracting a mineral resource including personnel, community engagement, resource reporting, as well as indirect project support expenses such as flights, fuel, and other camp operation costs.

All exploration and evaluation expenditures including camp equipment and other camp costs directly related to exploration are expensed until properties are determined to contain economically viable reserves.

Development expenditures capitalized as mining properties are net of the proceeds of the sale of ore extracted during the development phase. Interest on borrowings related to the construction and development of assets is capitalized until substantially all the activities required to make the asset ready for its intended use are complete. The costs of removing overburden to access ore are capitalized as pre-production stripping costs and classified as mining properties.

(i) Impairment of exploration and evaluation 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 less costs to sell is determined as the amount that would be obtained from the sale of the asset price received to sell an asset in an orderly transaction between market participants. 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 ("CGU") to which the asset belongs. When a subsequent event causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through profit or loss.

(j) Restoration and environmental obligations

The Company recognizes liabilities for legal or constructive obligations associated with the retirement of exploration and evaluation assets. The net present value of future rehabilitation costs is recorded to exploration expenses with a corresponding increase in the rehabilitation provision in the period incurred. A pre-tax discount rate that reflects the time value of money is used to calculate the net present value.

VALHALLA METALS INC.**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS****FOR THE YEAR ENDED DECEMBER 31, 2023 AND 2022**

(Expressed in US Dollars)

3. MATERIAL ACCOUNTING POLICIES (continued)

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 exploration expenses with a corresponding entry to the rehabilitation provision.

(k) Fixed assets other than exploration and evaluation assets

Fixed assets are measured initially at cost, unless they are acquired as part of a business combination, in which case they are initially measured at fair value. Thereafter, the fixed assets are recorded net of accumulated depreciation and accumulated impairment losses. Cost includes expenditures that are directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the cost of materials and direct labour, any other costs directly attributable to bringing the assets to a working condition for their intended use, estimated decommissioning provisions and borrowing costs on qualifying assets.

The gain or loss on disposal of an item fixed assets is determined by comparing the proceeds from disposal with the carrying amount of the fixed asset and are recognized within other expense or income in earnings. During the usage period, the fixed assets are reviewed for impairment and if the carrying amount exceeds the recoverable amount, the asset is described as impaired.

(l) Shared based compensation

The Company may grant stock options to acquire common shares of the Company to directors, officers, employees and consultants. An individual is classified as an employee when the individual is an employee for legal or tax purposes, or provides services similar to those performed by an employee. Stock options granted to directors, officers and employees are measured at their fair values determined on their grant date, using the Black-Scholes option pricing model, and are recognized as an expense over the vesting periods of the options on a graded basis. Options granted to consultants or other non-insiders are measured at the fair value of goods or services received from these parties, or at their Black-Scholes fair values if the fair value of goods or services received cannot be measured. A corresponding increase is recorded to equity reserves for share-based compensation recorded. When stock options are exercised, the cash proceeds along with the amount previously recorded as equity reserves are recorded as share capital. When the right to receive options is forfeited before the options have vested, any expense previously recorded is reversed.

(m) New and amended accounting pronouncements

The IASB issued certain new or amended accounting standards that are mandatory for accounting periods on or after January 1, 2023. The effect of such new or amended accounting standards did not have a material impact on the Company's consolidated financial statements.

As part of the new or amended accounting standards, the Company adopted Amendments to IAS 1, *Presentation of Financial Statements Presentation of Financial Statements – Disclosure of Accounting Policies*, requiring entities to disclose material, instead of significant, accounting policy information. The accounting policies disclosed within these financial statements were not impacted by the adoption of these amendments.

VALHALLA METALS INC.**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS****FOR THE YEAR ENDED DECEMBER 31, 2023 AND 2022**

(Expressed in US Dollars)

4. REVERSE ACQUISITION TRANSACTION

On September 16, 2022, the Company closed a share exchange agreement with Valhalla US, whereby the Company acquired all the issued and outstanding securities in the capital of Valhalla US in exchange for the common shares of the Company. The acquisition of Valhalla US by Valhalla is accounted for as a reverse takeover, whereby, Valhalla US is deemed to be the acquirer and Valhalla is deemed to be the acquiree. The acquisition constitutes an asset acquisition as Valhalla did not meet the definition of a business as defined in IFRS 3, *Business Combinations*. As a result, the acquisition is accounted for in accordance with IFRS 2, *Share-based Payments* whereby Valhalla US is deemed to have issued shares in exchange for the net assets of Valhalla together with its listing status at the fair value of the consideration deemed received by Valhalla US. The share capital of Valhalla is eliminated as a result of the acquisition. The consolidated financial statements on the consolidated entity are issued under the legal parent, Valhalla, but are considered a continuation of the financial statements, assets and operations of the legal subsidiary, Valhalla US.

Pursuant to the share exchange agreement:

- Valhalla consolidated its issued and outstanding capital at a 5 to 1 ratio that resulted in 12,479,790 Valhalla common shares outstanding. The Valhalla common shares issued in connection with the transaction were then issued on a post-consolidation basis.
- Valhalla and Valhalla US completed a three-cornered merger (the “Merger”) whereby a wholly owned subsidiary of Valhalla, Valhalla Mergerco, an Alaska corporation, merged with Valhalla US. Upon completion of the merger:
 - (i) Former 4,025 Valhalla US Common Shares held by non-U.S. Residents were exchanged for 1,791,085 Valhalla Subordinate Voting Shares; and
 - (ii) Former 108,337 Valhalla US Common Shares held by U.S. Residents were exchanged for 482,087 Valhalla Multiple Voting Shares (multiplier factor of 100);
- At the closing of the Transaction, the shareholders of Valhalla US became, in aggregate, the controlling shareholders of the Company. Accordingly, Valhalla US is considered to have acquired Valhalla with the transaction being accounted for as a reverse takeover of Solidus by Valhalla.
- In connection with the reverse acquisition and pursuant to a strategic investment agreement between Marubeni Metals & Minerals (Canada) Inc. (“Marubeni”) and the Company, Marubeni subscribed for 16,580,000 subordinate voting shares of Valhalla for gross proceeds of CAD\$8,290,000 (CAD\$0.50 per share).
- Concurrent with the Marubeni financing and reverse acquisition the Company undertook a non-brokered private placement and issued 3,880,761 subordinate voting shares at CAD\$0.50 per share, for total gross proceeds of CAD\$1,940,380.

VALHALLA METALS INC.**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS****FOR THE YEAR ENDED DECEMBER 31, 2023 AND 2022**

(Expressed in US Dollars)

4. REVERSE ACQUISITION TRANSACTION (continued)

The 2022 listing expense of \$5,378,548 is comprised of the fair value of the common shared of Valhalla retained by the former shareholders of Valhalla and other direct expenses of the transaction less the fair value of the net assets of the Company that were acquired and is summarized as follows:

Common shares issued (12,479,790@CAD\$0.50 at USD FX rate 0.7527)	\$	4,696,769
Legal and other transaction costs		295,225
		4,991,994
Net liabilities of the Company		
Cash		(217,388)
Receivables		(8,862)
Prepays expenses		(730)
Mineral properties		(31,504)
Accounts payable and accrued liabilities		644,988
Total net liabilities		386,554
Listing expense	\$	5,378,548

5. RISK MANAGEMENT AND FINANCIAL INSTRUMENTS

Financial instruments are agreements between two parties that give rise to a financial asset of one entity and a financial liability or equity instrument of another entity. The Company classifies its financial instruments as follows: cash is classified as fair value through profit or loss ("FVTPL"); and accounts payable and accrued liabilities and sponsorship liability, as amortized cost. The carrying values of these instruments approximate their fair values due to their short term to maturity.

Capital management

The Company does not generate cash flows from operations. The Company's primary source of funds comes from the issuance of share capital. The Company does not use other sources of financing that require fixed payments of interest and principal due to lack of cash flow from current operations and is not subject to any externally imposed capital requirements.

The Company's objective when managing capital is to advance its E&E properties while safeguarding the Company's ability to continue as a going concern.

VALHALLA METALS INC.**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS****FOR THE YEAR ENDED DECEMBER 31, 2023 AND 2022**

(Expressed in US Dollars)

5. RISK MANAGEMENT AND FINANCIAL INSTRUMENTS (continued)

The Company defines its capital as shareholders' equity. Capital requirements are driven by the Company's general operations. To effectively manage the Company's capital requirements, the Company monitors expenses and overhead to ensure costs and commitments are being paid. There were no changes to the Company's capital management approach during the years ended December 31, 2023 and 2022. The Company is not subject to any externally imposed capital requirements.

Management of financial risk

Financial instruments measured at fair value are classified into one of three levels in the fair value hierarchy according to the relative reliability of the inputs used to estimate the fair values. The three levels of the fair value hierarchy are:

- Level 1 - Unadjusted quoted prices in active markets for identical assets or liabilities;
- Level 2 - Inputs other than quoted prices that are observable for the asset or liability either directly or indirectly; and
- Level 3 - Inputs that are not based on observable market data.

The Company's financial instruments classified as level 1 in the fair value hierarchy are cash. Accounts payable and accrued liabilities approximate fair value due to the short-term nature of these financial instruments.

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

Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in market prices. Market risk consists of interest rate risk, foreign currency risk and other price risk. As at December 31, 2023, the Company is not exposed to significant market risk.

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 approach to managing liquidity risk is to attempt to ensure that it will have sufficient cash or credit available to meet liabilities when due. 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.

Credit risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. All of the Company's cash is held in reputable financial institutions and as such, the Company believes credit risk is negligible.

VALHALLA METALS INC.**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS****FOR THE YEAR ENDED DECEMBER 31, 2023 AND 2022**(Expressed in US Dollars)

5. RISK MANAGEMENT AND FINANCIAL INSTRUMENTS (continued)

All of the liabilities presented as accounts payable and accrued liabilities are due within 90 days of December 31, 2023.

Foreign Exchange Risk

Currency risk is the risk to the Company's earnings that arises from fluctuations of foreign exchange rates and the degree of volatility of these rates. The Company does not use derivative instruments to reduce its exposure to foreign currency risk. The Company is exposed to foreign exchange risk with respect to these transactions. The Company is exposed to currency risk through the following assets and liabilities denominated in Canadian dollars:

	December 31, 2023	December 31, 2022
Cash and cash equivalents	1,659,295	6,774,914
Accounts payable	(88,271)	(367,209)

At December 31, 2023, Canadian dollar amounts were converted at a rate of CAD 1.00 to USD 0.7561. A 10% increase or decrease in the Canadian dollar relative to the US dollar would result in a change of approximately \$157,102 (December 31, 2022 - \$640,770) in the Company's comprehensive loss for the year. Cash equivalents at December 31, 2023 consist of Canadian Guaranteed Investment Certificates of \$1,137,931 (December 31, 2022 - \$5,910,092).

Categories of financial assets and financial liabilities

The carrying values of the Company's financial instruments are classified into the following categories:

Financial instrument	Category	December 31, 2023	December 31, 2022
Cash and cash equivalents	FVPTL	\$ 1,681,885	\$ 6,774,914
Accounts payable	Amortized cost	\$ 153,972	\$ 367,209

VALHALLA METALS INC.**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS****FOR THE YEAR ENDED DECEMBER 31, 2023 AND 2022**

(Expressed in US Dollars)

6. EXPLORATION AND EVALUATION ASSETS**a) Sun Property**

On May 15, 2018, Valhalla Mining Inc, a company controlled by a former director of the Company, transferred its 100% interest in certain mineral rights to the Company in exchange of common shares with a fair value of \$800,000. The mineral rights ("Sun Property") are located in the Ambler Mining District of Alaska.

In Q4 2023, given the delay and uncertainty surrounding the approval by the Bureau of Land Management of the road that would provide access to the Ambler Mining District, the Company wrote off the accounting cost of the Sun Property to \$25,000. An impairment loss of \$775,000 was recorded on the Statement of Consolidated Comprehensive loss for year ended December 31, 2023).

As of December 31, 2023, the Company has ownership of 392 mineral claims at the Sun Property (392 mineral claims at December 31, 2022).

b) Smucker Property

On May 15, 2018, Valhalla Mining, LLC, a company controlled by a former director of the Company, transferred its 100% interest in certain mineral rights to the Company in exchange of common shares with a fair value of \$800,000. The mineral rights ("Smucker Property") are located in the Ambler Mining District of Alaska. As a result of this transaction, the Company acquired 58 mining claims.

During the year ended December 31, 2022, the Company spent \$50,615 on staking an additional 76 State of Alaska mining claims immediately adjacent to the original Smucker claim block. During 2023, the Company spent an additional of \$2,700 on staking work and staked 10 more claims.

In a decision dated April 21, 2023, the Alaska Supreme Court ruled that 11 of the initial 58 mineral claims staked by Valhalla Mining LLC at the Smucker Property were invalid due to the extent of those claims over-lapping the old Teck Resources claims block at Smucker (see note 11 for additional details). The Company wrote off the book value associated with these 11 claims and recorded an impairment loss (\$151,724 loss recorded on the December 31, 2023 Statement of Consolidated Comprehensive loss).

In Q4 2023, given the delay and uncertainty surrounding the approval by the Bureau of Land Management of the road that would provide access to the Ambler Mining District, the Company wrote off the accounting cost of the Smucker Property to \$25,000. An impairment loss of \$676,591 was recorded on the Statement of Consolidated Comprehensive loss for year ended December 31, 2023).

As of December 31, 2023, the Company has ownership of 133 mineral claims at the Smucker Property (134 mineral claims at December 31, 2022).

c) Honeymoon Property

The Honeymoon property is an early-stage gold-silver-copper property located on the west side of Adams Lake, British Columbia, approximately 85 km northeast of Kamloops, British Columbia. The Company wholly owns the Honeymoon property which consists of six mineral claims covering an area of approximately 2,648 hectares. The Honeymoon property was transferred to the Company as part of the reverse transaction. In Q4 2022, the Company decided not to further pursue this project. As such, the carrying value of the property was written off (\$30,846 impairment loss was recorded on the December 31, 2022 Statement of Consolidated Comprehensive loss).

VALHALLA METALS INC.**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS****FOR THE YEAR ENDED DECEMBER 31, 2023 AND 2022**

(Expressed in US Dollars)

6. EXPLORATION AND EVALUATION ASSETS (continued)

The following tables present a summary of the exploration and evaluation assets as of December 31, 2023 as well as exploration expenses incurred during the year ended December 31, 2023 and December 31, 2022:

Exploration and evaluation assets

	Sun	Smucker	Total
Balance, December 31, 2021	\$ 800,000	\$ 800,000	\$ 1,600,000
Acquisition of property	-	50,615	50,615
Balance, December 31, 2022	\$ 800,000	850,615	\$ 1,650,615
Acquisition of property	-	2,700	2,700
Impairment of property	(775,000)	(828,315)	(1,603,315)
Balance, December 31, 2023	\$ 25,000	25,000	\$ 50,000

Exploration expenses

December 31, 2023	Sun	Smucker	Total
Air transportation	\$ 1,587,513	\$ -	\$ 1,587,513
Assays	52,851	-	52,851
Drilling	1,014,293	-	1,014,293
Camp equipment	535,003	-	535,003
Camp set up costs	261,177	-	261,177
Camp reclamation provision	100,833	-	100,833
Geology	276,977	-	276,977
Fuel	591,092	-	591,092
Labour	149,756	-	149,756
Mineral claims rents	93,720	20,020	113,740
Other	197,879	-	197,879
Supplies	38,505	-	38,505
December 31, 2023	\$ 4,899,598	\$ 20,020	\$ 4,919,618

December 31, 2022	Sun	Smucker	Total
Mineral claims rents	\$ 75,254	\$ 12,760	\$ 88,014
Geology	29,569	23,345	52,914
Stock based compensation	57,362	57,362	114,724
Recovery of costs under the sponsorship agreement	(104,823)	-	(104,823)
December 31, 2022	\$ 57,362	\$ 93,467	\$ 150,829

VALHALLA METALS INC.**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS****FOR THE YEAR ENDED DECEMBER 31, 2023 AND 2022**

(Expressed in US Dollars)

7. RECLAMATION PROVISION

In connection with the Sun project exploration camp site that was built in 2023, the Company recognized a reclamation provision at December 31, 2023 with a present value of \$100,833. The present value of the obligation relating to the reclamation provision was calculated using an average risk-free interest rate of 3.1% and an inflation rate of 2% and the life of the mining camp was estimated at 10 years. The undiscounted value of the obligation was \$136,832.

A reconciliation of the changes in the Company's reclamation provision is as follows:

Reclamation obligation on completion of Sun project exploration camp	\$	100,833
Reclamation work completed during the year		-
Balance at December 31, 2023	\$	100,833

8. SHARE CAPITAL**a) Authorized:**

The Company is authorized to issue an unlimited number of subordinate voting shares without nominal or par value and unlimited number of multiple voting shares without nominal or par value.

The Company has issued 482,087 multiple voting shares a part of the reverse acquisition transaction. These shares are restricted and held in escrow and will be released over the 36-month period ending September 16, 2025 and convert to subordinate voting shares with a multiplying factor of 100 (resulting in 48,208,700 subordinate voting shares) when the following conditions are met: (1) vesting from escrow (2) US investors (multiple voting share holders) cumulative ownership of the Company cannot exceed 40% of the issued and outstanding subordinate voting shares.

(b) Reconciliation of changes in share capital

On September 16, 2022, the Company closed a share exchange agreement with Valhalla US as described in Note 3. Valhalla US exchanged 112,362 shares and converted 4,025 shares held by non-U.S. residents to 1,791,085 Valhalla Subordinate Voting Shares and 108,337 shares held by U.S. residents for 482,087 Multiple Voting Shares. The Multiple Voting Shares have a multiplier factor of 100.

On September 16, 2022, the Company issued the holders of Solidus common shares 12,479,790 subordinate voting shares with par value of CAD\$0.50 (USD\$0.3764) on a post 5:1 consolidation basis.

On September 16, 2022, the Company closed the Marubeni private placement and issued 16,580,000 subordinate voting shares of Valhalla for gross proceeds of CAD\$8,290,000 (CAD\$0.50 per share) and concurrently closed a non-brokered private placement and issued 3,880,761 subordinate voting shares at CAD\$0.50 per share, for total gross proceeds of CAD\$1,940,380.50.

VALHALLA METALS INC.**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS****FOR THE YEAR ENDED DECEMBER 31, 2023 AND 2022**(Expressed in US Dollars)

8. SHARE CAPITAL (continued)

On December 12, 2022, the Company issued 285,000 subordinate voting shares of the Company to settle \$105,023 of debt owed to MA2 Capital Inc., a company controlled by Sorin Posescu, the Company's CEO at a deemed price of CAD\$0.50 per share and recorded a gain on debt settlement of \$45,160.

Escrow

In connection with the Transaction, certain principals of the Company have entered into a Tier 2 Value Escrow Agreement with Computershare Investor Services, Inc. as escrow agent, in respect of 5,586,538 Subordinate Voting Shares and 330,570 Multiple Voting Shares. Under the terms of the Escrow Agreements, 10% of such escrowed securities will be released upon the date of the exchange bulletin from the TSXV, with the balance to be released in six tranches of 15% every six months thereafter. As at December 31, 2023, 220,382 Multiple Voting Shares and 5,586,538 Subordinate Voting Shares of the Company remain in escrow. Due to administrative delays, none of the Subordinate Voting Shares placed in escrow as a result of the RTO were released as of December 31, 2023. The release of the Subordinate Voting shares from escrow commenced subsequent to December 31, 2023.

Warrants

The following table summarizes the continuity of the Company's warrants:

Exercise Price	January 1, 2022	Transferred on RTO in 2022	Balance December 31, 2022 and 2023	Expiry Date	Weighted average exercise price
CAD\$0.60	-	1,333,422	1,333,422	October 8, 2024	CAD\$0.60
		1,333,422	1,333,422		

As at December 31, 2023, the Company had 1,333,422 outstanding warrants. These are warrants issued initially by Valhalla, formerly Solidus in October 2020 and transferred on a 5:1 basis to the Company as part of the reverse acquisition transaction. The warrants expiry date was extended to October 8, 2024 and the Company recorded \$151,917 of share-based compensation in 2022 in connection with the extension.

Stock Option Plan

The Share Compensation Plan is a "rolling up to 10%" omnibus plan pursuant to which the total number of Subordinate Voting Shares which may be issued pursuant to RSUs and Options granted under the Share Compensation Plan, in the aggregate, is equal to up to a maximum of 10% of the issued and outstanding Subordinate Voting Shares, assuming the conversion of all Multiple Voting Shares (1 multiple voting share to 100 to Subordinate Voting Shares), at the time of the grant or award.

On November 7, 2022, the Company issued to certain directors, officers, employees, and consultants stock options that would allow them to acquire a total of 4,375,000 subordinate voting shares in the capital of the Company at an exercise price of CAD\$0.50. The Options are exercisable for a five-year term expiring November 7, 2027. In addition, on RTO date, 55,000 stock options were deemed issued. These RTO stock options have an expiry date of August 15, 2024 and can be exercised for CAD\$1.25.

VALHALLA METALS INC.**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS****FOR THE YEAR ENDED DECEMBER 31, 2023 AND 2022**

(Expressed in US Dollars)

8. SHARE CAPITAL (continued)

The following table summarizes the continuity of the Company's stock options:

Exercise Price	January 1, 2022	Issued in 2022	Balance December 31, 2022 and 2023	Expiry Date	Weighted average exercise price
CAD\$0.50	-	4,375,000	4,375,000	November 7, 2027	CAD\$0.50
CAD\$1.25	-	55,000	55,000	August 15, 2024	CAD\$1.25
		4,430,000	4,430,000		CAD\$0.51

In connection to the November 7, 2022 issuance of stock options, the Company recognized a stock based compensation expense of \$836,528 (\$721,804 recorded as a stock based compensation expense and \$114,724 as part of the exploration and evaluation expenses of the Company). The Company used the following parameters/assumptions in the Black Scholes calculation:

- Exercise price: CAD\$0.50
- Stock price: CAD\$0.34
- Interest rate: 3.77%
- Volatility: 110%
- Expected life: 5 years

9. RELATED PARTY BALANCES AND TRANSACTIONS

Parties are considered to be related if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions. Related parties may be individuals or corporate entities. A transaction is a related party transaction when there is a transfer of resources or obligations between related parties.

The Company had the following related party balances at December 31:

	2023	2022
Due to Directors and Officer	58,595	9,298
Total due to related parties	\$ 58,595	\$ 9,298

The amounts due to related parties were incurred in the normal course of business and have been included in accounts payable. The balances are non-interest bearing, unsecured and are due on demand.

Key management personnel receive compensation in the form of short-term employee benefits, share-based payments, and post-employment benefits. Key management personnel include the Chief Executive Officer, Chief Financial Officer, VP of Exploration and directors of the Company. The remuneration of key management in 2022 and 2023 was as follows:

	2023	2022
Stock based compensation	-	813,748
Remuneration officers	288,960	90,386
Total remuneration	\$ 288,960	\$ 922,134

VALHALLA METALS INC.**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS****FOR THE YEAR ENDED DECEMBER 31, 2023 AND 2022**

(Expressed in US Dollars)

9. RELATED PARTY BALANCES AND TRANSACTIONS (continued)

On December 12, 2022, the Board approved the settlement of \$105,023 of debt owed to MA2 Capital Inc., a company controlled by Sorin Posescu, the Company's CEO, through the issuance of subordinate voting shares of the Company (the "Debt Settlement"). Pursuant to the Debt Settlement, the Company issued 285,000 subordinate voting shares of the Company at a deemed price of CAD\$0.50 per share and recorded in 2022 a gain on debt settlement of \$45,160.

10. BASIC AND DILUTED LOSS PER SHARE

The calculation of basic and diluted loss per share for the years ended December 31, 2023 and 2022 was based on the loss attributable to common shareholders of \$6,817,228 (2022 – \$6,563,932) and the weighted average number of common shares outstanding of 83,225,336 (2022 – 24,101,618).

11. CONTINGENCIES

The Company's interest in the Smucker Property was subject to an ongoing dispute between Teck Resources ("Teck"), Valhalla Mining LLC ("Valhalla Mining") (a company owned by a former director of the Company), and the State of Alaska Department of Natural Resources ("DNR"). In November 2018, DNR notified Valhalla Mining that 11 of the 58 mineral claims comprising the Smucker property were invalid to the extent of those claims over-lapped the old Teck claims block at Smucker (the "Teck Litigation Claims").

Valhalla Mining succeeded in its claims to quiet title to the disputed mining claims in April 2021 at the Alaska Superior Court (Valhalla Mining, LLC v. State of Alaska, Department of Natural Resources and Teck American Incorporated, Case No. 3AN-19-10673CI, 3rd Judicial District at Anchorage, Alaska Superior Court), however the Court's decision was appealed to the Alaska Supreme Court by Teck and DNR on April 27, 2021.

In a decision dated April 21, 2023, the Alaska Supreme Court, decided to reverse the Alaska Superior Court's decision and affirm DNR's decision that 11 of the 58 mineral claims staked by Valhalla Mining at the Smucker Property were invalid due to the extent of those claims over-lapping the old Teck claims block at Smucker (Valhalla Mining, LLC v. State of Alaska, Department of Natural Resources and Teck American Incorporated, Case No. S-18082/18101, Alaska Supreme Court).

VALHALLA METALS INC.**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS****FOR THE YEAR ENDED DECEMBER 31, 2023 AND 2022**

(Expressed in US Dollars)

12. SEGMENTED INFORMATION

The Company's operations are conducted in two reportable segments: mineral exploration in US and Corporate operations in Canada. Neither segment generates revenue. As the operations are in different countries, this equates to allocating resources by geographical area.

Total assets by geographical area:

		December 31, 2023		December 31, 2022
Canada	\$	1,694,991	\$	6,847,765
US		165,381		1,961,900
Total	\$	1,869,372	\$	8,809,665

Cash amounting to \$1,659,376 was held in Canada (2022 - \$6,772,019) and \$22,509 was held in US (2022 - \$2,894 in US).

Total mineral properties by geographical area:

		December 31, 2023		December 31, 2022
Canada	\$	-	\$	-
US		50,000		1,650,615
Total	\$	50,000	\$	1,650,615

Net loss by geographical area:

		December 31, 2023		December 31, 2022
Canada	\$	269,093	\$	6,033,429
US		6,548,135		530,503
Total	\$	6,817,228	\$	6,563,932

Exploration expenses by geographical area:

		December 31, 2023		December 31, 2022
Canada	\$	-	\$	-
US		4,919,618		150,829
Total	\$	4,919,618	\$	150,829

VALHALLA METALS INC.**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS****FOR THE YEAR ENDED DECEMBER 31, 2023 AND 2022**(Expressed in US Dollars)

13. INCOME TAX

The following table reconciles the amount of income tax expense on application of the combined statutory Canadian federal and provincial income tax rates:

	2023	2022
Combined statutory income tax rate	27.00%	27.00%
Expected income tax recovery at statutory rates	\$ (1,841,000)	\$ (1,772,000)
Permanent and other differences	135,000	882,000
Change in tax benefits not recognized	1,706,000	890,000
Provision for income tax expense	\$ -	\$ -

The significant components of deferred income tax assets not recognized are presented below:

	2023	2022
Non-capital loss carry-forwards	\$ 2,275,000	\$ 932,000
Exploration and evaluation assets	473,000	108,000
Capital loss carry-forwards	42,000	42,000
Share issuance costs	-	2,000
	2,790,000	1,084,000
Unrecognized deferred tax assets	(2,790,000)	(1,084,000)
	\$ -	\$ -

As at December 31, 2023, the Company had non-capital losses carried forward of approximately \$3,074,000 in Canada which expire between 2033 and 2043 and \$5,804,000 in the United States which have no expiry date available to reduce income taxes in future years. The Company has capital losses carried forward of approximately \$315,000 available to reduce taxable income in future years and which have no expiry date.



**VALHALLA METALS INC.
MANAGEMENT DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2023
(EXPRESSED IN US DOLLARS)**

VALHALLA METALS INC.
Management Discussion and Analysis
For the year ended December 31, 2023

INTRODUCTION

The following Management's Discussion and Analysis ("MD&A") of Valhalla Metals Inc. (the "Company") should be read in conjunction with the accompanying audited consolidated financial statements as at December 31, 2023 and 2022, and a summary of significant accounting policies and other explanatory information, prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB"), all of which are available at the SEDAR+ website at www.sedarplus.ca.

All dollar amounts in the MD&A are expressed in United States dollars unless otherwise indicated.

All information contained in the MD&A is effective as of April 22, 2024 unless otherwise indicated.

Monetary amounts in the following discussion are in US dollars unless otherwise noted.

This MD&A contains Forward Looking Information. Please read the Cautionary Statements on page 2 carefully.

VALHALLA METALS INC.
Management Discussion and Analysis
For the year ended December 31, 2023

FORWARD LOOKING STATEMENTS

This MD&A contains certain forward-looking statements or forward-looking information within the meaning of applicable Canadian securities laws. All statements and information, other than statements of historical fact, included in or incorporated by reference into this MD&A are forward-looking statements and forward-looking information, including, without limitation, statements regarding activities, events, or developments that we expect or anticipate may occur in the future. Such forward-looking statements and information can be identified, using forward-looking words such as "will", "expect", "intend", "plan", "estimate", "anticipate", "believe" or "continue" or similar words and expressions or the negative thereof. There can be no assurance that the plans, intentions, or expectations upon which such forward-looking statements and information are based will occur or, even if they do occur, will result in the performance, events or results expected.

The forward-looking statements and forward-looking information reflect the current beliefs of the Company and are based on currently available information. Accordingly, these statements are subject to known and unknown risks, uncertainties and other factors which could cause the actual results, performance, or achievements of the Company to be materially different from any future results, performance or achievements expressed in or implied by the forward-looking statements. This forward-looking information includes estimates, forecasts, plans, priorities, strategies and statements as to the Company's current expectations and assumptions concerning, among other things, ability to access sufficient funds to carry on operations, compliance with current or future regulatory regimes, particularly in the case of ambiguities, financial and operational performance and prospects, collection of receivables, anticipated conclusions of negotiations to acquire projects or investments, our ability to attract and retain skilled staff and consultants, expectations of market prices and costs, expansion plans and objectives, requirements for additional capital, the availability of financing, and the future development and costs and outcomes of the Company's projects or investments. The foregoing list of assumptions is not exhaustive. Events or circumstances could cause actual results to vary materially.

We caution readers of this MD&A not to place undue reliance on forward-looking statements and information contained herein, which are not a guarantee of performance, events or results and are subject to several risks, uncertainties and other factors that could cause actual performance, events, or results to differ materially from those expressed or implied by such forward-looking statements and information. These factors include: unanticipated future operational difficulties (including cost escalation, unavailability of materials and equipment, Valhalla disturbances or other job action and unanticipated events related to health, safety and environmental matters); social unrest; failure of counterparties to perform their contractual obligations; changes in priorities, plans, strategies and prospects; general economic, industry, business and market conditions; disruptions or changes in the credit or securities markets; changes in law, regulation, or application and interpretation of the same; the ability to implement business plans and strategies, and to pursue business opportunities; rulings by courts or arbitrators, proceedings and investigations; inflationary pressures; and various other events, conditions or circumstances that could disrupt the Company's priorities, plans, strategies and prospects including those detailed from time to time in the Company's reports and public filings.

This information speaks only as of the date of this MD&A. The Company undertakes no obligation to revise or update forward-looking information after the date of this document, nor revise to reflect the occurrence of future unanticipated events, except as may be required under applicable securities laws or policies.

VALHALLA METALS INC.

Management Discussion and Analysis

For the year ended December 31, 2023

THE COMPANY

Valhalla Metals Inc. (formerly SolidusGold Inc.) ("Valhalla" or the "Company") was incorporated on April 13, 2011 under the laws of British Columbia and has a registered office located at 2700 - 1133 Melville Street, Vancouver, BC, V6E 4E5, Canada. The Company is a public company whose shares are listed for trading on the TSX Venture Exchange ("TSXV") under the symbol "VMXX" and OTCQB under the symbol "VMXXF".

RECENT EVENTS

2023 Sun Exploration Program

In July 2023, the Company started an exploration program at the Sun property consisting of a ground gravity survey, LiDAR and Orthophoto survey and diamond drilling. The drilling program was completed on August 5, 2023. A total of 4 drill holes were completed for a total of 1,104m. Six historic drill holes were relogged totaling 1,416m. The results of the exploration program were released to the public on Oct 30, 2023.

Highlights include:

- Sun23-01 intersected 13.7m of 3.07% CuEq (1.24% Cu, 0.92% Pb, 3.45% Zn, 0.16 g/t Au, and 55.79 g/t Ag);
- Sun 23-02 intersected 14.6m of 1.91% CuEq including 10.8m of 2.2% CuEq (0.69% Cu, 0.73% Pb, 2.88% Zn, 0.12 g/t Au, and 53.77 g/t Ag);
- Sun23-03 intersected 13.8m of 3.44% CuEq including 8.7m of 4% CuEq (1.89% Cu, 1.23% Pb, 3.35% Zn, 0.29 g/t Au, and 94.36 g.t Ag);
- Sun 23-04 intersected 21.4m of 6.84% CuEq (1.31% Cu, 3.23% Pb, 11.03% Zn, 0.24 g/t Au, and 108.31 g/t Ag) within a larger interval of 52.4m of 3.3% CuEq.

The 2023 program also included the construction of a new 24-man camp.

Reverse Acquisition Transaction

On September 16, 2022, the Company completed the acquisition of Valhalla Metals, Inc. (US) ("Valhalla US"), a private Alaska-based company that was incorporated on May 13, 2018. Valhalla US is in the business of exploring and developing mineral projects that are considered to be properties of potential economic mineralization. The Company acquired all of the issued and outstanding shares of Valhalla US under a share purchase agreement (the "Reverse Takeover Transaction", the "Transaction" or the "RTO"). In connection to the Transaction, the Company changed its name from SolidusGold Inc. ("Solidus") to Valhalla Metals Inc.

On the closing of the RTO, Valhalla US became a wholly-owned subsidiary of the Company. As Valhalla US is deemed to be the acquirer for accounting purposes, its assets and liabilities and operations since incorporation on May 13, 2018 are included in the consolidated financial statements at their historical carrying values. Solidus' results of operations are included from the closing date, September 16, 2022, and onwards.

On September 16, 2022, pursuant to the Business Combination Agreement dated February 7, 2022, the Company and Valhalla US completed the transaction whereby the Company acquired all of the issued and outstanding common shares of Valhalla US. As part of the RTO, the Company also completed a private placement with Marubeni Metals & Minerals (Canada) Inc. ("**Marubeni**") whereby Marubeni made a strategic equity investment of approximately CAD\$ 8,290,000. The Company also completed a subscription receipt financing for gross proceeds of CAD\$ 1,940,380.50 (the "**Concurrent Private Placement**"). On an aggregate basis, the Company completed financings for an aggregate of CAD\$ 10,230,380.50.

The Company currently has no revenues and supports its operations through the sale of equity. The value of any mineral property is dependent upon the existence or potential existence of economically recoverable mineral reserves. See section related to "Risk Factors" in this statement.

VALHALLA METALS INC.

Management Discussion and Analysis

For the year ended December 31, 2023

Transaction Summary

In connection with the Transaction:

- The Company effected a consolidation of its outstanding common shares ("Common Shares") on a 5:1 basis that resulted in 12,479,790 Subordinate Voting Shares;
- The Company changed its name to "Valhalla Metals Inc."; and the notice of articles and articles of the Company were altered to re-designate the Common Shares as subordinate voting shares of the Company (the "Subordinate Voting Shares") and to create a new class of multiple voting shares of the Company ("Multiple Voting Shares") which were issued to U.S. resident holders of Valhalla US shares under the Transaction;
- Each Valhalla US Common Share issued and outstanding held by a non-U.S. Resident was exchanged for 444.9903 Valhalla Subordinate Voting Shares; and each Valhalla US Common Share issued and outstanding held by a U.S. Resident was exchanged for 4.4499 Valhalla Multiple Voting Shares;
- An aggregate of 1,791,085 Valhalla Subordinate Voting Shares were issued along with 482,087 Valhalla Multiple Voting Shares pursuant to the reverse acquisition transaction. Each Valhalla Multiple Voting Share is exchangeable for 100 Valhalla Subordinate Voting Shares. The ability to convert the Multiple Voting Shares is subject to a restriction that the aggregate number of Subordinate Voting Shares and Multiple Voting Shares held by US residents may not exceed 40% of the aggregate number of Subordinate Voting Shares and Multiple Voting Shares issued and outstanding after such conversions;
- At closing, Valhalla Mining, LLC has acquired Multiple Voting Shares and now holds an aggregate of 367,299.20 Multiple Voting Shares. In aggregate, Valhalla Mining, LLC directly or indirectly controls approximately 44.28% of the outstanding Subordinate Voting Shares on a partially diluted basis assuming the conversion of all Multiple Voting Shares into Subordinate Voting Shares; Marubeni has acquired 16,580,000 Subordinate Voting Shares and now holds an aggregate of 16,580,000 Subordinate voting shares. In aggregate, Marubeni directly or indirectly controls approximately 19.99% of the outstanding Subordinate Voting Shares on a partially diluted basis assuming the conversion of all Multiple Voting Shares into Subordinate Voting Shares.

Financing activities

On September 16, 2022 the Company completed a private placement with Marubeni Metals & Minerals (Canada) Inc. whereby Marubeni made a strategic equity investment of approximately CAD\$ 8,290,000 for 16,580,000 Subordinate Voting Shares at a price of CAD\$0.50 per share on a post-consolidated basis. The Company also completed a subscription receipt financing for gross proceeds of CAD\$ 1,940,380.50. Each subscription receipt was converted into a common share of a newly incorporated company and subsequently exchanged into Subordinate Voting Shares for an aggregate of 3,880,761 Subordinate Voting Shares. On an aggregate basis, the Company completed financings for an aggregate of CAD\$ 10,230,380.50 and issued a total of 20,460,761 Subordinate Voting Shares.

In November 2022, the Company issued to certain directors, officers, employees, and consultants stock options that would allow them to acquire a total of 4,375,000 subordinate voting shares in the capital of the Company at an exercise price of CAD\$ 0.50. All Options were granted pursuant to the Company's 10% rolling stock option plan and are subject to the terms of the Plan, the applicable grant agreements and the requirements of the TSX-V. The Options are exercisable for a five-year term expiring November 7, 2027.

On December 12, 2022, the Company settled CAD\$142,500 of debt owed to MA2 Capital Inc., a company controlled by Sorin Posescu, the Company's CEO, through the issuance of subordinate voting shares of the Company (the "Debt Settlement"). Pursuant to the Debt Settlement, the Company issued 285,000 subordinate voting shares of the Company (the "Shares") at a deemed price of CAD\$0.50 per share.

VALHALLA METALS INC.

Management Discussion and Analysis

For the year ended December 31, 2023

MINERAL PROPERTIES DESCRIPTIONS

Sun Property

This summary of the Sun Property below has been extracted from the summary section of the technical report titled "Technical Report on the Sun Project, Brooks Range, Alaska, USA" dated May 13, 2022 with an effective date of December 7, 2021, prepared by Michael M. Gustin, C.P.G., of Mine Development Associates, A Division of RESPEC, for SolidusGold Inc. and filed on Sedar on May 18, 2022 (the "Technical Report"). The Technical Report was prepared for the Company in accordance with NI 43-101 by a "qualified person", as defined in NI 43-101. Defined terms used in this summary shall have the meanings ascribed to such terms in the Technical Report and a copy of the Technical Report is available for inspection upon request.

The information included or incorporated by reference herein is based on assumptions, qualifications and procedures which are set out in the Technical Report. For a complete description of the assumptions, qualifications and procedures associated with the following information, reference should be made to the full text of the Technical Report.

Property Description and Ownership

The Sun project is located in the Sun Hills at the eastern end of the Ambler Mining District, which lies along the southern flank of the western Brooks Range in northwestern Alaska. The Sun property is comprised of 392 contiguous State of Alaska claims that total about 25,382 hectares in area. Valhalla holds a 100% interest in the claims.

The property is subject to a 3% net-income production royalty payable to the State of Alaska and a progressive 3 to 7% net-income (with allowable depletion) mining-license tax also payable to the state. The mining-license tax has a no-tax grace period for the first 3.5 years of commercial production from the property. The Sun project also is subject to a 2% net smelter returns production royalty shared by and retained by the founding shareholders of Valhalla US.

The property currently is accessible only by air via helicopter and a small fixed-wing air strip on the project. The Alaska Industrial Development and Export Authority ("AIDEA"), a state corporation that promotes economic development in Alaska, received a Record of Decision ("ROD") on July 23, 2020, for construction of a 340-kilometer private industrial-access-only road, referred to as the Ambler District Industrial Access Project ("Ambler Access Project" or "AAP" or "AMDIAP"), which would connect the Ambler District to the Dalton Highway near the Trans-Alaska Pipeline's Pump Station 5. On January 6, 2021, the Bureau of Land Management, National Park Service, and the Alaska Industrial Development and Export Authority ("AIDEA") signed documents granting a 50-year right-of-way for the future construction of the AMDIAP. In February 2022 the United States Department of the Interior ("DOI") filed a motion to remand the Final Environmental Impact Statement ("FEIS") and suspend the right-of-way permits issued to the Alaska Industrial Development and Export Authority ("AIDEA") for the Ambler Access Project. The DOI has stated that the suspension of the road permits will allow it to carry out additional supplemental work on the FEIS and is expected to be completed in 6 months to 2 years to reinstate the Federal Right of Way. In May 2022 the United States District Court granted the United States Department of the Interior's (the "DOI") motion for voluntary remand without vacatur. The DOI had indicated that the remand was necessary because the DOI had identified deficiencies in their analysis of impacts to subsistence uses under ANILCA and their consultation with Tribes. They requested a remand in order to supplement the administrative record in these regards. Judge Gleason also ruled that the Court shall retain jurisdiction over this matter, and the Court is requiring that the DOI file a status report with the Court within 60 days from the date of the order and every 60 days thereafter. On November 15, 2022, the United States Bureau of Land Management ("BLM") submitted its third status report in accordance with the Voluntary Remand. The status report submitted by the BLM comes after the 45-day public scoping period of the Supplemental Environmental Impact Statement ("SEIS"), which closed on November 4, 2022. The objective of the SEIS is to address identified deficiencies in its analysis of subsistence impacts and additional consultation with the Tribes. On October 20, 2023, The United States Bureau of Land Management ("BLM") has filed the draft Supplemental Environmental Impact Statement ("SEIS") for the AAP on its website <https://eplanning.blm.gov/eplanning-ui/project/57323/570> and was recorded on the federal register. The draft SEIS was open for a 60-day public comment period, until December 19, 2023.

VALHALLA METALS INC.

Management Discussion and Analysis

For the year ended December 31, 2023

On April 19, 2024, The United States Bureau of Land Management ("BLM") has filed the Final Supplemental Environmental Impact Statement ("SEIS") for the AAP on its website at <https://eplanning.blm.gov/eplanning-ui/project/57323/570>. The BLM has identified the No Action Alternative as its preferred alternative.

AIDEA, which is a public corporation of the State of Alaska and the proponent of the Ambler Access Project stated in its April 19, 2024 press release: "The Alaska Industrial Development and Export Authority (AIDEA) strongly objects to both the process used by the Bureau of Land Management (BLM) to reach a "No Build" decision and the effect of the decision which illegally blocks access to statehood lands, minerals, and federally patented mining claims. Federal agencies are not supposed to include biased non-government employees in an objective open and transparent decision process. Yet, the BLM held closed-door meetings with former leaders of environmental groups and opponents of the project while locking out AIDEA, a State of Alaska corporation, and imposing a gag order on the State of Alaska Department of Natural Resources who participated in the BLM meetings." AIDEA's press releases can be found on its website at: <https://www.aidea.org/About/News-Publications/Press-Releases>.

The Company plans to confer with AIDEA and other State Officials to pursue a legal path forward to uphold our rights to mine and the rights granted to the State through ANILCA and the Statehood Act to develop the minerals in the Ambler Mining District. BLM will issue a Record of Decision no sooner than 30 days after publication of the Final SEIS in the federal register.

Exploration and Mining History

The Ambler District had limited production of placer gold in the 1890s, and exploration for gold, uranium, and copper was conducted in the late 1940s. Modern exploration and discovery of volcanogenic massive-sulfide deposits and carbonate-hosted copper-cobalt deposits was initiated in 1956 by Bear Creek Mining Company ("**Bear Creek**"), the exploration arm of Kennecott Copper Corporation ("**Kennecott**"). By 1966, Bear Creek had located geochemical anomalies at all of the major prospects now recognized in the Ambler District. Sunshine Mining Company ("**Sunshine**") entered the district in 1973, followed by Noranda Exploration Company ("**Noranda**"; operator for a consortium that included GCO Minerals Company and Houston Oil & Minerals), the Anaconda Company ("**Anaconda**"), the Ambler Mining Company (a partnership of Sunshine and Anaconda), Cominco American Resources Inc. ("**Cominco**"), Falconbridge, and Union Carbide. By 1986, only Kennecott and Cominco remained active in the district. As of 2021, Ambler Metals Inc., Trilogy Metals Inc., NANA (the regional native corporation for northwest Alaska), South 32 Limited, and Valhalla hold property in the Ambler District. No hard-rock production has occurred in the Ambler District since the early 1900s.

Bear Creek discovered the Picnic Creek massive-sulfide prospect, located in the northern part of the current Sun project, in 1966 and drilled five holes at the prospect from 1975 to 1983. This drilling encountered copper, lead, zinc, and silver mineralization.

In 1974, Sunshine discovered the Main Sun prospect, located over one kilometer southwest of Picnic Creek and drilled nine core holes, eight of which encountered massive-sulfide mineralization. Sunshine also found gossan at what became known as the SW Sun prospect, one kilometer southwest of the Main Sun mineralization. The Noranda consortium also began work in 1974 on the Hot claims, primarily located around Bear Creek's Picnic claims north and northeast of Sunshine's Sun claims. The consortium drilled nine core holes on their claims, four of which encountered sulfide horizons along strike to the northeast of what became the Main deposit. The Ambler Mining Company conducted extensive exploration at the Main deposit area from 1975 to 1981, including the drilling of 24 core holes.

Cominco acquired control of the entire Sun property, during a period of consolidation within the Ambler District in 1985 and 1986, including Bear Creek's Picnic claims, Sunshine's Sun claims, and the Noranda consortium's Hot claims. Cominco drilled two holes well to the west of the current SW deposit.

No further exploration was conducted on the Sun property until it was acquired by Andover Mining Corporation ("**Andover**") in 2006 and 2007. Andover located new claims covering the previous Sun claims and expanded the property to its maximum size under Andover ownership by 2011. A field camp and airstrip were constructed, baseline water sampling was conducted, soil and rock-chip samples were collected, and an aerial topographic survey was commissioned. Andover drilled 21 core holes in 2007, seven core holes in

VALHALLA METALS INC.

Management Discussion and Analysis

For the year ended December 31, 2023

2011, and 20 core holes in 2012, with an emphasis on the Main and SW deposit areas. At least six new prospects were also identified, mapped, and sampled in 2012. In the same year, Andover resampled some mineralized intervals of drill core from previous operators. Andover went bankrupt in 2014, resulting in all claims being transferred to the debt facilitator LeadFX Inc. (with the corporate entity renamed to North 67). In December 2017, LeadFX Inc. did not renew their claims, and Valhalla Mining, LLC acquired 230 contiguous Sun claims through staking in early December 2017 and June 2018. Valhalla Mining, LLC transferred the Sun claims to Valhalla US in June 2018. In September 2021, Valhalla US staked 162 new claims north, south, and east of the original 230 contiguous Sun block.

Geology and Mineralization

Northern Alaska consists of various east-trending, structurally bound and possibly far-traveled imbricate allochthons containing rocks that have been complexly juxtaposed during the tectonic evolution of the region. The Ambler District lies within the Coldfoot subterrane of the Arctic Alaska terrane, within an east-trending zone of Devonian to Jurassic submarine volcanic and sedimentary rocks.

The Coldfoot subterrane in the Ambler District consists of a thick package of fine-grained Paleozoic pelitic sedimentary rocks known as the Anirak schist, within which lies the Ambler Sequence. The Ambler Sequence is a Devonian to Early Mississippian island-arc assemblage that was accreted to ancestral Alaska by late Paleozoic time. It includes felsic ash-flow tuffs, submarine ignimbrites and domes, mafic flows, pyro-turbidites, and black carbonaceous shales. The sequence averages approximately 1.5 kilometers in thickness and is composed of approximately 60% volcanic and volcanoclastic rocks, 25% carbonate sedimentary rocks, and 15% pelitic sedimentary rocks. The volcanic rocks are bimodal, with rhyolite predominating over basalt. The rocks have been metamorphosed to lower greenschist facies by complex northward-overtaken isoclinal folding during the Mesozoic Brooks Range orogeny.

The Ambler District volcanogenic massive-sulfide prospects are associated with felsic metavolcanic and interspersed metasedimentary rocks of the Ambler Sequence along the southern flank of the Kalurivik Arch. Two major types of massive-sulfide mineralization are recognized: massive sulfides adjacent to major hydrothermal vent areas and laterally extensive massive sulfides that lack well-defined vent areas.

At the Sun property, which is located at the eastern end of the Ambler District, volcanogenic massive-sulfide mineralization has been discovered at the Main and SW Sun deposits and the Picnic Creek prospect. The Sun mineralization occurs on the north limb of an overturned syncline in felsic volcanic rocks in the upper portion of a northeast-trending belt of felsic metavolcanic and metasedimentary rocks. Significant mineralization has been intersected at the Sun property over a strike length of almost 3.5 kilometers, from the southernmost drill hole at the SW deposit northeast to the Picnic Creek prospect. The Main and SW deposits are comprised of multiple individual lenses that are spatially related; three primary horizons of massive-sulfide mineralization have been identified at the Main deposit, and two at the SW deposit. The massive sulfides are comprised primarily of sphalerite, tetrahedrite-tennantite, galena, chalcocite, bornite, pyrite, pyrrhotite, and arsenopyrite.

The uppermost of the three predominant massive-sulfide horizons at the Main Sun deposit is at present the most important from a potential economic standpoint, with true thicknesses that can exceed 10 meters. The other two horizons lie below the principal lens and are progressively thinner and less continuous. The SW deposit as presently defined is comprised of two thin massive-sulfide horizons, with the lower horizon again being less continuous. Four horizons of sulfide mineralization have been recognized at the Picnic Creek prospect area, but the drilling is sparse, and details of the mineralized extents are uncertain.

Metallurgical Testing and Mineral Processing

The only metallurgical test work completed to date on mineralization from the Sun property was conducted by Anaconda in 1976, 1977, and 1982 using various composite samples of drill core. While significantly more metallurgical work is needed to properly characterize the Sun mineralization, the testing demonstrated the amenability of the sulfide mineralization to conventional froth flotation concentration.

Mineral Resource Estimate

VALHALLA METALS INC.

Management Discussion and Analysis

For the year ended December 31, 2023

The copper-zinc-silver-lead-gold resources at Sun were modeled and estimated by:

- evaluating the drill data statistically;
- modeling semi-massive to massive-sulfide zones on cross sections;
- modeling mineral domains for each of the five metals independently on the same set of cross sections;
- refining the mineral-domain interpretations on level plans spaced at five-meter vertical intervals and using these level plans to code the resource block model;
- analyzing the modeled mineralization spatially and statistically to aid in the establishment of estimation and classification parameters; and
- interpolating metal grades into the block model using the coding of the level-plan copper, lead, zinc, gold, and silver mineral domains to constrain the estimation.

The Sun project mineral resources, which are comprised of massive sulfide and related mineralization, are summarized in Table 1.1. below.

Table 1.1 Sun Project Mineral Resources

Classification	Tonnes	%Zn	%Cu	%Pb	g Ag/t	g Au/t	lbs Zn (x1000)	lbs Cu (x1000)	lbs Pb (x1000)	oz Ag	oz Au
Indicated	1,713,000 [†]	4.32 [†]	1.48 [†]	1.11 [†]	60.0 [†]	0.21 [†]	162,962 [†]	55,846 [†]	42,035 [†]	3,307,000 [†]	12,000 [†]
Inferred	9,018,000 [†]	4.18 [†]	1.21 [†]	1.46 [†]	81.7 [†]	0.25 [†]	831,334 [†]	239,643 [†]	290,258 [†]	23,681,000 [†]	73,000 [†]

- Mineral Resources are comprised of all model blocks at a \$75 GMV cut-off using prices and recoveries: copper - \$3.00/lb and 91%; lead - \$1.00/lb and 80%; zinc - \$1.10/lb and 91%; silver - \$18/oz and 35%; gold - \$1,300/oz and 59%.
- The Effective Date of the Sun project resource estimation is October 1, 2021.
- Mineral resources that are not mineral reserves do not have demonstrated economic viability.
- The estimate of mineral resources may be materially affected by geology, environment, permitting, legal, title, taxation, sociopolitical, marketing, or other relevant issues.
- Rounding as required by reporting guidelines may result in apparent discrepancies between tonnes, grade, and contained metal.

The resources are reported using a gross metal value cut-off of \$75/t calculated with the metal prices and recoveries shown below Table 1.1. This cut-off is applied in consideration that the Sun mineralization, if proven to be economically viable in the future, will likely be mined using underground methods. The continuity of the model blocks defined by the cut-off, both along strike and dip, confirm the resources have reasonable prospects for eventual economic extraction.

The Sun resources are classified predominantly as Inferred. Blocks are classified as Indicated only if they meet requirements discussed in the body of this report that relate to the presence of Andover holes drilled either in 2011 or in 2012.

Conclusions and Recommendations

The Company has not completed any work at the Sun project as of the effective date of the Technical Report. Mr. Gustin has reviewed and analyzed the historical project data provided by Andover in 2012 and 2013 and Valhalla and Valhalla US in 2021, visited the project site in 2011, 2012, and 2021, inspected drill core from numerous Andover and older holes, collected and analyzed surface rock-chip and core samples for verification purposes, and constructed a resource database following detailed verification of the historical data. Mr. Gustin believes the data provided by Andover, Valhalla, and Valhalla US are adequate for the purposes used in this report.

The Sun project is located in the Ambler district, which is characterized by base- and precious-metal-bearing volcanogenic massive-sulfide deposits and prospects that are distributed over a west-northwest-trending belt more than 100 kilometers in length. While the current mineral resources estimated at Sun are significant, they

VALHALLA METALS INC.

Management Discussion and Analysis

For the year ended December 31, 2023

remain open for further expansion both along strike and dip. The exploration potential of the property beyond the limits of the resource areas is also considered to be excellent.

Exploration of the Sun property should continue, with efforts focused on the advancement of known deposits and prospects as well as the identification of new target areas. Recommended work includes an initial ground gravity survey over and between the Main Sun and SW Sun deposits to determine if this geophysical method can provide three-dimensional indications of massive-sulfide mineralization at depth. Surface exploration of the Western Anomaly area is also recommended, including geological mapping, geochemical sampling, and general prospecting, with the goal of advancing this target to a drill-ready status.

2023 Sun Property Exploration Program

In July 2023, the Company started an exploration program at the Sun property consisting of a ground gravity survey, LiDAR and Orthophoto survey and diamond drilling. The drilling program was completed on August 5, 2023. A total of 4 drill holes were completed for a total of 1,104m. Six historic drill holes were relogged totaling 1,416m. The results of the exploration program were released to the public on Oct 30, 2023.

Highlights include:

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The 2023 program also included the construction of a new 24-man camp.

Smucker Property

The Smucker volcanogenic massive sulfide project is located within the Ambler District in the Brooks Range of NW Alaska.

Smucker was first discovered in 1975 by Anaconda Minerals and Cominco American Inc (now Teck) acquired an interest in the property in 1994. Extensive exploration work was undertaken between 1978 and 1991 with 24 drill holes being completed by Anaconda. Anaconda completed a pre-feasibility in the 1980's which outlined a historic resource. Extensions of the mineralized horizon remain largely untested and open at depth as well to the north, west, and south of the main Smucker deposit. The claims became abandoned in 2008. In 2011, Andover Resources located 58 claims including the original Smucker claims first discovered by Anaconda in 1975. The claims again became abandoned in 2016 and Valhalla Mining LLC staked the claims in 2017. Valhalla Metals staked 76 claims adjacent to the Smucker block in September 2022. The Smucker property currently consists of 123 claims.

Contingencies

The Company's interest in the Smucker Property was subject to an ongoing dispute between Teck Resources ("Teck"), Valhalla Mining LLC ("Valhalla Mining") (a company owned by a former director of the Company), and the State of Alaska Department of Natural Resources ("DNR"). In November 2018, DNR notified Valhalla Mining that 11 of the 58 mineral claims comprising the Smucker property were invalid to the extent of those claims over-lapped the old Teck claims block at Smucker (the "Teck Litigation Claims").

Valhalla Mining succeeded in its claims to quiet title to the disputed mining claims in April 2021 at the Alaska Superior Court (Valhalla Mining, LLC v. State of Alaska, Department of Natural Resources and Teck American Incorporated, Case No. 3AN-19-10673CI, 3rd Judicial District at Anchorage, Alaska Superior Court), however the Court's decision was appealed to the Alaska Supreme Court by Teck and DNR on April 27, 2021.

In a decision dated April 21, 2023, the Alaska Supreme Court, decided to reverse the Alaska Superior Court's

VALHALLA METALS INC.

Management Discussion and Analysis

For the year ended December 31, 2023

decision and affirm DNR's decision that 11 of the 58 mineral claims staked by Valhalla Mining at the Smucker Property were invalid to the extent of those claims over-lapped the old Teck claims block at Smucker (Valhalla Mining, LLC v. State of Alaska, Department of Natural Resources and Teck American Incorporated, Case No. S-18082/18101, Alaska Supreme Court). In July 2023, the Company staked ten 160-acre claims around the 40-acre claims that were awarded to Teck as per the April 21, 2023 Alaska Supreme Court decision.

2023 Smucker Property Exploration Program

In July 2023, the Company completed an exploration program at the Smucker property consisting of LiDAR and Orthophoto surveys.

Ambler Access Project Update

The Ambler Access Project ("AAP" or "AMDIA") was originally analyzed in the March 2020 Final EIS and authorized in a Record of Decision (ROD) issued in July 2020 including Rights of Way (ROW) access documents. Litigation commenced with lawsuits from multiple parties in August and October 2020. In February 2022, the Department of the Interior requested a voluntary remand from the U.S. District Court for Alaska. The Court granted the request in May 2022, returning the matter to BLM to carry out additional supplemental work in response to the lawsuits. The BLM has prepared the Draft Supplemental EIS to ensure compliance with applicable laws, including NEPA, FLPMA, NHPA, and ANILCA.

The United States Bureau of Land Management ("BLM") has filed the draft Supplemental Environmental Impact Statement ("SEIS") for the AMDIA on its website <https://eplanning.blm.gov/eplanning-ui/project/57323/570> and was recorded on the federal register on October 20, 2023. The draft SEIS was open for a 60-day public comment period, until December 19, 2023.

On April 19, 2024, The United States Bureau of Land Management ("BLM") has filed the Final Supplemental Environmental Impact Statement ("SEIS") for the AAP ("Ambler Access Road") on its website at <https://eplanning.blm.gov/eplanning-ui/project/57323/570>. The BLM has identified the No Action Alternative as its preferred alternative.

AIDEA, which is a public corporation of the State of Alaska and the proponent of the Ambler Access Project stated in its April 19, 2024 press release: "The Alaska Industrial Development and Export Authority (AIDEA) strongly objects to both the process used by the Bureau of Land Management (BLM) to reach a "No Build" decision and the effect of the decision which illegally blocks access to statehood lands, minerals, and federally patented mining claims. Federal agencies are not supposed to include biased non-government employees in an objective open and transparent decision process. Yet, the BLM held closed-door meetings with former leaders of environmental groups and opponents of the project while locking out AIDEA, a State of Alaska corporation, and imposing a gag order on the State of Alaska Department of Natural Resources who participated in the BLM meetings." AIDEA's press releases can be found on its website at: <https://www.aidea.org/About/News-Publications/Press-Releases>.

The Company plans to confer with AIDEA and other State Officials to pursue a legal path forward to uphold our rights to mine and the rights granted to the State through ANILCA and the Statehood Act to develop the minerals in the Ambler Mining District. BLM will issue a Record of Decision no sooner than 30 days after publication of the Final SEIS in the federal register.

VALHALLA METALS INC.
Management Discussion and Analysis
For the year ended December 31, 2023

The following tables present a summary of the exploration and evaluation assets as of December 31, 2023 as well as exploration expenses incurred during the year ended December 31, 2023 and 2022:

Exploration and evaluation assets:

	Sun \$	Smucker \$	Total \$
Acquisition costs:			
Balance, January 1, 2022	800,000	800,000	1,600,000
Acquisition of claims in 2022	-	50,615	50,615
Balance, December 31, 2022	800,000	850,615	1,650,615
Additional staking work	-	2,700	2,700
Write down impairment	(775,000)	(828,315)	(1,603,315)
Balance, December 31, 2023	25,000	25,000	50,000

In Q4 2023, given the delay and uncertainty surrounding the approval by the Bureau of Land Management of the road that would provide access to the Ambler Mining District, the Company wrote down the accounting cost of the Sun and Smucker properties to \$25,000 each.

VALHALLA METALS INC.
Management Discussion and Analysis
For the year ended December 31, 2023

Exploration and evaluation expenses

December 31, 2023	Sun	Smucker	Total
Air transportation	\$ 1,587,513	\$ -	\$ 1,587,513
Assays	52,851	-	52,851
Drilling	1,014,293	-	1,014,293
Camp equipment	535,003	-	535,003
Camp set up costs	261,177	-	261,177
Camp reclamation provision	100,833	-	100,833
Geology	276,977	-	276,977
Fuel	591,092	-	591,092
Labour	149,756	-	149,756
Mineral claims rents	93,720	20,020	113,740
Other	197,879	-	197,879
Supplies	38,505	-	38,505
December 31, 2023	\$ 4,899,598	\$ 20,020	\$ 4,919,618

December 31, 2022	Sun	Smucker	Total
Mineral claims rents	\$ 75,254	\$ 12,760	\$ 88,014
Geology	29,569	23,345	52,914
Stock based compensation	57,362	57,362	114,724
Recovery of costs under the sponsorship agreement	(104,823)	-	(104,823)
December 31, 2022	\$ 57,362	\$ 93,467	\$ 150,829

SUMMARY OF QUARTERLY RESULTS

Quarter ended	31-Dec-23	30-Sep-23	30-Jun-23	31-Mar-23
Revenue ⁽¹⁾	-	-	-	-
Loss for the quarter	\$ (2,846,667)	(2,393,098)	(1,461,782)	(115,681)
Basic loss per share	\$ (0.03)	(0.03)	(0.02)	(0.00)
Quarter ended	31-Dec-22	30-Sep-22	30-Jun-22	31-Mar-22
Revenue ⁽¹⁾	-	-	-	-
Loss for the quarter	\$ (1,124,605)	(5,388,404)	(23,379)	(27,544)
Basic loss per share	\$ (0.01)	(4.03)	(0.21)	(0.25)

⁽¹⁾ this being a Company without a revenue-generating business, there are no revenues from operations.

VALHALLA METALS INC.
Management Discussion and Analysis
For the year ended December 31, 2023

Losses for the three months ended December 31, 2023

Losses of \$2,846,667 for the three months December 31, 2023 are higher than losses of \$1,124,605 for three months ended December 31, 2022. The main drivers of the variances are exploration expenses of \$1,300,098 in Q4 2023 vs \$119,509 in Q4 2022 (higher costs in 2023 due to the 2023 Sun exploration program), share based compensation of nil in Q4 2023 vs. \$873,722 in Q4 2022 (stock options were granted by the Company in 2022 only), write down of exploration assets of \$1,603,315 in Q4 2023 (write down of Sun and Smucker) vs. \$30,846 (write off of Honeymoon).

SELECTED ANNUAL INFORMATION

Year ended	2023	2022	2021
Loss	\$ (6,817,228)	(6,563,932)	(73,390)
Basic & diluted loss per share	\$ (0.08)	(0.27)	(0.65)
Total assets	\$ 1,860,372	8,809,665	1,975,134
Non-current financial liabilities	\$ -	-	-
Cash dividends paid	\$ -	-	-

Losses for the year ended December 31, 2023

Losses of \$6,817,228 during the year ended December 31, 2023 are lower than losses of \$6,563,932 for the year ended December 31, 2022.

The table below presents a comparison of costs for 2023 vs. 2022.

Expenses	Year ended December 31, 2023	Year ended December 31, 2022	Variance	Explanation
Corporate development	\$ 41,709	\$ -	\$ 41,709	Increased activities of public company in 2023; the Company only became public at end of September 2022
Exploration and evaluation expenses	4,919,618	150,829	4,768,789	Higher exploration expenses incurred in 2023 in connection with the Sun 2023 summer exploration program
Gain on debt settlement	-	(45,160)	45,160	No debt settlement in 2023; accounts payable debt converted to equity in 2022
Interest income	(172,804)	(22,761)	(150,043)	Interest generated from holding funds in short-term liquid investments during 2023. Funds come from financings late in Q3 2023
Impairment of mineral properties	1,603,315	30,846	1,572,469	The write down of Sun and Smucker in 2023 was higher than the write off of Honeymoon in 2022
Listing costs	-	5,378,548	(5,378,548)	Listing costs recorded in connection with the 2022 listing on the TSX - V
Management fees	148,200	38,692	109,508	Public company CEO fees incurred in 2023 for the 12 months of 2023 vs only a portion of the year in 2022
Office and miscellaneous	40,065	28,259	11,806	Increased activities of administering a public company
Professional fees	125,680	126,774	(1,096)	Consistent with 2022
Regulatory and transfer agent	49,102	4,182	44,920	Increased activities of administering a public company
Shareholder communications and investor relations	62,343	-	62,343	Increased activities of administering a public company
Share based compensation	-	873,722	(873,722)	No share based compensation issued in 2023
Net loss for the period	\$ 6,817,228	6,563,932	253,296	

VALHALLA METALS INC.

Management Discussion and Analysis

For the year ended December 31, 2023

Cash flows for the year ended December 31, 2023

During the year ended December 31 2023, the Company had a net cash decrease of \$5,073,367 (2022-increase of \$ 6,521,934). In 2023, the cash outflow from operations was \$5,070,667 (2022 – outflow of \$1,402,322) and cash outflow from investing was \$2,700 (2022 – inflow of \$130,602). There were no financing activities in 2023 (2022 – inflow of \$7,700,407).

LIQUIDITY AND CAPITAL RESOURCES

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they come due. The Company manages this risk by careful management of its working capital to ensure its expenditures will not exceed available resources. As at December 31, 2023, the Company had a working capital surplus of \$ 1,656,401.

SIGNIFICANT ACCOUNTING JUDGMENTS AND USE OF ESTIMATES

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:

- **Going concern:** The assessment of the Company's ability to continue as a going concern and to raise sufficient funds to pay for its ongoing operating expenditures, meet its liabilities for the ensuing year, and to fund planned. project-acquisitions, involves significant judgment based on historical experience and other factors, including expectation of future events that are believed to be reasonable under the circumstances.
- **Exploration and Evaluation expenditures:** The application of the Company's accounting policy for Exploration and Evaluation ("E&E") expenditures requires judgement to determine whether future economic benefits are likely from either future exploitation or sale, or whether activities have not reached a stage that permits a reasonable assessment of the existence of reserves. Assets or cash-generating units are evaluated at each reporting date to determine whether there are any indications of impairment. The Company considers both internal and external sources of information when making the assessment of whether there are indications of impairment for the Company's exploration and evaluation assets.
- **In addition to applying judgement to determine whether future economic benefits are likely to arise from the Company's E&E assets or whether activities have reached a stage that permits a reasonable assessment of the existence of reserves, the Company has to apply a number of estimates and assumptions. The determination of a resource is itself an estimation process that involves varying degrees of uncertainty depending on how the resources are classified (i.e., measured, indicated or inferred). The estimates directly impact when the Company defers E&E expenditure. The deferral policy requires management to make certain estimates and assumptions about future events and circumstances, particularly, whether an economically viable extraction operation can be established. Any such estimates and assumptions may change as new information becomes available. If, after expenditure is capitalized, information becomes available suggesting that the recovery of expenditure is unlikely, the relevant capitalized amount is written off to the statement of loss and comprehensive loss in the period when the new information becomes available.**

VALHALLA METALS INC.

Management Discussion and Analysis

For the year ended December 31, 2023

CHANGES IN ACCOUNTING POLICIES

Income taxes

Income tax on profit or loss for the periods presented 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 or other comprehensive loss, in which case the income tax is recognized in equity or other comprehensive loss.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted, or substantively enacted, at the end of the reporting period, and any adjustment to tax payable in respect of previous years. Current tax assets and current tax liabilities are only offset if a legally enforceable right exists to set off the amounts, and the Company intends to settle on a net basis, or to realize the asset and settle the liability simultaneously.

Deferred tax is provided 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 the initial recognition of assets or liabilities in a transaction that is not a business combination and affects neither accounting nor taxable profit. The amount of deferred tax provided is based on the expected manner of realization or settlement of the carrying amounts of assets and liabilities, on a non-discounted basis using tax rates at the end of the reporting period applicable to the period of expected realization.

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.

Cash and cash equivalents

Cash and cash equivalents consist of cash on deposit with banks or highly liquid short-term interest-bearing securities that are readily convertible to known amounts of cash and those that have maturities of three months or less or are fully redeemable without penalty when acquired. As at December 31, 2023, the Company had cash equivalents of \$1,137,931.

CHANGES IN INTERNAL CONTROLS OVER FINANCIAL REPORTING

There have been no changes in the Company's internal controls over financial reporting during the period ended December 31, 2023, that have materially affected, or are reasonably likely to materially affect, its internal controls over financial reporting.

The Company's management, under the supervision of the Chief Executive Officer and the Chief Financial Officer, is responsible for establishing and maintaining adequate internal control over financial reporting ("ICOFR"). Except as noted below, our ICOFR is designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with IFRS. Management of the Company recognizes that any controls and procedures, no matter how well conceived and operated, have inherent limitations. As a result, even those systems designed to be effective can only provide reasonable assurance, and not absolute assurance, of achieving the desired control objectives, and management necessarily was required to apply its judgement in evaluating the cost-benefit relationship of possible controls and procedures.

Management performed an assessment of the Company's ICOFR as at December 31, 2023. Based upon the results of that assessment as at December 31, 2023, management concluded that its internal control over financial reporting is effective.

VALHALLA METALS INC.
Management Discussion and Analysis
For the year ended December 31, 2023

FINANCIAL INSTRUMENTS

The Company's financial instruments consist of cash, short term investments, accounts payable, and accrued liabilities. It is management's opinion that the Company is not exposed to significant interest risk arising from the financial instruments. The Company does not engage in any hedging activities. Financial instruments do not generally expose the Company to risk that is significant enough to warrant reducing via purchasing specific insurance or offsetting financial instruments. Further discussion of these risks is presented in Note 5 of the Company's audited financial statements, for the period ended December 31, 2023.

RELATED PARTY TRANSACTIONS

Parties are considered to be related if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions. Related parties may be individuals or corporate entities. A transaction is a related party transaction when there is a transfer of resources or obligations between related parties.

The Company had the following related party balances at :

	December 31, 2023	December 31, 2022
Due to Directors and Officer	58,595	9,298
Total due to related parties	\$ 58,595	\$ 9,298

The amounts due to related parties were incurred in the normal course of business and have been included in accounts payable. The balances are non-interest bearing, unsecured and are due on demand.

Key management personnel receive compensation in the form of short-term employee benefits, share-based payments, and post-employment benefits. Key management personnel include the Chief Executive Officer, Chief Financial Officer, VP of Exploration and directors of the Company.

The remuneration of key management in 2022 and 2023 was as follows:

	2023	2022
Stock based compensation	-	813,748
Remuneration officers	288,960	90,386
Total remuneration	\$ 288,960	\$ 922,134

On December 12 2022, the Board approved the settlement of CAD\$142,500 of debt owed to MA2 Capital Inc., a company controlled by Sorin Posescu, the Company's CEO, through the issuance of subordinate voting shares of the Company (the "Debt Settlement"). Pursuant to the Debt Settlement, the Company issued 285,000 subordinate voting shares of the Company at a deemed price of CAD\$0.50 per share and recorded in 2022 a gain on debt settlement of CAD\$61,275.

VALHALLA METALS INC.

Management Discussion and Analysis

For the year ended December 31, 2023

RISK FACTORS AND MANAGEMENT'S RESPONSIBILITY OVER FINANCIAL REPORTING

Risk Factors – General

Early-stage entities face a variety of risks and, while unable to eliminate all of them, the Company, by assembling a team of experienced directors and management, aims to manage and reduce such risks as much as possible. The Company's Management is responsible for establishing and maintaining adequate internal control over financial reporting. Company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of annual financial statements for external purposes in accordance with IFRS as issued by the International Accounting Standards Board.

The Company's internal control over financial reporting includes policies and procedures that:

- address maintaining records that accurately reflect the transactions and dispositions of assets of the Company;
- provide reasonable assurance that transactions are recorded as necessary for preparation of financial statements in accordance with IFRS;
- provide reasonable assurance that the Company's receipts and expenditures are made only in accordance with authorizations of Management and the Company's Directors; and
- provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the Company's assets that could have a material effect on the Company's financial statements.

The Company's ability to mitigate risk and carry on a sustainable business is depended on the ability to raise additional capital beyond what was already raised part of the previous private placements.

Selecting investments is a competitive process. The Company seeks to maintain an appropriate balance by carefully considering risks to ensure an investment's level of risk is commensurate with the Company's assessment of the project's potential.

RISK MANAGEMENT

Risk Associated with the Capital Markets

Market for Securities and Volatility of Share Price

There can be no assurance that an active trading market in the Company's securities will be established or sustained. The market price for the Company's securities could be subject to wide fluctuations. Factors such as government regulation, interest rates, share price movements of peer companies and competitors, announcements of quarterly variations in operating results, revenues and costs, and sentiments toward stocks as well as overall market movements, may have a significant adverse impact on the market price of the securities of the Company. The stock market has from time-to-time experienced extreme price and volume fluctuations, which have often been unrelated to the operating performance of a particular company.

Speculative Nature of Investment Risk

An investment in the securities of the Company carries a high degree of risk and should be considered as a speculative investment. The Company has no history of earnings, limited cash reserves, a limited operating history, has not paid dividends, and is unlikely to pay dividends in the immediate or near future.

Liquidity and Future Financing Risk

The Company has limited financial resources, has no source of operating income and has no assurance that additional funding will be available to it for further exploration and development of its projects. Although the Company has been successful in the past in financing activities through the sale of equity securities, there can be no assurance that it or the Company will be able to obtain additional financing in the future to execute its business plan. Further, current global financial conditions have been subject to increased volatility and access to public financing has been negatively impacted. This may impact the ability of the Company to obtain equity or debt financing in the future and, if obtained, on terms favorable to the Company.

VALHALLA METALS INC.

Management Discussion and Analysis

For the year ended December 31, 2023

The Company will likely operate at a loss for the foreseeable future and it may require additional financing in order to fund future operations and expansion plans. The Company's ability to secure any required financing to sustain operations and expansion plans will depend in part upon prevailing capital market conditions and business success. There can be no assurance that the Company will be successful in its efforts to secure any additional financing or additional financing on terms satisfactory to management. Moreover, future activities may require the Company to alter its capitalization significantly and, if additional financing is raised by issuance of additional shares of the Company from treasury, control may change and shareholders may suffer dilution. The inability of the Company to access sufficient capital for its operations could have a material adverse effect on the Company's financial condition and results of operations.

Additional Financing

The exploration and development of the Company's mineral properties will require substantial additional capital. When such additional capital is required, the Company will need to pursue various financing transactions or arrangements, including joint venturing of projects, debt financing, equity financing or other means. Additional financing may not be available when needed or, if available, the terms of such financing might not be favourable to the Company and might involve substantial dilution to existing shareholders. The Company may not be successful in locating suitable financing transactions in the time period required or at all. A failure to raise capital when needed would have a material adverse effect on the Company's business, financial condition and results of operations. Any future issuance of securities to raise required capital will likely be dilutive to existing shareholders. In addition, debt and other debt financing may involve a pledge of assets and may be senior to interests of equity holders. The Company may incur substantial costs in pursuing future capital requirements, including investment banking fees, legal fees, accounting fees, securities law compliance fees, printing and distribution expenses and other costs. The ability to obtain needed financing may be impaired by such factors as the capital markets (both generally and in the gold and copper industries in particular), the Company's status as a new enterprise with a limited history, the price of commodities and/or the loss of key management personnel. Further, if the price of gold, copper and other metals on the commodities markets decreases, then potential revenues from the Company's projects will likely decrease and such decreased revenues may increase the requirements for capital. Failure to obtain sufficient financing will result in a delay or indefinite postponement of development or production at the Company's projects. The Company will require additional financing to fund its operations until positive cash flow is achieved.

Ability of the Company to Continue as a Going Concern

The Company is in the exploration stage and is currently seeking additional capital to develop its exploration properties. The Company's ability to continue as a going concern is dependent upon its ability in the future to achieve profitable operations and, in the meantime, to obtain the necessary financing to meet its obligations and repay its liabilities when they become due. External financing, predominantly by the issuance of equity and debt, will be sought to finance the operations of the Company; however, there can be no certainty that such funds will be available at terms acceptable to the Company. These conditions indicate the existence of material uncertainties that may cast significant doubt about the Company ability to continue as a going concern.

Dividends

The Company does not anticipate paying any dividends on the Company Shares in the foreseeable future. Dividends paid by the Company would be subject to tax and, potentially, withholdings.

Risks Related to the Business of the Company

Mineral exploration is speculative and uncertain and involves a high degree of risk

The exploration for, and development of, mineral deposits involves a high degree of risk, which even a combination of careful evaluation, experience and knowledge may not eliminate. Few properties which are explored are ultimately developed into producing mines. Resource exploration and development is a speculative business, characterized by a number of significant risks, including, among other things, unprofitable efforts resulting not only from the failure to discover mineral deposits, but also from finding mineral deposits that, although present, are insufficient in quantity and quality to return a profit from production. The marketability of minerals acquired or discovered by the Company may be affected by numerous factors that are beyond the control of the Company and that cannot be accurately predicted, such as market fluctuations, the proximity and capacity of milling facilities, mineral markets and processing equipment, and such other factors as government regulations, including regulations relating to royalties,

VALHALLA METALS INC.

Management Discussion and Analysis

For the year ended December 31, 2023

allowable production, importing and exporting of minerals, and environmental protection, the combination of which factors may result in the Company not receiving an adequate return on investment capital.

All of the properties in which the Company has an interest are without any mineral reserves. Whether a mineral deposit will be commercially viable depends on a number of factors, which include, without limitation, the particular attributes of the deposit, such as size, grade and proximity to infrastructure, metal prices, which fluctuate widely, and government regulations, including, without limitation, regulations relating to prices, taxes, royalties, land tenure, land use, importing and exporting of minerals and environmental protection. The combination of these factors may result in the Company expending significant resources (financial and otherwise) on a property without receiving a return. There is no certainty that expenditures made by the Company towards the search and evaluation of mineral deposits will result in discoveries of an economically viable mineral deposit.

The Company's operations will be subject to all of the hazards and risks normally encountered in the exploration, development and production of minerals. These include unusual and unexpected geological formations, rock falls, seismic activity, flooding and other conditions involved in the extraction of material, any of which could result in damage to, or destruction of, mines and other producing facilities, damage to life or property, environmental damage and possible legal liability. Although precautions to minimize risk will be taken, operations are subject to hazards that may result in environmental pollution, and consequent liability that could have a material adverse impact on the business, operations and financial performance of the Company.

The long-term commercial success of the Company depends on its ability to explore, develop and commercially produce minerals from its properties and to locate and acquire additional properties worthy of exploration and development for minerals. No assurance can be given that the Company will be able to locate satisfactory properties for acquisition or participation. Moreover, if such acquisitions or participations are identified, the Company may determine that current markets, terms of acquisition and participation or pricing conditions make such acquisitions or participation uneconomic.

Exploration and Development

Mineral exploration and development involves a high degree of risk and few properties which are explored are ultimately developed into producing mines.

None of the Company's and Valhalla's properties presently contain any current mineral resources or mineral reserves. Should any mineral deposits be discovered, substantial expenditures will be required to confirm mineral reserves which are sufficient to commercially mine, and to obtain the required environmental approvals and permitting required to commence commercial operations. The decision as to whether a property contains a commercial mineral deposit and should be brought into production will depend upon the results of exploration programs and/or feasibility studies, and the recommendations of duly qualified engineers and/or geologists, all of which involves significant expense. This decision will involve consideration and evaluation of several significant factors including, but not limited to:

- costs of bringing a property into production, including exploration and development work, preparation of production feasibility studies and construction of production facilities;
- availability and costs of financing;
- ongoing costs of production;
- market prices for the minerals to be produced;
- environmental compliance regulations and restraints (including potential environmental liabilities associated with historical exploration activities); and
- political climate and/or governmental regulation and control.

No History of Mineral Production

The Company currently has no advanced exploration projects. The Company's projects are exploration projects that have no operating history upon which to base estimates of future cash operating costs, future capital spending requirements or future site remediation costs or asset retirement obligations.

VALHALLA METALS INC.

Management Discussion and Analysis

For the year ended December 31, 2023

Title to Mineral Properties

While the Company and Valhalla have performed their own due diligence with respect to the validity of the mineral claims comprising their respective mineral properties, this should not be construed as a guarantee of title. There is no assurance that applicable governmental bodies will not revoke or significantly alter the conditions of the applicable claims that are included in such properties or that such claims will not be challenged or impugned by third parties.

The Company's mineral properties may be subject to prior unregistered agreements of transfer or indigenous land claims, and title may be affected by undetected defects. Until any such competing interests have been determined, there can be no assurance as to the validity of title of the Company's mineral properties and any other mining or property interests derived from or in replacement or conversion of or in connection with the claims comprising the Company's mineral properties or the size of the area to which such claims and interests pertain.

Community Groups

There is an ongoing level of public concern relating to the effects of mining on the natural landscape, on communities and on the environment. Certain non-governmental organizations, public interest groups and reporting organizations who oppose resource development can be vocal critics of the mining industry. Any such actions and the resulting media coverage could have an adverse effect on the reputation and financial condition of the Company or its relationships with the communities in which it operates, which could have a material adverse effect on the Company's business, financial condition, results of operations, cash flows or prospects.

Possible Loss of Interests in Exploration Properties

Ownership of the Company's and Valhalla's mineral properties requires property maintenance which requires the submission of reports of assessment work in the relevant jurisdictions. Certain mineral properties, such as the Sun Project, require certain cash payments and/or expenditures to third parties in order to maintain their interests in the properties. If the Company fails to make such payments or expenditures in a timely fashion, the Company may lose its interest in those properties.

While the Company has performed its own due diligence, no assurances can be given that title defects to the properties in which the Company or Valhalla has an interest do not exist. The properties may be subject to prior unregistered agreements or interests and title may be affected by undetected defects. If title defects do exist, it is possible that the Company or Valhalla may lose all or a portion of its right, title, estate and interest in and to their respective properties to which the title defect relates.

Infrastructure

Exploration, development and processing activities depend, to one degree or another, on adequate infrastructure. Reliable roads, bridges, power sources and water supply are important elements of infrastructure, which affect access, capital and operating costs. The lack of availability on acceptable terms or the delay in the availability of any one or more of these items could prevent or delay exploration or development of the Company's projects. If adequate infrastructure is not available in a timely manner, there can be no assurance that the exploration or development of the Company's projects will be commenced or completed on a timely basis, if at all. Furthermore, unusual or infrequent weather phenomena, sabotage, government or other interference in the maintenance or provision of necessary infrastructure could adversely affect the Company's operations.

Access to the Ambler mining district is to be provided by the proposed Ambler Mining District Industrial Access Project ("AMDIA"). There is no assurance that the proposed AMDIA that would provide access to the area will be built, that it will be built in a timely manner, that the cost of accessing the proposed road will be reasonable, that it will be built in the manner contemplated, or that it will sufficiently satisfy the requirements of the Sun Property and Smucker Property. The proposed AMDIA requires significant permitting and approvals, and the Joint Record of Decision issued in 2020 is currently subject of lawsuits which could delay or prevent the project. On February 22, 2022, the United States Department of the Interior ("DOI") filed a motion to remand the Final Environmental Impact Statement ("FEIS") and suspend the right-of-way permits issued to the Alaska Industrial Development and Export Authority for the AMDIA. The DOI has stated that the suspension of the road permits will allow it to carry out additional supplemental work on the FEIS by

VALHALLA METALS INC.

Management Discussion and Analysis

For the year ended December 31, 2023

completing a supplemental EIS. On October 20, 2023, a draft SEIS was released for public comments. Please see the "Ambler Access Road Update" section above for more information.

Limited Exploration Season

The Sun Project and the Smucker Project are located in northwestern Alaska and the area is largely covered by alpine tundra and boreal forest. The area of the Sun Project and Smucker Project experiences long winters with sub-freezing temperatures. As a result the exploration season for such projects in any calendar year is limited and the Company may not be able to complete its proposed exploration programs on these projects within the timeframes desired or expected. Additionally, progress towards the advancement of these projects, if merited, may be slow.

The development of mines in this part of Alaska also requires additional engineering and costs related to climate, which could have a material adverse effect on the Company's business, financial condition, results of operations, cash flows or prospects.

Mineral Reserves

There is no NI 43-101 compliant mineral reserve on any of the Company's mineral projects. There can be no assurances that an NI 43-101 compliant reserve will ever be estimated on any of the Company's projects.

Fluctuating Price of Metals

Future production, if any, from the Company's mineral properties will be dependent upon the prices of gold and other precious metals being adequate to make these properties economic. Materially adverse fluctuations in the price of such minerals and metals may adversely affect the Company's financial performance and results of operations. Commodity prices fluctuate on a daily basis and are affected by numerous factors beyond the control of the Company, including levels of supply and demand, industrial development levels, inflation and the level of interest rates, the strength of the U.S. dollar and geopolitical events in significant mineral producing countries. Such external economic factors are in turn influenced by changes in international investment patterns, monetary systems and political developments.

Competitive Risks

The mineral resource industry is competitive in all of its phases. The Company competes with other companies, some of which have greater financial and other resources than the Company and, as a result, may be in a better position to compete for future business opportunities. The Company competes with other exploration and mining companies for the acquisition of leases and other mineral interests as well as for the recruitment and retention of qualified employees and other personnel. There can be no assurance that the Company can compete effectively with these companies.

Government and Regulatory Risks

The Company is subject to various laws governing exploration, taxes, labour standards and occupational health, safety, toxic substances, land use, water use, land claims of local people and other matters. No assurance can be given that new rules and regulations will not be enacted or that existing rules and regulations will not be applied in a manner, which could limit or curtail the Company's activities.

Amendments to current laws, regulations and permits governing activities of exploration and mining companies, or more stringent implementation thereof, could have a material adverse impact on the Company and cause increases in expenses or require abandonment or delays in activities.

Environmental Risks

All phases of the Company's operations will be subject to environmental regulation in Canada and the United States, as applicable. Changes in environmental regulation, if any, may adversely impact the Company's operations and future potential profitability. In addition, environmental hazards may exist on the Company's mineral projects which are currently unknown. The Company may be liable for losses associated with such hazards, or may be forced to undertake extensive remedial cleanup action or to pay for governmental remedial cleanup actions, even in cases where such hazards have been caused by previous or existing owners or operators of the properties, or by the past or present owners of adjacent properties or by natural conditions. The costs of such cleanup actions may have a material adverse impact on the Company's operations and future potential profitability.

VALHALLA METALS INC.

Management Discussion and Analysis

For the year ended December 31, 2023

License and Permits

In the ordinary course of business, the Company will be required to obtain and renew governmental licenses or permits for exploration, development, construction and commencement of mining at any of its projects. The Company may not be able to obtain or renew licenses or permits that are necessary to its operations. Any unexpected delays or costs associated with the licensing or permitting process could delay the development or impede the operation of a mine, which could adversely impact the Company's operations and profitability.

Uninsured risks

The business of the Company is subject to a number of risks and hazards generally, including adverse environmental conditions, industrial accidents, labour disputes, unusual or unexpected geological conditions, ground or slope failures, cave-ins, changes in the regulatory environment and natural phenomena such as inclement weather conditions and floods. Such occurrences could result in damage to mineral properties or production facilities, personal injury or death, environmental damage to properties of the Company or others, delays in mining, monetary losses and possible legal liability. Although the Company will maintain insurance to protect against certain risks in such amounts as it considers to be reasonable, its insurance will not cover all the potential risks associated with its operations and insurance coverage may not continue to be available or may not be adequate to cover any resulting liability.

Limited Operating History and Lack of Profits

The Company is an early-stage exploration company with a limited operating history. The likelihood of success of the Company's business plan must be considered in light of the problems, expenses, difficulties, complications and delays frequently encountered in connection with developing and expanding early-stage businesses and the regulatory and competitive environment in which the Company will operate. The Company expects to continue to incur losses unless and until such time as its properties enter into commercial production and generate sufficient revenues to fund its continuing operations. The development of the Company's properties will require the commitment of substantial resources. There can be no assurance that the Company will generate any revenues or achieve profitability.

Reliance on Personnel

The Company's success depends to a significant extent on its ability to identify, attract, hire, train and retain qualified personnel. Competition for such personnel may be intense and there can be no assurance that the Company will be successful in identifying, attracting, hiring, training and retaining such personnel in the future. If the Company is unable to identify, attract, hire, train and retain qualified personnel in the future, such inability could have a material adverse effect on its business, operating results and financial condition.

Additionally, the Company will be dependent on a number of key management personnel, including the services of certain key employees. The Company's ability to manage its exploration, appraisal and potential development and mining activities will depend in large part on the ability to retain current personnel and attract and retain new personnel, including management, technical and a skilled workforce. The loss of the services of one or more key management personnel could have a material adverse effect on the Company's ability to manage and expand the business.

Dependence on Outside Parties

The Company and Valhalla have relied upon external consultants and the Company would intend to rely on some of these parties for development, construction and operating expertise. Substantial expenditures are required to establish mineral reserves through drilling, to carry out environmental and social impact assessments, and to develop process to extract the commodity from ore. If such parties' work is deficient or negligent or is not completed in a timely manner, it could have a material adverse effect on the Company.

OFF BALANCE SHEET ARRANGEMENTS

The Company has not entered into any off-balance sheet arrangements.

QUALIFIED PERSON

Ms. Bonnie Broman, CPG, is a Qualified Person as defined under National Instrument 43-101 standards and has reviewed and approved the scientific and technical information in this MD&A.

VALHALLA METALS INC.
Management Discussion and Analysis
For the year ended December 31, 2023

OUTSTANDING COMMON SHARES DATA

The following table updates the outstanding share data provided as of December 31, 2023 and April 22 2024.

	April 22, 2024	December 31, 2023
Subordinate Voting Shares	35,016,636	35,016,636
Multiple Voting Shares	482,087	482,087
Stock Options @ CAD\$ 0.50	4,375,000	4,375,000
Stock Options @ CAD\$ 1.25	55,000	55,000
Warrants @ CAD\$ 0.60	1,333,422	1,333,422