SPANISH MOUNTAIN GOLD LTD.

Consolidated Financial Statements

For the years ended December 31, 2024 and 2023

(Expressed in Canadian dollars)

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INDEPENDENT AUDITOR'S REPORT

TO THE SHAREHOLDERS OF SPANISH MOUNTAIN GOLD LTD.

Opinion

We have audited the consolidated financial statements of Spanish Mountain Gold Ltd. and its subsidiary (the "Company"), which comprise:

- the consolidated statements of financial position as at December 31, 2024 and 2023;
- the consolidated statements of loss and comprehensive loss for the years then ended;
- the consolidated statements of changes in shareholders' 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

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Company as at December, 2024 and 2023, and its consolidated financial performance and consolidated cash flows for the years then ended in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board ("IFRS Accounting Standards").

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 *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained in our audits is sufficient and appropriate to provide a basis for our opinion.

Material Uncertainty Related to Going Concern

We draw attention to Note 1 in the consolidated financial statements, which indicates that the Company incurred a net loss of $2,465,246 during the year ended December 31, 2024 and, as of that date, accumulated a deficit of $18,975,542. As stated in Note 1, these events or conditions, along with other matters as set forth in Note 1, indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements for the year ended December 31, 2024. 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 auditor's report.

Other Information

Management is responsible for the other information. The other information comprises Management's Discussion and Analysis.

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

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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.

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

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

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

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

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

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

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

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company’s internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the Company as a basis for forming an opinion on the group financial statements. We are responsible for the direction, supervision and review of the audit work performed for purposes 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 auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor's report is Michelle Chi Wai So.

Smythe LLP

Chartered Professional Accountants

Vancouver, British Columbia

April 29, 2025

SPANISH MOUNTAIN GOLD LTD.
Consolidated Statements of Financial Position
(Expressed in Canadian dollars)

	Note	**December 31, 2024**	December 31, 2023
		$	$
ASSETS			
Current assets			
Cash and cash equivalents	13(a)	**6,873,687**	3,393,723
GST recoverable		**136,838**	63,572
Prepaid expenses and deposits	5	**193,371**	127,689
		7,203,896	3,584,984
Mineral property	6,7,11,12	**98,329,390**	92,508,138
Property and equipment	7	**952,882**	1,059,511
Deposits for reclamation	6	**91,000**	91,000
Rent deposit	10	**10,444**	10,444
Total assets		**106,587,612**	97,254,077
LIABILITIES			
Current liabilities			
Accounts payable and accrued liabilities	8,12	**812,594**	404,755
Current portion of lease liability	10	**65,307**	59,885
		877,901	464,640
Flow-through premium liability	9	**558,646**	-
Lease liability	10	**165,653**	230,960
Total liabilities		**1,602,200**	695,600
SHAREHOLDERS' EQUITY			
Share capital	11(b)	**121,683,532**	112,624,685
Reserves	11	**2,277,422**	592,621
Deficit		**(18,975,542)**	(16,658,829)
Total shareholders' equity		**104,985,412**	96,558,477
Total liabilities and shareholders' equity		**106,587,612**	97,254,077

Nature of operations and going concern (Note 1)
Subsequent events (Note 16)

Approved and authorized for issue on behalf of the Board of Directors:

/s/ "Richard Orazietti"	*/s/ "Lembit Janes"*
Director	Director

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

SPANISH MOUNTAIN GOLD LTD.
Consolidated Statements of Loss and Comprehensive Loss
(Expressed in Canadian dollars, except number of shares)

	Note		Years ended December 31,
		2024	2023
		$	$
Expenses			
Consulting		**302,833**	270,856
Depreciation	7	**75,203**	76,351
Investor relations, travel and filing fees		**405,791**	98,461
Legal and accounting	12	**559,402**	1,071,370
Office and administrative		**332,522**	116,090
Salaries and wages	12	**692,927**	746,618
Share-based compensation	11(d),12	**488,210**	111,355
		2,856,888	2,491,101
Other income (expense)			
Amortization of flow-through premium liability	9	**214,285**	-
Gain on debt settlement	12	**54,948**	-
Interest expense	10	**(33,280)**	(15,988)
Interest income	13	**102,777**	151,666
Other income		**52,912**	10,000
Net loss before income tax recovery		**(2,465,246)**	(2,345,423)
Deferred income tax recovery	15	**-**	204,887
Net loss		**(2,465,246)**	(2,140,536)
Loss per share:			
Basic and diluted		**(0.01)**	(0.01)
Weighted average number of common shares:			
Basic and diluted		**389,562,102**	361,472,792

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

SPANISH MOUNTAIN GOLD LTD.
Consolidated Statements of Cash Flows
(Expressed in Canadian dollars)

		Years ended December 31,
	2024	2023
	$	$
Operating activities		
Net loss for the year	**(2,465,246)**	(2,140,536)
Adjustments for:		
Depreciation	**75,203**	76,351
Share-based compensation	**488,210**	111,355
Amortization of flow-through premium liability	**(214,285)**	-
Gain on debt settlement	**(54,948)**	-
Interest expense	**13,204**	15,988
Other income	**-**	(10,000)
Deferred income tax recovery	**-**	(204,887)
Changes in non-cash working capital:		
GST recoverable	**(73,266)**	(10,860)
Prepaid expenses and deposits	**(65,682)**	(98,090)
Rent deposit	**-**	6,818
Accounts payable and accrued liabilities	**535,613**	64,456
Cash used in operating activities	**(1,761,197)**	(2,189,405)
Investing activities		
Proceeds from return on the maturity of short-term investments	**-**	250,000
Expenditures on mineral property	**(5,545,863)**	(3,484,171)
Expenditures on property and equipment	**(2,423)**	(55,301)
Cash used in investing activities	**(5,548,286)**	(3,289,472)
Financing activities		
Proceeds from units issued in private placement, net	**5,198,694**	6,000,000
Proceeds from flow-through units issued in private placement, net	**4,694,290**	-
Proceeds from charity flow-through units issued in private placement, net	**1,917,000**	-
Unit issuance costs	**(963,448)**	(90,231)
Proceeds from exercise of stock options	**16,000**	239,000
Repayment of CEBA loan	**-**	(30,000)
Lease payments	**(73,089)**	(62,154)
Cash provided by financing activities	**10,789,447**	6,056,615
Changes in cash and cash equivalents	**3,479,964**	577,738
Cash and cash equivalents, beginning of the year	**3,393,723**	2,815,985
Cash and cash equivalents, end of the year	**6,873,687**	3,393,723
Supplemental cash flow information:		
Expenditures on mineral property included in accounts payable and accrued liabilities	**280,398**	60,171
Share-based compensation included in mineral property	**21,313**	18,763
Depreciation included in mineral property	**33,849**	36,388
Cash interest received	**51,065**	71,745
Cash interest paid	**20,076**	-
Shares issued for debt settlement	**293,053**	-

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

SPANISH MOUNTAIN GOLD LTD.
Consolidated Statements of Changes in Shareholders' Equity
(Expressed in Canadian dollars, except number of shares)

	Common shares	Share capital	Reserves	Deficit	Total shareholders' equity
	#	$	$	$	$
Balance, December 31, 2022	341,815,551	106,275,899	1,301,992	(15,157,765)	92,420,126
Units issued in private placement	28,571,429	6,000,000	-	-	6,000,000
Unit issuance costs	-	(90,231)	-	-	(90,231)
Shares issued from exercise of stock options	2,550,000	439,017	(200,017)	-	239,000
Fair value of forfeited stock options	-	-	(639,472)	639,472	
Share-based compensation	-	-	130,118	-	130,118
Net loss for the year	-	-	-	(2,140,536)	(2,140,536)
Balance, December 31, 2023	372,936,980	112,624,685	592,621	(16,658,829)	96,558,477
Units issued in private placements	34,212,448	5,121,359	77,335	-	5,198,694
Flow-through units issued in private placements	25,976,333	4,036,847	657,443	-	4,694,290
Flow-through premium liability	-	(448,688)	-	-	(448,688)
Charity flow-through units issued in private placements	9,585,000	1,474,443	442,557	-	1,917,000
Charity flow-through premium liability	-	(324,243)	-	-	(324,243)
Share issuance costs	-	(1,123,749)	160,301	-	(963,448)
Shares issued for debt settlement	1,831,579	293,053	-	-	293,053
Shares issued from exercise of stock options	200,000	29,825	(13,825)	-	16,000
Fair value of forfeited stock options	-	-	(148,533)	148,533	-
Share-based compensation	-	-	509,523	-	509,523
Net loss for the year	-	-	-	(2,465,246)	(2,465,246)
Balance, December 31, 2024	**444,742,340**	**121,683,532**	**2,277,422**	**(18,975,542)**	**104,985,412**

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

1. NATURE OF OPERATIONS AND GOING CONCERN

Spanish Mountain Gold Ltd. (the "Company" or "Spanish Mountain") is an exploration stage resource company incorporated under the *Business Corporations Act* (Alberta) and continued into British Columbia under the *Business Corporations Act* (British Columbia). The head office and principal address of the Company is located at 910 - 1111 Melville Street, Vancouver, British Columbia V6E 3V6. The address of the Company's registered office is 1500 - 1055 West Georgia Street, Vancouver, British Columbia V6E 4N7. The Company is listed on the TSX Venture Exchange under the symbol "SPA", on the Frankfurt Stock Exchange under the symbol "S3Y" and on the OTC under the symbol "SPAUF".

These audited consolidated financial statements for the years ended December 31, 2024 and 2023 ("financial statements") have been prepared on the basis of accounting principles applicable to a going concern, which assumes that the Company will be able to 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. Accordingly, these financial statements do not include any adjustments to the amounts and classification of assets and liabilities that might be necessary should the Company be unable to continue as a going concern. Such adjustments could be material.

The Company is an exploration stage resource company that does not generate any revenue and has been relying on equity-based financing to fund its operations. While the Company expects to meet its financial obligations in the near term, it will require additional financing to meet its administrative costs and to continue to explore and develop its mineral property. There is no assurance that future funding will be available to sufficiently conduct further exploration and development of its mineral property. During the year ended December 31, 2024, the Company incurred a net loss before income tax recovery of $2,465,246 (2023 - $2,345,423), and as at December 31, 2024, had an accumulated deficit of $18,975,542 (December 31, 2023 - $16,658,829).

The application of the going concern concept is dependent upon the Company's ability to generate future profitable operations and maintain an adequate level of financial resources to discharge its on-going obligations. There is no assurance that sufficient future funding will be available on a timely basis or on terms acceptable to the Company. Management seeks to raise capital, when necessary, to meet its funding requirements and has undertaken available cost-cutting measures. There can be no assurance that management's plan will be successful as it is dependent on prevailing capital market conditions and the availability of other financing opportunities. These conditions indicate the existence of material uncertainties that may cast significant doubt as to the ability of the Company to meet its obligations as they come due, and accordingly, the appropriateness of the use of accounting principles applicable to a going concern.

2. BASIS OF PREPARATION

a) Statement of compliance

These financial statements were approved by the Board of Directors and authorized for issue on April 29, 2025.

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

b) Basis of measurement

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

c) Functional and presentation currency

These financial statements are presented in Canadian dollars, which is the functional currency of the Company and its subsidiary.

2. BASIS OF PREPARATION (continued)

d) Basis of consolidation

These financial statements include the accounts of the Company and its subsidiary. All intercompany transactions and balances are eliminated on consolidation. Control exists where the parent entity has power over the investee and is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Subsidiaries are included in the financial statements from the date control commences until the date control ceases. These financial statements include the accounts of the Company and its wholly owned Canadian subsidiary, Wildrose Resources Ltd. ("Wildrose").

3. MATERIAL ACCOUNTING POLICIES

a) Cash and cash equivalents

Cash and cash equivalents comprise cash, bank deposits or highly liquid temporary investments that are readily convertible into known amounts of cash.

b) Mineral property

The Company capitalizes all costs related to investments in mineral property interests on a property-by-property basis. Such costs include mineral property acquisition costs and exploration and development expenditures, net of any recoveries. The amounts shown for acquisition costs and deferred exploration expenditures represent costs incurred to date and do not necessarily reflect present or future values. Costs are deferred until such time as the extent of mineralization has been determined and mineral property interests are either developed or the Company's mineral rights are allowed to lapse. Costs accumulated relating to projects that are abandoned are written off in the period in which a decision to discontinue the project is made.

All deferred mineral property expenditures are reviewed, on a property-by-property basis, to consider whether there are any conditions that may indicate impairment. When the carrying value of a property exceeds its net recoverable amount that may be estimated by quantifiable evidence of an economic geological resource or reserve, joint venture expenditure commitments or the Company's assessment of its ability to sell the property for an amount exceeding the deferred costs, provision is made for the impairment in value.

When it has been determined that a mineral property can be economically developed as a result of establishing proven and probable reserves, costs will be depleted using the unit-of-production method over the estimated life of the ore body based upon recoverable ounces to be mined from estimated proven and probable reserves.

From time to time, the Company may acquire or dispose of a mineral property interest pursuant to the terms of an option agreement. As the options are exercisable entirely at the discretion of the optionee, the amounts payable or receivable are not recorded until the payments are made or received. Proceeds received on the sale or option of the Company's property interest is recorded as a reduction of the mineral property cost. When proceeds received in respect of a property exceed the property's carrying cost, the excess is recognized in profit or loss.

c) Property and equipment

Property and equipment are recorded at cost and depreciated using the declining-balance basis at the following annual rates:

Class of property and equipment	Depreciation rate
Building	4%
Computer equipment	30%
Furniture and equipment	20%
Right-of-use office and leasehold improvements	term of the lease
Vehicles	30%

The Company's only right-of-use asset is its office lease, which is depreciated on a straight-line basis over the 70-month term of the lease.

3. MATERIAL ACCOUNTING POLICIES (continued)

Additions during the year are depreciated on a pro-rated basis. Depreciation on property and equipment used directly on exploration projects is capitalized to mineral property.

d) Impairment of non-current assets

At the end of each reporting period, the Company reviews the carrying amounts of its tangible and intangible assets to determine whether there is an indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash-generating units ("CGU") (the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflow from other assets or groups of assets). The recoverable amount of the asset (or CGU) is the greater of the asset's (or CGU's) fair value less costs to sell and its value in use to which the assets belong.

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 (or CGU) is estimated to be less than its carrying amount, the carrying amount of the asset (or CGU) is reduced to its recoverable amount. An impairment loss is recognized in profit or loss for the period, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

The Company uses its best efforts to fully understand all of the aforementioned to make an informed decision based upon historical and current facts surrounding the projects. Discounted cash flow techniques often require management to make estimates and assumptions on reserves and expected future production revenues and expenses.

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

e) Mining exploration tax recoveries

The Company recognizes mining exploration tax recoveries in the year in which there is reasonable expectation, based on management's estimate, of receiving a refund. The amount of tax credit receivable is subject to review and approval by the taxation authorities and is adjusted for in the year when such approval is confirmed.

f) Units issuance

Proceeds received on the issuance of units, consisting of common shares and warrants, are allocated first to common shares based on the market trading price of the common shares at the time the units are priced, and any excess is allocated to warrants, on a residual value basis.

g) Share-based compensation

The Company has a stock option plan that is described in Note 11(d). Share-based compensation to employees are measured at the fair value of the instruments issued and amortized over the vesting periods. Share-based compensation to non-employees are measured at the fair value of the goods or services received or the fair value of the equity instruments issued, if it is determined the fair value of the goods or services cannot be reliably measured, and are recorded at the date the goods or services are received. The amount recognized as an expense is adjusted to reflect the number of awards expected to vest. The offset to the recorded cost is to reserve. Consideration received on the exercise of stock options is recorded as share capital and the related amount originally recorded in reserve is transferred to share capital. For those unexercised options or warrants that expire, the recorded value is transferred to deficit.

3. MATERIAL ACCOUNTING POLICIES (continued)

h) Income taxes

The Company follows the asset and liability method of accounting for deferred income taxes. Under this method, deferred income tax assets and liabilities are recognized for the future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax basis, losses carried forward and other tax deductions. Deferred income tax assets and liabilities are measured using tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The effect on deferred income tax assets and liabilities of a change in tax rates is recognized in profit or loss in the period in which the change is enacted or substantively enacted. The amount of deferred income tax assets is limited to the amount of the benefit that is probable that the related tax benefit will be realized.

i) Loss per share

Basic loss per share is calculated by dividing loss available to common shareholders by the weighted average number of common shares outstanding during the year. For all the years presented, the loss available to common shareholders equal the reported loss. The computation of diluted earnings per share reflects the potential dilution that could occur on the exercise of outstanding options, warrants and similar instruments. The Company uses the treasury stock method to determine the dilutive effect of options, warrants and other dilutive instruments. Under this method, only “in the money” dilutive instruments impact the calculations in computing diluted loss per share. However, the calculation of diluted loss per share excludes the effects of conversions or exercise of options and warrants if they would be anti-dilutive.

j) Financial instruments

Financial instruments are accounted for in accordance with IFRS 9 *Financial Instruments*. A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

<u>Classification of financial instruments</u>

The Company determines the classification of its financial instruments which are all measured at fair value on initial recognition. Upon initial recognition, a financial asset is classified as measured at: amortized cost, fair value through profit or loss (“FVTPL”), or fair value through other comprehensive income (“FVTOCI”). The classification of financial assets is generally based on the business model in which a financial asset is managed and its contractual cash flow characteristics. A financial liability is classified as measured at amortized cost or FVTPL.

The Company’s financial assets consist of cash and cash equivalents, deposits for reclamation, and rent deposit which are classified as and measured at amortized cost.

The Company’s financial liabilities comprise of accounts payable and accrued liabilities and lease liabilities which are classified as and measured at amortized cost.

k) Leases

<u>Lease recognition</u>

At inception of a contract, the Company assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Company assesses whether:

- The contract involves the use of an identified asset, either explicitly or implicitly and should be physically distinct. If the supplier has a substantive substitution right, then the asset is not identified;
- The Company has the right to obtain substantially all of the economic benefits from use of the asset throughout the period of use; and
- The Company has the right to direct the use of the asset. The Company has this right when it has the decision-making rights that are most relevant to changing how and for what purpose the asset is used.

3. MATERIAL ACCOUNTING POLICIES (continued)

If a contract is assessed to contain a lease, a lease liability is initially recognized at the present value of the lease payments that are unpaid at the commencement date and discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Company's incremental borrowing rate. Generally, the Company uses its incremental borrowing rate as the discount rate. The lease obligation is measured at amortized cost using the effective interest method. The Company also recognizes a right-of-use ("ROU") asset that will generally be equal to the lease obligation at adoption. The ROU asset is subsequently amortized over the life of the contract.

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

l) Share capital

Common shares are classified as equity. Transaction costs directly attributable to the issue of common shares and share options are recognized as a deduction from equity, net of any tax effects. Common shares issued for consideration other than cash, are valued based on their market value at the date the shares are issued.

m) Flow-through units

Flow-through units entitle a company that incurs certain resource expenditures in Canada to renounce them for tax purposes allowing the expenditures to be deducted for income tax purposes by the investors who purchase the shares.

At the time of closing a financing involving flow-through shares, the Company allocates proceeds received first to common shares based on the market trading price of the common shares at the time the flow-through shares are priced, and any excess is allocated to flow-through premium liability.

At the time of closing a financing involving flow-through units consisting of common shares and warrants, the Company allocates proceeds received as follows:

- Share capital - the market trading price of the common share;
- Warrant reserve - based on the valuation derived using the Black-Scholes option pricing model; and
- Flow-through premium - any excess, recorded as a liability.

Thereafter, as qualifying resource expenditures are incurred, these costs are capitalized to mineral properties and the flow-through premium, if any, is amortized to profit or loss.

At the end of each reporting period, the Company reviews its tax position and records an adjustment to its deferred tax expense/liability accounts for taxable temporary differences, including those arising from the transfer of tax benefits to investors through flow-through shares. For this adjustment, the Company considers the tax benefits (of qualifying resource expenditures already incurred) to have been effectively transferred, if it has formally renounced those expenditures at any time.

The Company may also be subject to a Part XII.6 tax on flow-through proceeds renounced under the Look-back Rule in accordance with Government of Canada flow-through regulations. When applicable, this flow-through share tax expense is accrued and recorded in profit or loss.

3. MATERIAL ACCOUNTING POLICIES (continued)

n) New accounting standards and interpretations adopted

The Company adopted the following amendment to accounting standards, which are effective for annual periods beginning on or after January 1, 2024:

Classification of liabilities as current or non-current - amendments to IAS 1

The amendments to IAS 1 specify the requirements for classifying liabilities as current or non-current. The amendments clarify:

- What is meant by a right to defer settlement
- That a right to defer must exist at the end of the reporting period
- That classification is unaffected by the likelihood that an entity will exercise its deferral right
- That only if an embedded derivative in a convertible liability is itself an equity instrument would the terms of a liability not impact its classification

In addition, an entity is required to disclose when a liability arising from a loan agreement is classified as non-current and the entity's right to defer settlement is contingent on compliance with future covenants within twelve months. The amendments have not had an impact on the classification of the Company's liabilities.

o) Pronouncements issued but not yet effective

On April 9, 2024, the IASB issued IFRS 18 *Presentation and Disclosure in Financial Statements*. IFRS 18 will apply for reporting periods beginning on or after January 1, 2027 and also applies to comparative information. IFRS 18 will replace IAS 1; many of the other existing principles in IAS 1 are retained, with limited changes. IFRS 18 will not impact the recognition or measurement of items in the financial statements, but it may change what an entity reports as its 'operating profit or loss'. Key new concepts introduced in IFRS 18 relate to: (i) the structure of the statement of profit or loss; (ii) required disclosures in the financial statements for certain profit or loss performance measures that are reported outside an entity's financial statements (that is, management-defined performance measures); and (iii) enhanced principles on aggregation and disaggregation which apply to the primary financial statements and notes in general. The Company is currently assessing the effects of IFRS 18 on the financial statements.

In May 2024, the IASB issued Amendments to the Classification and Measurement of Financial Instruments (Amendments to IFRS 9 and IFRS 7). These amendments updated classification and measurement requirements in IFRS 9 *Financial Instruments* and related disclosure requirements in IFRS 7 *Financial Instruments: Disclosures*. The IASB clarified the recognition and derecognition date of certain financial assets and liabilities, and amended the requirements related to settling financial liabilities using an electronic payment system. It also clarified how to assess the contractual cash flow characteristics of financial assets in determining whether they meet the 'solely payments of principal and interest' criterion, including financial assets that have environmental, social and corporate governance (ESG)-linked features and other similar contingent features. The IASB added disclosure requirements for financial instruments with contingent features that do not relate directly to basic lending risks and costs and amended disclosures relating to equity instruments designated at fair value through other comprehensive income. The amendments are effective for annual periods beginning on or after January 1, 2026 with early application permitted. The Company is currently assessing the effect of these amendments on the financial statements.

4. SIGNIFICANT JUDGMENTS AND SOURCES OF ESTIMATION UNCERTAINTY

a) Significant accounting estimates

Management makes estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. While management believes that these estimates are reasonable, actual results could differ from those estimates and could impact future results of operations and cash flows.

Significant areas requiring the use of management estimates are as follows:

4. SIGNIFICANT JUDGMENTS AND SOURCES OF ESTIMATION UNCERTAINTY (continued)

Useful lives of property and equipment

The Company reviews its estimate of the useful lives of property and equipment at each reporting date, based on the expected utilization of the assets. A change in the useful life or residual value will impact the reported carrying value of the property and equipment resulting in a change in related amortization expense.

Right-of-use assets and lease liability

The Company uses estimation in determining the incremental borrowing rate used to measure the lease liability, specific to the asset, underlying currency, and geographic location. Where the rate implicit in the lease is not readily determinable, the discount rate of the lease obligations are estimated using a discount rate similar to the Company's specific borrowing rate. This rate represents the rate that the Company would incur to obtain the funds necessary to purchase the asset of a similar value, with similar payment terms and security in a similar environment.

Share-based compensation

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

b) Significant accounting judgements

The Company's management makes critical judgments in the process of applying its accounting policies that have a significant effect on the amounts recognized in the Company's financial statements. The significant judgments that the Company's management has made in the process of applying the Company's accounting policies, apart from those involving estimation uncertainties, that have the most significant effect include, but are not limited to:

Impairment of property and equipment and mineral property

Assets or CGUs 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 property and equipment and mineral property.

In respect of the carrying value of property and equipment recorded on the consolidated statements of financial position, management has determined that it continues to be appropriately recorded as there have been no obsolescence or physical damage of the assets, and there are no indications that the value of the assets have declined more than what is expected from the passage of time or from normal use.

In respect of costs incurred for its mineral property, management has determined that exploratory drilling, evaluation, development and related costs incurred, which have been capitalized, continue to be appropriately recorded on the consolidated statements of financial position at carrying value as management has determined there are no indicators of impairment for its mineral property as at December 31, 2024 and 2023.

Mining exploration tax credits and flow-through expenditures

The Company is eligible for refundable tax credits on qualified resource expenditures incurred in the province of British Columbia (the "Province"). Uncertainties exist with respect to the interpretation of tax regulations resulting in certain claimed credits being disallowed by the Province. The calculation of the Company's refundable tax credits involves significant estimates and judgment on items whose tax treatment cannot be verified until a notice of assessment and subsequent payments have been received from the Province. Differences between management's estimates and the final assessment could result in adjustments to the mining exploration tax credit and the future income tax expense.

(Expressed in Canadian dollars, except where noted)

4. SIGNIFICANT JUDGMENTS AND SOURCES OF ESTIMATION UNCERTAINTY (continued)

The Company is also required to spend proceeds received from the issuance of flow-through shares on qualifying resources expenditures.

Differences in judgment between management and regulatory authorities with respect to qualified expenditures may result in disallowed expenditures by the tax authorities. Any amount disallowed may result in the Company's required expenditures not being fulfilled.

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 and contractual exploration programs, involves significant judgment based on historical experience and other factors, including expectation of future events that are believed to be reasonable under the circumstances.

Right-of-use assets and lease liability

The Company applies judgment in determining whether the contract contains an identified asset, whether they have the right to control the asset, and the lease term. The lease term is based on considering facts and circumstances, both qualitative and quantitative, that can create an economic incentive to exercise renewal options. Management considers all facts and circumstances that create an economic incentive to exercise an extension option, or not to exercise a termination option.

5. PREPAID EXPENSES AND DEPOSITS

A summary of the Company's prepaid expenses and deposits is as follows:

	December 31, 2024	December 31, 2023
	$	$
Prepaid insurance and subscriptions	**154,396**	52,464
Advances to suppliers	**10,225**	75,225
Deposits	**28,750**	-
	193,371	127,689

6. MINERAL PROPERTY

Spanish Mountain Property, British Columbia

The Spanish Mountain property comprises approximately 53 contiguous mineral claims and 15 placer claims and covers an area of approximately 13,598 hectares that is 100% owned by the Company. The property's various claims are subject to various Net Smelter Returns ("NSR") at 2.5%. The Company may, at its option, reduce the NSR to 1.0% or 1.5% dependent on the underlying mineral claims with a maximum aggregate payment of $1,000,000 to the vendors. The NSR may be purchased by the Company for $500,000 per 1% NSR.

(Expressed in Canadian dollars, except where noted)

6. MINERAL PROPERTY (continued)

A summary of exploration expenditures incurred on the Company's mineral property is as follows:

	$
Balance, December 31, 2022	89,740,340
Additions during the year:	
Assaying	265,192
Camp materials and supplies	80,688
Contract wages	215,114
Depreciation	36,388
Environmental assessment	1,093,533
First Nations and community engagement	92,267
Fuel	701
Geological and technical consulting	480,220
Land tenure	14,603
Maps and reports	432,303
Share-based compensation	18,763
Travel and accommodation	38,026
Balance, December 31, 2023	92,508,138
Additions during the year:	
Assaying	721,202
Camp materials and supplies	208,764
Contract wages	474,606
Depreciation	33,849
Drilling	909,510
Environmental assessment	338,371
Equipment rental and services	295,795
First Nations and community engagement	3,828
Fuel	72,352
Geological and technical consulting	1,395,777
Land tenure	5,249
Maps and reports	617,539
Preliminary economic assessment	693,046
Share-based compensation	21,313
Travel and accommodation	30,051
Balance, December 31, 2024	**98,329,390**

In accordance with regulatory requirements, as at December 31, 2024, the Company holds a number of GICs totaling $91,000 (December 31, 2023 - $91,000) in safekeeping for the Government of British Columbia which are presented as deposits for reclamation in the consolidated statements of financial position. The security will be released once the Company fulfils its obligations pursuant to its mineral exploration permit.

(Expressed in Canadian dollars, except where noted)

7. PROPERTY AND EQUIPMENT

A summary of the Company's property and equipment is as follows:

	Land	Building	Right-of-use office	Computer equipment	Furniture and equipment	Vehicles and leasehold improvements	Total
	$	$	$	$	$	$	$
Cost							
Balance, December 31, 2022	127,441	1,112,739	346,292	162,399	243,484	123,378	2,115,733
Additions	-	-	-	15,590	-	-	15,590
Adjustments	-	-	-	-	-	(289)	(289)
Balance, December 31, 2023	127,441	1,112,739	346,292	177,989	243,484	123,089	2,131,034
Additions	-	-	-	2,423	-	-	2,423
Balance, December 31, 2024	**127,441**	**1,112,739**	**346,292**	**180,412**	**243,484**	**123,089**	**2,133,457**
Accumulated depreciation							
Balance, December 31, 2022	-	521,459	34,629	155,542	181,109	66,045	958,784
Depreciation	-	23,632	59,364	3,113	12,360	14,270	112,739
Balance, December 31, 2023	-	545,091	93,993	158,655	193,469	80,315	1,071,523
Depreciation	-	23,667	59,364	5,929	9,921	10,171	109,052
Balance, December 31, 2024	**-**	**568,758**	**153,357**	**164,584**	**203,390**	**90,486**	**1,180,575**
Carrying amount							
Balance, December 31, 2023	127,441	567,648	252,299	19,334	50,015	42,774	1,059,511
Balance, December 31, 2024	**127,441**	**543,981**	**192,935**	**15,828**	**40,094**	**32,603**	**952,882**

During the year ended December 31, 2024, depreciation of $33,849 (2023 - $36,388) was capitalized to mineral property.

(Expressed in Canadian dollars, except where noted)

8. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

A summary of the Company's accounts payable and accrued liabilities is as follows:

	December 31, 2024	December 31, 2023
	$	$
Trade payables	**633,768**	377,719
Accrued liabilities	**98,671**	15,000
Wages payable	**55,864**	4,598
Government agencies payable	**24,291**	7,438
	812,594	404,755

9. FLOW-THROUGH PREMIUM LIABILITY

On May 30, 2024, the Company issued 7,808,333 flow-through units at $0.24 per unit for gross proceeds of $1,874,000. As a result, a flow-through premium liability of $166,664 was recorded. The Company is obligated to spend $1,874,000 on eligible exploration expenditures by May 30, 2026.

On June 17, 2024, the Company issued 50,000 flow-through units at $0.24 per unit for gross proceeds of $12,000. As a result, a flow-through premium liability of $1,753 was recorded. The Company is obligated to spend $12,000 on eligible exploration expenditures by June 17, 2026.

On November 15, 2024, the Company issued 18,118,000 flow-through units at $0.155 per unit for gross proceeds of $2,808,290. As a result, a flow-through premium liability of $280,271 was recorded. The Company is obligated to spend $2,808,290 on eligible exploration expenditures by November 15, 2026.

On November 15, 2024, the Company issued 9,585,000 charity flow-through units at $0.20 per unit for gross proceeds of $1,917,000. As a result, a flow-through premium liability of $324,243 was recorded. The Company is obligated to spend $1,917,000 on eligible exploration expenditures by November 15, 2026.

During the year ended December 31, 2024, the Company incurred $2,244,533 (2023 - $nil) of qualifying exploration expenditures. As a result, an amortization of flow-through premium liability of $214,285 (2023 - $nil) was recorded.

A summary of the Company's flow-through premium liability and remaining eligible expenditure obligation is as follows:

	Flow-through funding and eligible expenditures	**Flow-through premium liability**
	$	$
Balance, December 31, 2023 and 2022	-	-
Flow-through funds raised on May 30, 2024	1,874,000	166,664
Flow-through funds raised on June 17, 2024	12,000	1,753
Flow-through funds raised on November 15, 2024	4,725,290	604,514
Eligible expenditures incurred, renounced and amortization of flow-through premium liability	(2,244,533)	(214,285)
Balance, December 31, 2024	**4,366,757**	**558,646**

(Expressed in Canadian dollars, except where noted)

10. LEASE LIABILITY

In connection with the Company's lease of its head office, the Company paid a rent deposit of $10,444 which will be returned to the Company at the end of the lease term on March 31, 2028.

A summary of the Company's lease payment commitments pertaining to the lease liability are as follows:

	December 31, 2024
	$
2025	75,391
2026	77,693
2027	78,268
2028	19,567
Total future minimum lease payments	250,919
Effect of discounting using an incremental borrowing rate of 5% per annum	(19,959)
Total present value of minimum lease payments	**230,960**

A summary of the Company's lease liability is as follows:

	$
Balance, December 31, 2022	337,011
Interest expense	15,988
Payments	(62,154)
Balance, December 31, 2023	290,845
Interest expense	13,204
Payments	(73,089)
Balance, December 31, 2024	**230,960**
Current portion	**65,307**
Non-current portion	**165,653**

11. SHARE CAPITAL

a) Authorized share capital

- Unlimited number of common voting shares without par value
- Unlimited number of first preferred shares
- Unlimited number of second preferred shares

The first and second preferred shares may be issued in one or more series and the directors are authorized to fix the number in each series and to determine the designation, rights, privileges, restrictions and conditions attached to the shares of each series.

As at December 31, 2024 and 2023, there are no first or second preferred shares outstanding.

b) Issued and outstanding

During the year ended December 31, 2024, the Company had the following share capital transactions:

Units issued in private placements

- On May 30, 2024, the Company completed a private placement of 6,914,285 units at $0.21 per unit for gross proceeds of $1,452,000. Each unit consists of one common share and one-half share purchase warrant. Each whole warrant entitles the holder to purchase one common share of the Company at a price of $0.25 per share until May 30, 2026. Proceeds were allocated using the residual method. As a result, $1,382,857 was allocated to share capital and $69,143 was allocated to reserves.

11. SHARE CAPITAL (continued)

- On June 27, 2024, the Company completed a private placement of 819,237 units at $0.21 per unit for gross proceeds of $172,039. Each unit consists of one common share and one-half warrant. Each warrant entitles the holder to purchase one common share of the Company at a price of $0.25 per share until June 27, 2026. Proceeds were allocated using the residual method. As a result, $163,847 was allocated to share capital and $8,192 was allocated to reserves.

- On November 15, 2024, the Company issued 26,478,926 units at $0.135 per unit for gross proceeds of $3,574,655. Each unit is comprised of one common share and one share purchase warrant. Each warrant entitles the holder to purchase one common share of the Company at a price of $0.18 per share for a period of 24 months from November 15, 2024. Proceeds were allocated using the residual method. On initial recognition, the warrants had a fair value of $nil. As a result, $3,574,655 was allocated to share capital.

<u>Flow-through units issued in private placements</u>

- On May 30, 2024, the Company issued 7,808,333 flow-through units at $0.24 per unit for gross proceeds of $1,874,000. Each unit consists of one common share and one-half warrant. Each whole warrant entitles the holder to purchase one common share of the Company at a price of $0.25 per share until May 30, 2026, subject to earlier expiry if the ten-day volume weighted average price exceeds $0.30 per share. The Company allocates the proceeds received in the following order: first, to common shares, based on their market trading price at closing; subsequently, to warrants, using valuations derived from the Black-Scholes option pricing model; and finally, any residual amount is allocated to the flow-through premium liability. As a result, $1,405,500 was allocated to share capital, $301,837 was allocated to reserves and $166,663 was allocated to flow-through premium liability.

- On June 27, 2024, the Company issued 50,000 flow-through units at $0.24 per unit for gross proceeds of $12,000. Each unit consists of one common share and one-half of one share purchase warrant. Each whole warrant entitles the holder to purchase one common share of the Company at a price of $0.25 per share until June 27, 2026, subject to earlier expiry if the ten-day volume weighted average price exceeds $0.30 per share. The Company allocates the proceeds received in the following order: first, to common shares, based on their market trading price at closing; subsequently, to warrants, using valuations derived from the Black-Scholes option pricing model; and finally, any residual amount is allocated to the flow-through premium liability. As a result, $8,500 was allocated to share capital, $1,747 was allocated to reserves and $1,753 was allocated to flow-through premium liability.

- On November 15, 2024, the Company issued 18,118,000 flow-through units of the Company at a price of $0.155 per unit for gross proceeds of $2,808,290. Each flow-through unit is comprised of one common share and one-half share purchase warrant. Each whole warrant entitles the holder to purchase one common share of the Company at a price of $0.23 per share for a period of 24 months from November 15, 2024. The Company allocates the proceeds received in the following order: first, to common shares, based on their market trading price at closing; subsequently, to warrants, using valuations derived from the Black-Scholes option pricing model; and finally, any residual amount is allocated to the flow-through premium liability. As a result, $2,174,160 was allocated to share capital, $353,859 was allocated to reserves and $280,271 was allocated to flow-through premium liability.

<u>Charity flow-through units issued in private placements</u>

- On November 15, 2024, the Company issued 9,585,000 charity flow-through units of the Company at a price of $0.20 per unit for gross proceeds of $1,917,000. Each charity flow-through unit is comprised of one common share and one share purchase warrant. Each warrant entitles the holder to purchase one common share of the Company at a price of $0.18 per share for a period of 24 months from November 15, 2024. The Company allocates the proceeds received in the following order: first, to common shares, based on their market trading price at closing; subsequently, to warrants, using valuations derived from the Black-Scholes option pricing model; and finally, any residual amount is allocated to the flow-through premium liability. As a result, $1,150,200 was allocated to share capital, $442,557 was allocated to reserves and $324,243 was allocated to flow-through premium liability.

<u>Other share issuances</u>

- In connection with the private placement and issuance of flow-through units on May 30, 2024, the Company paid combined share issuance costs of $110,040 and issued 50,000 finders' warrants. The finder's warrants are valued using the Black-Scholes option pricing model and has a fair value of $3,866. Each finders' warrant entitles the holder to purchase one common share of the Company at a price of $0.25 per share until May 30, 2026.

(Expressed in Canadian dollars, except where noted)

11. SHARE CAPITAL (continued)

- On June 27, 2024, the Company issued 200,000 common shares pursuant to the exercise of stock options with a weighted average exercise price of $0.08 generating gross proceeds of $16,000. In connection with the exercise, the Company transferred $13,825 from reserves to share capital.

- On August 29, 2024, the Company issued 1,831,579 as settlement for services valued at $348,000. The fair value of shares issued was measured using the closing price on the date that the shares were issued of $0.16 per share for a total fair value of $293,053. As a result, the Company recorded a gain on debt settlement of $54,948.

- In connection with the private placement and issuance of units on November 15, 2024, the Company paid total finders' fees and share issuance costs of $853,408 and issued 2,856,143 finders' warrants. The finder's warrants are valued using the Black-Scholes option pricing model and has a fair value of $156,435. Each finders' warrant entitles the holder to purchase one common share of the Company at a price of $0.135 per share for a period of 24 months from November 15, 2024.

- During the year ended December 31, 2024, 356,250 stock options were forfeited following the departures of certain officers and consultants of the Company and 875,000 stock options expired unexercised. As a result, $148,533 was transferred from reserves to deficit.

During the year ended December 31, 2023, the Company had the following share capital transactions:

- On May 12, 2023, the Company completed a private placement of 28,571,429 units priced at $0.21 per unit for total proceeds of $6,000,000. Each unit was comprised of one common share and one-half of one share purchase warrant. Each whole warrant entitles the holder to purchase one common share of the Company at an exercise price of $0.25 for a period of 24 months following the closing date of the respective tranche and subject to earlier expiry if the ten-day volume weighted average price exceeds $0.30 per share. On initial recognition, the warrants had a fair value of $nil. As a result, proceeds of $6,000,000 was allocated to share capital. In connection with the private placement, the Company paid unit issuance costs of $90,231 in cash.

- During the year ended December 31, 2023, 2,550,000 stock options were exercised for proceeds of $239,000 pursuant to which the Company issued a total of 2,550,000 common shares. As a result, $200,017 was transferred to share capital from reserves.

- During the year ended December 31, 2023, 3,250,000 stock options were forfeited following the departures of certain officers and consultants of the Company. As a result, $639,472 was transferred to deficit from reserves.

c) Share purchase warrants

A summary of the Company's share purchase warrant activity is as follows:

	Number of warrants	**Weighted average exercise price**
	#	$
Balance, December 31, 2022	-	-
Issued	14,285,715	0.25
Balance, December 31, 2023	14,285,715	0.25
Issued	55,824,993	0.20
Balance, December 31, 2024	**70,110,708**	**0.21**

(Expressed in Canadian dollars, except where noted)

11. SHARE CAPITAL (continued)

A summary of the Company's share purchase warrants outstanding as at December 31, 2024 is as follows:

Date of expiry	Exercise price	Number of warrants	Weighted average remaining life
	$	#	Years
May 12, 2025	0.25	14,285,715	0.36
May 30, 2026	0.25	7,411,308	1.41
June 27, 2026	0.25	434,618	1.49
November 15, 2026	0.18	36,063,926	1.87
November 15, 2026	0.23	9,058,998	1.87
November 15, 2026	0.14	2,856,143	1.87
	0.21	**70,110,708**	**1.51**

A summary of the Company's weighted average inputs used in the Black-Scholes option pricing model for the share purchase warrants for the years ended December 31, 2024 and 2023 is as follows:

	2024	2023
Share price	**\$0.13**	\$0.23
Exercise price	**\$0.20**	\$0.25
Expected life	**2 years**	2 years
Risk-free interest rate (1)	**3.32%**	3.73%
Forfeiture rate	**3.00%**	3.00%
Expected volatility (2)	**92.68%**	106.16%
Expected annual dividend yield	**0.00%**	0.00%

(1) The risk-free interest rate of periods within the expected life of the stock options is based on the Canadian government bond rate.

(2) The computation of expected volatility was based on the Company's historical price volatility, over a period which approximates the expected life of the option.

d) Stock options

The Company's incentive stock option plan ("Option Plan") authorizes the issuance of options up to a maximum of 10% of the Company's issued common shares. The maximum number of stock options issuable has been fixed at 37,293,698 by a special resolution of shareholders since 2023. The exercise price of any stock option granted will not be less than the fair market value of a common share at the time of the grant. The expiry date for each stock option, set by the Board of Directors at the time of issue, shall not be more than ten years after the grant date. Unless stipulated by the Board of Directors, stock options granted generally vest 25% on the date of grant and a further 25% vest every three months following the date of grant.

On May 27, 2024, the Company granted 1,425,000 stock options exercisable at \$0.24 per share to certain officers and directors. The options are exercisable for a 10-year term expiring on May 27, 2034. The options vest periodically over 18 months. The fair value of the options was determined to be \$242,207 using the Black-Scholes option pricing model.

On June 21, 2024, the Company granted 2,625,000 stock options exercisable at \$0.19 per share to certain officers and directors. The options are exercisable for a 10-year term expiring on June 20, 2034. The options vest periodically over 18 months. The fair value of the options was determined to be \$403,371 using the Black-Scholes option pricing model.

On August 27, 2024, the Company granted 400,000 stock options exercisable at \$0.17 per share to an officer of the Company. The options are exercisable for a 10-year term expiring on August 27, 2034. The options vest periodically over 18 months. The fair value of the options was determined to be \$54,321 using the Black-Scholes option pricing model.

On October 4, 2024, the Company granted 150,000 stock options exercisable at \$0.16 per share to an executive of the Company. The options are exercisable for a 10-year term expiring on October 4, 2034. The options vest periodically over 18 months. The fair value of the options was determined to be \$20,393 using the Black-Scholes option pricing model.

(Expressed in Canadian dollars, except where noted)

11. SHARE CAPITAL (continued)

A summary of the Company's weighted average inputs used in the Black-Scholes option pricing model for the stock options granted during the years ended December 31, 2024 and 2023 is as follows:

	2024	2023
Share price	**$0.18**	$0.18
Exercise price	**$0.20**	$0.18
Expected life	**10 years**	5 years
Risk-free interest rate	**3.40%**	2.37%
Forfeiture rate	**3.00%**	3.00%
Expected volatility	**94.00%**	107.87%
Expected annual dividend yield	**0.00%**	0.00%

The weighted average remaining life in years represents the remaining period that the options granted are expected to remain unexercised. The volatility rate is based on the historical volatility of comparable companies. The risk-free rate is based on Canada government bonds with a term similar to the expected life of the stock options.

A summary of the Company's stock option activity is as follows:

	Number of stock options	**Weighted average exercise price**
	#	$
Balance, December 31, 2022	9,750,000	0.19
Exercised	(2,550,000)	0.09
Forfeited	(3,250,000)	0.25
Balance, December 31, 2023	3,950,000	0.20
Granted	4,600,000	0.20
Exercised	(200,000)	0.08
Forfeited	(356,250)	0.24
Expired	(875,000)	0.22
Balance, December 31, 2024	**7,118,750**	**0.20**

A summary of the Company's stock options outstanding and exercisable as at December 31, 2024 is as follows:

Date of expiry	**Exercise price**	**Number of options**	**Number of options exercisable**	**Weighted average remaining life**
	$	#	#	Years
December 16, 2025	0.36	550,000	550,000	0.96
January 24, 2027	0.21	900,000	900,000	2.07
September 13, 2027	0.15	300,000	300,000	2.70
October 12, 2027	0.14	600,000	600,000	2.78
October 19, 2027	0.13	600,000	600,000	2.80
May 27, 2034	0.24	1,125,000	562,500	9.41
June 20, 2034	0.19	2,493,750	1,268,750	9.47
August 27, 2034	0.17	400,000	100,000	9.66
October 4, 2034	0.16	150,000	37,500	9.76
	0.20	**7,118,750**	**4,918,750**	**6.47**

During the year ended December 31, 2024, the Company recognized share-based compensation from the vesting of stock options of $509,523 (2023 - $130,118), of which $21,313 (2023 - $18,763), was capitalized to mineral property.

During the year ended December 31, 2024, the weighted average share price on the date of exercise of the stock options was $0.17 per share (2023 - $0.20).

(Expressed in Canadian dollars, except where noted)

12. RELATED PARTY TRANSACTIONS AND KEY MANAGEMENT COMPENSATION

Key management personnel include those persons having the authority and responsibility of planning, directing and executing the activities of the Company. The Company has determined that its key management personnel consist of directors and executive officers of the Company.

A summary of the Company's compensation for key management personnel is as follows:

	Years ended December 31,	
	2024	2023
	$	$
Consulting fees capitalized in mineral property	**-**	58,500
Legal and accounting	**66,154**	19,983
Salaries and wages (1)	**698,774**	698,876
Share-based compensation	**454,164**	105,120
	1,219,092	882,479

(1) During the year ended December 31, 2024, the Company paid contractual termination benefits totaling $nil (2023 - $240,000), to the former chief executive officer.

As at December 31, 2024, accounts payable and accrued liabilities included $55,755 (December 31, 2023 - $4,598) owed to certain officers. Interest is not charged on outstanding balances and there are no specified terms of repayment.

13. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

As at December 31, 2024, the Company's financial instruments consist of cash and cash equivalents, rent deposit, deposits for reclamation, accounts payable and accrued liabilities, and lease liabilities, which are classified as and measured at amortized cost.

The carrying values of cash and cash equivalents, rent deposit, deposits for reclamation, deposit and accounts payable and accrued liabilities, approximate their fair values due to their short term to maturity.

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

a) Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to fulfill its contractual obligations and arises principally from the Company's holdings of cash and cash equivalents and deposits for reclamation. The Company manages credit risk in respect of cash and cash equivalents and deposits for reclamation by holding these at a major Canadian financial institution with strong investment-grade ratings by a recognized agency.

Concentration of credit risk exists with respect to the Company's cash and cash equivalents, as all amounts are held at one major Canadian financial institution.

A summary of the Company's cash and cash equivalents is as follows:

	December 31, 2024	December 31, 2023
	$	$
Cash held in bank accounts	**6,438,651**	108,020
Term deposits	**435,036**	3,285,703
	6,873,687	3,393,723

For the year ended December 31, 2024, the weighted average interest rate earned on the Company's cash and cash equivalents was 4.23% (2023 - 4.41%). During the year ended December 31, 2024, the Company earned interest income of $97,877 (2023 - $149,224) on various GICs.

13. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (continued)

b) Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in satisfying its financial obligations as they become due. The Company manages its liquidity risk by forecasting cash flows from operations and anticipated investing and financing activities. The Company has cash and cash equivalents at December 31, 2024 of $6,873,687 (December 31, 2023 - $3,393,723) in order to meet its current liabilities. As at December 31, 2024, the Company had accounts payable and accrued liabilities of $812,594 (December 31, 2023 - $404,755), which have contractual maturities of 90 days or less and a current portion of lease liability of $65,307 (December 31, 2023 - $59,885). The amount of the Company's remaining undiscounted contractual lease payments for the lease liability is $250,919 (December 31, 2023 - $324,008). As at December 31, 2024, the management has assessed the liquidity risk as minimal.

c) Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. The Company is exposed to interest rate and foreign currency risk as follows:

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in market prices.

The Company's cash and cash equivalents are held in bank accounts earning interest at variable interest rates. Due to the short-term nature of these financial instruments and the prevailing interest rate environment, fluctuations in market rates do not have a significant impact on estimated fair values as at December 31, 2024.

Foreign currency risk

Foreign currency risk is the risk that the future cash flows of a financial instrument will fluctuate due to changes in foreign exchange rates. The Company is not exposed to foreign currency risk as at December 31, 2024.

14. CAPITAL MANAGEMENT

The Company's primary source of funds has been obtained through the issuance of share capital. The Company does not use any sources of financing that require fixed payments of interest and principal and is not subject to any externally imposed capital requirements.

The Company defines its capital as all components of shareholders' equity. Capital requirements are determined by the Company's exploration activities on its mineral property interests and administrative overhead. To effectively manage the Company's capital requirements, the Company has a planning and budgeting process in place to ensure that adequate funds are available to meet strategic goals.

In accordance with its investment policy, the Company periodically invests its capital in liquid investments to obtain returns that are considered reasonable under prevailing market conditions. The investment decision is based on cash management to ensure working capital is available to meet the Company's short-term obligations while maximizing liquidity and returns of unused capital.

Although the Company has been successful at raising funds in the past through the issuance of capital stock, there can be no assurances that it will continue to do so in the future. There were no changes in the Company's approach to capital management during the year ended December 31, 2024.

(Expressed in Canadian dollars, except where noted)

15. INCOME TAXES

A summary of income tax computed at the statutory tax rate to income tax recovery for the years ended December 31, 2024 and 2023 is as follows:

	2024	2023
	$	$
Loss for the year	**(2,465,246)**	(2,345,423)
Income tax expense (recovery) at statutory rates	**(665,616)**	(633,264)
Non-deductible expenditures and non-taxable revenues	**134,808**	31,111
Others	**(2)**	-
Impact of flow through shares	**605,997**	-
Share issuance costs	**(247,362)**	(24,362)
Adjustment to prior years provision versus statutory tax returns and expiry of non-capital losses	**(343,348)**	(31,333)
Temporary differences originated in the year	**364,198**	-
Change in unrecognized deferred tax assets	**151,325**	452,961
Deferred income tax expense	**-**	(204,887)

A summary of the tax effected items that give rise to significant portions of the deferred income tax assets and deferred income tax liabilities is presented as follows:

	December 31, 2024	December 31, 2023
	$	$
Deferred tax assets		
Share issuance costs and financing fees	**212,507**	30,254
Allowable capital losses	**95**	95
Non-capital losses	**8,032,316**	6,309,292
Property and equipment	**300,192**	286,776
Non-refundable mining income tax credit	**1,578,535**	1,729,860
ROU liability, net of ROU asset	**10,267**	10,407
	10,133,912	8,366,684
Deferred income tax liabilities		
Mineral property	**(10,133,912)**	(8,366,684)
Deferred tax asset, net	**-**	-

The Company recognizes tax benefits on losses or other deductible amounts where it is probable the Company will generate taxable income to utilize its deferred income tax assets.

The Company is eligible for British Columbia mining exploration tax credits (“BC METC”), based on qualified mineral exploration expenditures incurred for determining the existence, location, extent or quality of a mineral resource in the province of British Columbia. The tax credit is calculated as 30% (for the area in which the Company operates) of qualified mineral exploration expenditures incurred to the extent such expenditures are not renounced or committed with respect to issued flow-through shares, if any. The filing for the BC METC is subject to an assessment process, which may include an audit by the taxation authorities. The amount ultimately recoverable may be different from the amount claimed. During the year ended December 31, 2024, BC METC audits of the Company’s years ended December 31, 2020 and 2021 were completed. As a result, the Company received a net refund of approximately $47,000 which was recorded as a reduction to geological and technical consulting under Mineral Property (Note 6). On January 15, 2025, and April 16, 2025, the Company received refunds of mining exploration tax credits of $869,000 and $526,330, respectively (Note 16).

(Expressed in Canadian dollars, except where noted)

15. INCOME TAXES (continued)

A summary of the Company temporary differences and tax losses is as follows:

Temporary difference	December 31, 2024	Expiry	December 31, 2023	Expiry
	$		$	
Share issuance costs and financing fees	**787,063**	**2045 to 2048**	112,052	2042 to 2047
Allowable capital losses	**351**	**No expiry date**	702	No expiry date
Non-capital losses	**29,749,320**	**2026 to 2044**	23,367,751	2026 to 2043
Property and equipment	**1,111,823**	**No expiry date**	1,062,133	No expiry date
Non-refundable mining income tax credit	**2,177,833**	**2027 to 2034**	2,177,833	2027 to 2034
Mineral property	**(37,533,008)**	**No expiry date**	(30,987,716)	No expiry date
Right-of-use asset	**(192,935)**	**No expiry date**	(252,299)	No expiry date
Right-of-use liability	**230,960**	**No expiry date**	290,845	No expiry date

16. SUBSEQUENT EVENTS

On January 15, 2025, and April 16, 2025, the Company received refunds of mining exploration tax credits of $869,000 and $526,330, respectively. The Company has filed notices of objections, where possible, to previous tax assessments and reassessment to claim additional BC METC.

On February 20, 2025, the Company granted 450,000 stock options exercisable at $0.135 per share to certain officers. The options are exercisable for a 10-year term expiring on February 20, 2035. The options vest periodically over 18 months. As of the approval date of the financial statements, 112,500 of these options were cancelled and 37,500 would expire on June 19, 2025 following the departure of an executive of the Company.

Subsequent to December 31, 2024, 150,000 stock options were forfeited following the departures of certain officers and consultants of the Company and 43,750 stock options expired unexercised.