FARADAY COPPER

Faraday Copper Corp.

Consolidated Financial Statements

For the years ended December 31, 2023 and 2022

(Expressed in Canadian dollars)

Deloitte LLP
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Independent Auditor's Report

To the Shareholders and the Board of Directors of Faraday Copper Corp.

1. Opinion

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

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2023 and 2022, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards ("IFRS").

2. Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards ("Canadian GAAS"). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

3. Material Uncertainty related to Going Concern

We draw attention to Note 1 in the financial statements, which indicates that the Company has a net loss for the year of $20,499,964 for the year ended December 31, 2023. In addition, the Company is a resource exploration stage company, which does not generate any revenues. 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.

4. 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 auditor's report.

5. Other Information

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

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon. In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

We obtained Management's Discussion and Analysis prior to the date of this auditor’s report. 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 in this auditor’s report. We have nothing to report in this regard.

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

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

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

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

7. Auditor's Responsibilities for the Audit of the Financial Statements

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

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

1. Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
2. 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.
3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
4. Conclude on the appropriateness of management’s use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that

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

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

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the 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 Brenton Francis.

/s/ Deloitte LLP

Chartered Professional Accountants
Vancouver, British Columbia
March 12, 2024

FARADAY COPPER CORP.
Consolidated Statements of Financial Position
(Expressed in Canadian dollars, except for per share amounts and number of shares)

	Note	December 31, 2023	December 31, 2022 Restated (Note 4)	January 1, 2022 Restated (Note 4)
		$	$	$
ASSETS				
Current				
Cash and cash equivalents	12	**14,901,206**	9,535,039	4,206,827
GST receivable		**137,204**	106,366	33,050
Prepaid expenses and deposits		**242,271**	160,269	32,194
Current assets		**15,280,681**	9,801,674	4,272,071
Property and equipment	5	**16,278,872**	1,444,054	288,094
Resource properties	4,6	**4,955,328**	4,955,328	4,955,328
Other long-term assets		**77,405**	379,252	8,335
Total assets		**36,592,286**	16,580,308	9,523,828
LIABILITIES				
Current				
Accounts payable and accrued liabilities	8	**1,738,326**	2,384,033	526,832
Due to related parties	11	**748,571**	775,480	163,916
Current liabilities		**2,486,897**	3,159,513	690,748
Loan payable	9	**-**	-	40,000
Total liabilities		**2,486,897**	3,159,513	730,748
SHAREHOLDERS' EQUITY				
Share capital	10	**94,798,827**	54,165,787	33,273,379
Reserves	10	**13,084,647**	12,040,516	24,284,402
Accumulated other comprehensive income		**3,682,085**	4,174,698	3,045,718
Deficit		**(77,460,170)**	(56,960,206)	(51,810,419)
Total shareholders' equity		**34,105,389**	13,420,795	8,793,080
Total liabilities and shareholders' equity		**36,592,286**	16,580,308	9,523,828

Nature of operations and going concern (Note 1)
Subsequent events (Note 14)

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

/s/ Russell Ball	*/s/ Paul Harbidge*
Director	Director

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

FARADAY COPPER CORP.
Consolidated Statements of Loss and Comprehensive Loss
(Expressed in Canadian dollars, except for per share amounts and number of shares)

	Note	2023	Years ended December 31, 2022 Restated (Note 4)
		$	$
Operating expenses			
Amortization	5	**134,820**	55,629
Consulting and management fees	11	**258,920**	520,804
Exploration and evaluation expenses	4,7,11	**15,418,067**	13,255,138
General and administration	11	**2,345,713**	2,103,465
Professional fees		**625,519**	608,982
Promotion and investor relations		**243,114**	179,844
Share-based compensation	10,11	**2,163,404**	4,547,341
Travel		**405,271**	273,384
Total operating expenses		**(21,594,828)**	(21,544,587)
Government grant income	9	**-**	10,000
Foreign exchange gain		**231,650**	-
Interest income	12	**863,214**	202,565
Loss before income taxes		**(20,499,964)**	(21,332,022)
Income tax expense		**-**	-
Loss for the year		**(20,499,964)**	(21,332,022)
Other comprehensive loss			
Items that will not be reclassified subsequently to profit or loss:			
Foreign exchange differences on translation of foreign operations		**(492,613)**	(1,128,980)
Comprehensive loss for the year		**(20,992,577)**	(22,461,002)
Loss per share:			
Basic and diluted		**(0.12)**	(0.19)
Weighted average number of shares:			
Basic and diluted		**169,591,291**	113,972,241

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

FARADAY COPPER CORP.
Consolidated Statements of Changes in Shareholders' Equity
(Expressed in Canadian dollars, except number of shares)

	Note	Share capital Number	Share capital Amount	Reserves Warrants	Reserves Options	Reserves Other	Accumulated other comprehensive income Restated (Note 4)	Deficit Restated (Note 4)	Total shareholders' equity
		#	$	$	$	$	$	$	$
Balance, December 31, 2021		96,772,338	33,273,379	2,776,475	5,325,692	16,182,235	3,045,718	(50,101,011)	10,502,488
Reclassification of reserves	3(n)	-	-	-	-	(16,182,235)	-	16,182,235	-
Share-based compensation		-	-	-	4,547,342	-	-	-	4,547,342
Shares issued for equity placement	10(b)	25,000,000	20,000,000	-	-	-	-	-	20,000,000
Shares issued for options exercise	10(c)	1,200,000	687,572	-	(307,447)	-	-	-	380,125
Settlement of RSUs	10(e)	288,683	204,836	-	(301,546)	-	-	-	(96,710)
Change in accounting policy	4	-	-	-	-	-	-	(1,709,408)	(1,709,408)
Currency translation adjustment		-	-	-	-	-	1,128,980	-	1,128,980
Loss for the year		-	-	-	-	-	-	(21,332,022)	(21,332,022)
Balance, December 31, 2022 restated		123,261,021	54,165,787	2,776,475	9,264,041	-	4,174,698	(56,960,206)	13,420,795
Share-based compensation		-	-	-	2,163,404	-	-	-	2,163,404
Shares issued for equity placement	10(b)	49,999,700	38,437,854	-	-	-	-	-	38,437,854
Shares issued for options exercise	10(c)	3,168,750	2,096,139	-	(941,140)	-	-	-	1,154,999
Settlement of RSUs	10(e)	137,504	99,047	-	(178,133)	-	-	-	(79,086)
Currency translation adjustment		-	-	-	-	-	(492,613)	-	(492,613)
Loss for the year		-	-	-	-	-	-	(20,499,964)	(20,499,964)
Balance, December 31, 2023		**176,566,975**	**94,798,827**	**2,776,475**	**10,308,172**	**-**	**3,682,085**	**(77,460,170)**	**34,105,389**

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

FARADAY COPPER CORP.
Consolidated Statements of Cash Flows
(Expressed in Canadian dollars, except where noted)

	2023	Years ended December 31, 2022 Restated (Note 4)
	$	$
Operating activities:		
Loss for the year	**(20,499,964)**	(21,332,022)
Items not involving cash:		
Amortization	**134,820**	55,629
Share-based compensation	**2,163,404**	4,547,342
Government grant income	**-**	(10,000)
Changes in non-cash working capital:		
GST receivable	**(30,838)**	(73,316)
Prepaid expenses and deposits	**(82,002)**	(128,075)
Accounts payable and accrued liabilities	**(645,707)**	1,857,201
Due to related parties	**(26,909)**	611,564
Cash used in operating activities	**(18,987,196)**	(14,471,677)
Investing activities:		
Purchases of property and equipment	**(14,665,092)**	(1,195,690)
Other assets expenditures	**-**	(370,917)
Cash used in investing activities	**(14,665,092)**	(1,566,607)
Financing activities:		
Proceeds from equity placements	**38,437,854**	20,000,000
Payments on exercise of RSUs	**(79,086)**	(96,710)
Proceeds from exercise of options	**1,154,999**	380,125
Repayment of a loan payable	**-**	(30,000)
Cash provided by financing activities	**39,513,767**	20,253,415
Effect of foreign exchange on cash and cash equivalents	**(495,312)**	1,113,081
Changes in cash and cash equivalents	**5,366,167**	5,328,212
Cash and cash equivalents, beginning of the year	**9,535,039**	4,206,827
Cash and cash equivalents, end of the year	**14,901,206**	9,535,039
Supplemental cash flow information:		
Other assets transferred to property and equipment	**301,847**	-
Cash received from interest included in operating activities	**863,214**	202,565
Resource property additions included in accounts payable and accrued liabilities	**(617,076)**	1,776,352

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

1. NATURE OF OPERATIONS AND GOING CONCERN

Faraday Copper Corp. (formerly CopperBank Resources Corp.) (the "Company") was incorporated on October 21, 2014 under the Business Corporations Act (British Columbia). The Company's registered office is located at Suite 2400, 745 Thurlow Street, Vancouver, British Columbia, V6E 0C5. The Company's head office and principal address is located at 250 - 200 Burrard St., Vancouver, British Columbia, V6C 3L6. The Company's shares are traded on the Toronto Stock Exchange and OTCQX under the symbol "FDY" and "CPPKF", respectively, and its principal business is the acquisition and development of resource properties.

On April 20, 2022, the Company formerly approved a name change from CopperBank Resources Corp. to Faraday Copper Corp.

Going concern

These consolidated financial statements ("financial statements") for the years ended December 31, 2023 and 2022 have been prepared based on 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. The Company is a resource exploration stage company, which does not generate any revenue and has been relying mainly on equity-based financing to fund its operations. The Company has incurred a net loss of $20,499,964 as at December 31, 2023 (December 31, 2022 - $21,332,022). The Company will require additional financing either through equity or debt financing, sale of assets, joint venture arrangements, or a combination thereof to meet its administrative costs and to continue to explore and develop its resource properties. There is no assurance that sufficient future funding will be available on a timely basis or on terms acceptable to the Company. As such, there is a material uncertainty that may cast significant doubt about the Company's ability to continue as a going concern. These financial statements do not include any adjustments to the amounts and classification of assets and liabilities that may be necessary should the Company be unable to continue as a going concern, and any such adjustments may be material.

2. BASIS OF PREPARATION

a) Statement of compliance

These financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") effective for the year ended December 31, 2023.

These financial statements were approved by the Board of Directors and authorized for issue on March 12, 2024.

b) Basis of presentation

These financial statements have been prepared on a historical cost basis except for those financial instruments which have been classified at fair value through profit or loss ("FVTPL").

c) Functional and presentation currency

The financial statements are presented in Canadian dollars ("Canadian dollar" or "CAD"), which is also the functional currency, except as otherwise noted. The functional currency is the currency of the primary economic environment in which an entity operates. References to "CAD" are to Canadian dollars and references to "USD" or "US$" are to United States dollars.

d) Basis of consolidation

These financial statements include the accounts of the Company and its subsidiaries. All intercompany transactions and balances are eliminated on consolidation. Subsidiaries are included in the financial statements from the date control commences until the date control ceases. 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.

(Expressed in Canadian dollars, except where noted)

2. BASIS OF PRESENTATION (continued)

A summary of the Company's subsidiaries included in these financial statements as at December 31, 2023 is as follows:

Name of subsidiary	Country of incorporation	Percentage ownership	Functional currency	Principal activity
CopperBank Royalties Corp.	Canada	100%	CAD	Holding
Enexco International Inc.	USA	100%	USD	Exploration
Redhawk Copper Inc.	USA	100%	USD	Exploration
Redhawk Ranch Land Holdings LLC	USA	100%	USD	Holding
Redhawk Resources, Inc.	Canada	100%	CAD	Holding

During the year ended December 31, 2022, the Company dissolved the operations of its inactive subsidiary 1016079 B.C. Ltd.. As such, the financial statements subsequent to the date of dissolution comprise the financial statements of the Company and its wholly owned subsidiaries.

During the year ended December 31, 2022, the Company dissolved the operations of its inactive subsidiaries CopperBank Resources Alaska Inc. and Redhawk Resources (USA), Inc. As such, the financial statements subsequent to the date of dissolution comprise the financial statements of the Company and its wholly owned subsidiaries.

During the year ended December 31, 2023, the Company dissolved the operations of its inactive subsidiaries Copper Creek Project LLC and 1016079 B.C. Ltd.. As such, the financial statements subsequent to the date of dissolution comprise the financial statements of the Company and its wholly owned subsidiaries.

As at December 31, 2023, the Company has one operating segment, a mineral exploration group focused on projects located in the United States.

3. MATERIAL ACCOUNTING POLICY INFORMATION

a) Financial instruments

<u>Financial assets</u>

(a) Recognition and measurement of financial assets

The Company recognizes a financial asset when it becomes a party to the contractual provisions of the instrument.

(b) Classification of financial assets

The Company classifies financial assets at initial recognition as financial assets: measured at amortized cost, measured at fair value through profit or loss.

(i) Financial assets measured at amortized cost

A financial asset that meets both of the following conditions is classified as a financial asset measured at amortized cost.

- The Company's business model for the financial assets is to hold the assets in order to collect contractual cash flows.
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the amount outstanding.

A financial asset measured at amortized cost is initially recognized at fair value less transaction costs directly attributable to the asset. After initial recognition, the carrying amount of the financial asset measured at amortized cost is determined using the effective interest method, net of impairment loss, if necessary.

3. MATERIAL ACCOUNTING POLICY INFORMATION (continued)

(ii) Financial assets measured at FVTPL

A financial asset measured at fair value through profit or loss is recognized initially at fair value with any associated transaction costs being recognized in profit or loss when incurred. Subsequently, the financial asset is re-measured at fair value, and a gain or loss is recognized in profit or loss in the reporting period in which it arises.

The Company's cash and cash equivalents are financial assets measured at FVTPL.

(c) Derecognition of financial assets

The Company derecognizes a financial asset if the contractual rights to the cash flows from the asset expire, or the Company transfers substantially all the risks and rewards of ownership of the financial asset. Any interests in transferred financial assets that are created or retained by the Company are recognized as a separate asset or liability. Gains and losses on derecognition are generally recognized in profit or loss.

<u>Financial liabilities</u>

(a) Recognition and measurement of financial liabilities

The Company recognizes financial liabilities when it becomes a party to the contractual provisions of the instruments.

(b) Classification of financial liabilities

The Company classifies financial liabilities at initial recognition as financial liabilities measured at amortized cost.

(i) Financial liabilities measured at amortized cost

A financial liability at amortized cost is initially measured at fair value less transaction costs directly attributable to the issuance of the financial liability. Subsequently, the financial liability is measured at amortized cost based on the effective interest rate method.

The Company's accounts payable and accrued liabilities, due to related parties, convertible debentures, loan payable, and note payable are financial liabilities measured at amortized cost.

(c) Derecognition of financial liabilities

The Company derecognizes a financial liability when the financial liability is discharged, cancelled or expired. Generally, the difference between the carrying amount of the financial liability derecognized and the consideration paid and payable, including any non-cash assets transferred or liabilities assumed, is recognized in profit or loss.

b) Loss per share

Basic loss per share is computed by dividing net loss attributable to common shareholders by the weighted average number of shares outstanding in the period. Diluted loss per share is calculated by the treasury stock method. Under the treasury stock method, the weighted average number of common shares outstanding for the calculation of diluted loss per share assumes that the proceeds to be received on the exercise of dilutive share options and warrants are used to repurchase common shares at the average market price during the period. The calculation of diluted loss per share excludes the effects of conversion or exercise of options and warrants if they would be anti-dilutive.

3. MATERIAL ACCOUNTING POLICY INFORMATION (continued)

c) Resource properties

Once the legal right to explore has been acquired, the Company capitalizes on a property-by-property basis, acquisition costs until such time as the lease expires or the mineral properties are abandoned, sold, or are considered impaired in value. Exploration expenditures incurred prior to the determination of the feasibility of mining operations and a decision to proceed with development, and costs not directly attributable to exploration and evaluation activities, including general and administrative costs, are charged to statement of comprehensive loss as incurred. Exploration and evaluation properties are not amortized during the exploration and evaluation stage.

Technical feasibility and commercial viability are established once all of the following conditions have been met:

- The Company has established a National Instrument 43-101 *Standards of Disclosure for Mineral Projects* ("NI 43-101") compliant estimate of property resources and/or reserves; The Company has obtained a mining permit or otherwise has the right to extract the resources and/or reserves; and
- The Company has established that it is economically viable to mine the resources and/or reserves. This includes the completion of a NI 43-101 compliant study to a pre-feasibility level at a minimum, board approval to proceed and binding approval of project financing for the development of the project.

If it is determined that capitalized acquisition costs are not recoverable, or the property is abandoned or management has determined an impairment in value, the property is written down to its recoverable amount. Resource properties are reviewed for indicators of impairment, when such indicators exist, the Company evaluates the carrying amount may exceed its recoverable amount.

From time to time, the Company acquires or disposes of properties pursuant to the terms of option agreements. Options are exercisable entirely at the discretion of the optionee, and accordingly, are recorded as resource property costs or recoveries when the payments are made or received. After costs are recovered, the balance of the payments received is recorded as a gain on option or disposition of resource property.

d) Foreign currency translation

Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the date of the transaction. Foreign currency monetary items are translated at the period-end exchange rate. Non-monetary items measured at historical cost continue to be carried at the exchange rate at the date of the transaction. Non-monetary items measured at fair value are reported at the exchange rate at the date when fair values were determined.

Exchange differences arising on the translation of monetary items or on settlement of monetary items are recognized in profit or loss in the period in which they arise, except where deferred in equity as a qualifying cash flow or net investment hedge.

Exchange differences arising on the translation of non-monetary items are recognized in other comprehensive income to the extent that gains and losses arising on those non-monetary items are also recognized in other comprehensive income. Where the non-monetary gain or loss is recognized in profit or loss, the exchange component is also recognized in profit or loss.

Foreign operations

The financial results and position of foreign operations whose functional currency is different from the Company's presentation currency will be translated as follows:

- assets and liabilities are translated at period-end exchange rates prevailing at that reporting date; and
- income and expenses are translated at average exchange rates for the period.

Exchange differences arising on translation of foreign operations are recorded in other comprehensive loss.

3. MATERIAL ACCOUNTING POLICY INFORMATION (continued)

e) Cash and cash equivalents

Cash and cash equivalents include cash in interest-bearing accounts with high credit quality financial institutions and other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and are subject to an insignificant risk of change in value. The Company does not have any cash equivalents at December 31, 2023 and 2022.

f) Property and equipment

Property and equipment is stated at historical cost less accumulated amortization and accumulated impairment losses.

Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably.

Amortization is calculated using the straight-line method to write off the cost of the assets to their residual values over their estimated useful lives. The amortization rates applicable to each class of property and equipment are as follows:

Class of property and equipment	Depreciation rate	Depreciation method
Building	25 years	Straight-line
Equipment	5 years	Straight-line
Land	Nil	Not depreciated

g) Impairment of non-financial assets

The Company performs impairment tests on non-financial assets when events or circumstances occur which indicate the carrying amount of the assets may not be recoverable.

The recoverable amount is the higher of the fair value less costs of disposal ("FVLCTD") and the value in use ("VIU"). For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows ("cash generating units" or "CGUs"). These are typically the individual mines or projects. In assessing VIU, 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 for which the future cash flow estimates have not been adjusted.

FVLCTD is the amount that would be received from selling an asset in an orderly transaction between market participants at the measurement date, less the costs of disposal. For mining assets, fair value less cost of disposal is often estimated using a discounted cash flow approach because a fair value is not readily available from an active market or binding sale agreement. Estimated future post-tax cash flows are calculated using estimated mineral reserves and resources, estimated future commodity prices, and expected future operating and capital costs.

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. An impairment loss is recognized immediately in profit or loss.

Assets that have been impaired are tested for possible reversal of the impairment whenever events or changes in circumstance indicate that impairment may have reversed. Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but only so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset in prior years. A reversal of an impairment loss is recognized immediately in profit or loss. During the year ended December 31, 2023, the Company did not recognize any impairment expense or reversal (2022 - nil).

h) Unit issuance

Proceeds from the issuance of units are allocated between common shares and common share purchase warrants based on the residual value method. Under this method, the proceeds are allocated to common shares based on the fair value of a common share at the issuance date of the unit offering and any residual remaining is allocated to common share purchase warrants.

3. MATERIAL ACCOUNTING POLICY INFORMATION (continued)

i) Share-based payments

The Company has a Long-Term Incentive Plan that is described in Note 10. Share-based payments to employees are measured at the fair value of the instruments issued and amortized over the vesting periods. Share-based payments 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 option reserve. Consideration received on the exercise of stock options is recorded as share capital and the related amount originally recorded in option reserve is transferred to share capital. For those unexercised options that expire, the recorded value is transferred to deficit. For those unexercised options that are cancelled or forfeited, the recorded value remains in option reserve.

j) Income taxes

Current income tax

Current income tax assets and liabilities for the current period are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date, in the countries where the Company operates and generates taxable income.

Current income tax relating to items recognized directly in other comprehensive income or equity is recognized in other comprehensive income or equity, and not in profit or loss. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

Deferred income tax

Deferred income tax is provided using the liability method on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

The carrying amount of deferred income tax assets is reviewed at the end of each reporting period and recognized only to the extent that it is probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilized.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

Deferred income tax assets and liabilities are offset, if a legally enforceable right exists to set off current tax assets against current income tax liabilities, and the deferred income taxes relate to the same taxable entity and the same taxation authority.

3. MATERIAL ACCOUNTING POLICIES (continued)

k) Significant estimates and judgements

Apart from making estimates and assumptions as described below, the Company's management makes 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:

- The indicators of impairment of property and equipment and resource properties

  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 resource properties.

  Significant judgment is required when determining whether facts and circumstances suggest that the carrying amount of resource properties may exceed its recoverable amount. The retention of regulatory permits and licenses; the Company's ability to obtain financing for exploration and development activities and its future plans on the resource properties; current and future metal prices; and market sentiment are all factors considered by the Company.

  In respect of the carrying value of property and equipment recorded on the consolidated statements of financial position, management has determined there are no impairment indications that the value of the assets have declined more than what is expected from the passage of time or normal use.

- The determination of the Company and its subsidiaries' functional currency

  The determination of the functional currency for the Company and each of its subsidiaries was based on management's judgment of the underlying transactions, events and conditions relevant to each entity.

- The assessment of the Company's ability to continue as a going concern

  The assessment of the Company's ability to continue as a going concern and to raise sufficient funds to pay for its operating expenditures, meet its liabilities for the subsequent year, and to fund planned contractual exploration programs, involves significant judgement based on historical experiences and other factors including expectation of future events that are believed to be reasonable under the circumstances.

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 expenses during the reporting period. Significant areas requiring the use of management estimates include:

- The inputs used in the Black-Scholes option pricing model to calculate the fair value of options granted and vested in the 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.

l) New and amended IFRS standards that are effective for the current period

IAS 1 - Presentation of Financial Statements

Effective January 1, 2023, the Company adopted Amendments to IAS 1 Presentation of Financial Statements related to the disclosure of accounting policies. These amendments require entities to disclose their material accounting policy information rather than significant accounting policy information. The amendments provide guidance on how an entity can identify material accounting policy information and clarify that information may be material because of its nature, even if the related amounts are immaterial. The adoption of these amendments did not have a significant impact on the disclosure of material accounting policies in these Financial statements.

3. MATERIAL ACCOUNTING POLICY INFORMATION (continued)

m) New and amended IFRS standards that are effective in future periods

The Company plans to adopt the following amendments to IFRS Accounting Standards that are effective for annual periods beginning on or after January 1, 2024. The pronouncements will be adopted on their respective effective dates; however, each is not expected to have a material impact on the financial statements.

Amendments to IAS 1 - Presentation of Financial Statements - Classification of Liabilities as Current or Non-current

The amendments clarify that the classification of liabilities as current or non-current is based on rights that are in existence at the end of the reporting period, specify that classification is unaffected by expectations about whether an entity will exercise its right to defer settlement of a liability, explain that rights are in existence if covenants are complied with at the end of the reporting period, and introduce a definition of 'settlement' to make clear that settlement refers to the transfer to the counterparty of cash, equity instruments, other assets or services.

The amendments specify that only covenants that an entity is required to comply with on or before the end of the reporting period affect the entity's right to defer settlement of a liability for at least twelve months after the reporting date (and therefore must be considered in assessing the classification of the liability as current or noncurrent). Such covenants affect whether the right exists at the end of the reporting period, even if compliance with the covenant is assessed only after the reporting date (e.g. a covenant based on the entity's financial position at the reporting date that is assessed for compliance only after the reporting date).

n) Comparative figures

In the prior year, the Company reclassified shareholders' equity to separate accumulated other comprehensive income from the reserves balance during the period. The Company also reclassified other reserve to deficit. The other reserve balance related to a 2014 plan of arrangement completed by the Company. All adjustments are within shareholder's equity and have no effect on the Company's net assets, results of operations or cash flows.

4. CHANGE IN ACCOUNTING POLICY

Effective January 1, 2023, the Company changed its accounting policy of capitalizing all exploration and evaluation expenditures in accordance with IFRS 6 *Exploration for and Evaluation of Mineral Resources*. The Company believes that expensing post-acquisition exploration and evaluation costs as incurred provides more reliable and relevant financial information to the users of its financial statements, aligning its policy with the jurisdiction of the resource properties, its significant investors, and the accounting policies of its peers. Under the new policy, the cost of acquiring prospective properties and exploration rights continue to be capitalized. Exploration and evaluation costs, subsequent to acquisition, are expensed until it has been established that a resource property is technically feasible and commercially viable and a mine development decision has been made by the Company. Thereafter, the Company will capitalize expenditures subsequently incurred to develop the mine, prior to the start of mining operations.

(Expressed in Canadian dollars, except where noted)

4. CHANGE IN ACCOUNTING POLICY (continued)

The Company has applied the change in accounting policy on a retrospective basis and has therefore restated its comparatives for the year ended December 31, 2022 as follows:

Consolidated Statements of Financial Position

As at December 31, 2022	As previously reported	Adjustment	Restated
	$	$	$
Non-current assets			
Resource properties	20,497,040	(15,541,712)	4,955,328
Shareholders' equity			
Accumulated other comprehensive income	4,751,864	(577,166)	4,174,698
Deficit	(41,995,660)	(14,964,546)	(56,960,206)

As at January 1, 2022	As previously reported	Adjustment	Restated
	$	$	$
Non-current assets			
Resource properties	6,664,736	(1,709,408)	4,955,328
Shareholders' equity			
Accumulated other comprehensive income	3,045,718	-	3,045,718
Deficit	(50,101,011)	(1,709,408)	(51,810,419)

Consolidated Statements of Loss and Comprehensive Loss

For the year ended December 31, 2022	As previously reported	Adjustment	Restated
	$	$	$
Exploration and evaluation expense	-	13,255,138	13,255,138
Currency translation adjustment	(1,706,146)	577,166	(1,128,980)
Net loss for the year	(8,076,884)	(13,255,138)	(21,332,022)
Loss per share (basic and diluted)	(0.07)	(0.12)	(0.19)
Weighted average number of outstanding shares (basic and diluted)	113,972,241	-	113,972,241

Consolidated Statements of Cash Flows

For the year ended December 31, 2022	As previously reported	Adjustment	Restated
	$	$	$
Cash used in operating activities	(2,992,891)	(11,478,786)	(14,471,677)
Cash used in investing activities	(13,045,393)	11,478,786	(1,566,607)

Consolidated Statements of Changes in Shareholders' Equity

	As previously reported	Adjustment	Restated
	$	$	$
Balance, December 31, 2021	10,502,488	-	10,502,488
Share-based compensation	4,547,342	-	4,547,342
Shares issued for equity placement	20,000,000	-	20,000,000
Shares issued for options exercise	380,125	-	380,125
Settlement of RSUs	(96,710)	-	(96,710)
Change in accounting policy	-	(1,709,408)	(1,709,408)
Currency translation adjustment	1,706,146	(577,166)	1,128,980
Net loss for the year	(8,076,884)	(13,255,138)	(21,332,022)
Balance, December 31, 2022	28,962,507	(15,541,712)	13,420,795

(Expressed in Canadian dollars, except where noted)

5. PROPERTY AND EQUIPMENT

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

	Building	Land	Equipment	Vehicle	Total
	$	$	$	$	$
Costs					
Balance, December 31, 2021	273,333	32,156	39,454	-	344,943
Additions	1,024,171	-	171,519	-	1,195,690
Foreign exchange	15,565	1,704	1,273	-	18,542
Balance, December 31, 2022	1,313,069	33,860	212,246	-	1,559,175
Additions	1,548,657	13,242,050	97,275	115,565	15,003,547
Foreign exchange	(30,830)	(795)	(4,983)	-	(36,608)
Balance, December 31, 2023	**2,830,896**	**13,275,115**	**304,538**	**115,565**	**16,526,114**
Amortization					
Balance, December 31, 2021	55,612	-	1,237	-	56,849
Amortization	31,745	-	23,884	-	55,629
Foreign exchange	2,178	-	465	-	2,643
Balance, December 31, 2022	89,535	-	25,586	-	115,121
Amortization	59,933	-	63,330	11,557	134,820
Foreign exchange	(2,098)	-	(601)	-	(2,699)
Balance, December 31, 2023	**147,370**	**-**	**88,315**	**11,557**	**247,242**
Net book value					
Balance, December 31, 2022	1,223,534	33,860	186,660	-	1,444,054
Balance, December 31, 2023	**2,683,526**	**13,275,115**	**216,223**	**104,008**	**16,278,872**

Mercer Ranch

In March 2023, the Company completed the acquisition of the Mercer Ranch in Arizona, included in land for $13,242,050 (US$10,012,135) which included USD$250,000 deposit classified as other long-term assets as at December 31, 2022.

6. RESOURCE PROPERTIES

Copper Creek Resource Properties, Arizona

The Company acquired 100% of the Copper Creek project through the acquisition of Redhawk Resources Inc. ("Redhawk") for a value of $4,955,328 in 2018. All permits of this resource property are in good standing. During the year ended December 31, 2023, there have been no additions to acquisition costs (2022 - $nil).

- D & G Mining Agreement

In November 2005, Redhawk entered into a lease-to-purchase agreement with a third party for additional property within the Copper Creek boundaries. Redhawk has the option to purchase the property for US$3,000,000 until May 2033.

Redhawk paid US$80,000 in both 2006 and 2007 and US$100,000 annually from 2008 to 2017. Starting May 2018, Redhawk is required to make two payments per year of US$25,000 due by May 31 and by November 30, until the end of May 2033.

Commencing January 1, 2022, 50% of the annual payments made prior to exercising the option to purchase will be applied against the purchase price in the event that Redhawk exercises its property purchase option.

- Freeport Mineral Corporation Agreement

In April 2007, Redhawk entered into a purchase agreement with Freeport Mineral Corporation ("Freeport") to acquire additional mining claims within the Copper Creek boundaries. The additional mining claims are subject to a 1% net smelter return royalty.

(Expressed in Canadian dollars, except where noted)

6. RESOURCE PROPERTIES (continued)

On May 30, 2018, Redhawk entered into an amendment to the Fourth Workout Agreement with Freeport. The substance of the amended agreement is a conversion of interest and principal owing to Freeport into production decision royalty payments. The total will be US$3,000,000 paid in six equal annual instalments of US$500,000 per annum. The payments are contingent upon Redhawk or successors achieving a defined commercial production of minerals. As a result of this amendment, no liabilities in connection with this promissory note has been recorded as of December 31, 2023 and 2022.

Contact Copper Property, Nevada

The Company owns a 100% interest in the Contact Copper property located in Elko County, Nevada. All permits of this resource property are in good standing. During the year ended December 31, 2023, there have been no additions to acquisition costs (2022 - $nil).

7. EXPLORATION AND EVALUATION EXPENSES

A summary of the Company's exploration and evaluation expenses by property is as follows:

	2023	Years ended December 31, 2022
	$	$
Copper Creek Resource Properties		
Exploration, geological and laboratory	**9,173,663**	9,658,514
Engineering & studies	**1,579,434**	321,805
Environmental, Social, and Governance	**220,844**	50,746
Legal	**431,702**	181,002
Payroll	**3,016,454**	1,983,835
Permit Maintenance and land access	**248,933**	137,738
Other	**543,650**	390,041
	15,214,680	12,723,681
Contact Copper Property		
Exploration, geological and laboratory	**2,432**	131,242
Payroll	**-**	237,899
Permit Maintenance and land access	**78,239**	93,300
Legal	**44,972**	3,420
Other	**77,744**	65,596
	203,387	531,457
Total	**15,418,067**	13,255,138

8. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

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

	December 31, 2023	December 31, 2022
	$	$
Exploration and evaluation expenses	**1,446,970**	2,064,046
General and administration	**291,356**	319,987
	1,738,326	2,384,033

9. LOAN PAYABLE

Due to the global COVID-19 outbreak, the federal government of Canada introduced the Canada Emergency Benefit Account ("CEBA"). CEBA provides an interest-free loan (“CEBA Loan”) of $40,000 to eligible businesses. The CEBA Loan has an initial term that expires on December 31, 2022, throughout which, the CEBA Loan remains interest free. Repayment of $30,000 by December 31, 2022, results in a $10,000 loan forgiveness. If the balance is not paid prior to December 31, 2022, the remaining balance will be converted to a 3-year term loan at 5% annual interest, paid monthly effective January 1, 2023. The full balance must be repaid by no later than December 31, 2025.

On June 27, 2022, the Company repaid $30,000 of the CEBA loan before the initial term and recorded $10,000 of government grant income.

10. SHARE CAPITAL

a) Authorized

The Company is authorized to issue an unlimited number of common shares without par value. As at December 31, 2023, the Company had 176,566,975 common shares issued and outstanding (December 31, 2022 - 123,261,021).

b) Issued and outstanding

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

- On February 14, 2023, the Company closed a bought deal financing and issued 49,999,700 common shares at a price of $0.80 per share for net proceeds of $38,437,854, which included share issuance costs of $1,561,906.

- During the year ended December 31, 2023, the Company issued 3,168,750 common shares pursuant to the exercise of 3,168,750 stock options with exercise prices varying from $0.23 and $0.65. The Company received gross proceeds of $1,155,000 and reallocated $941,140 from the Company's options reserve into share capital.

- During the year ended December 31, 2023, the Company issued an aggregate of 137,504 common shares net of withholding tax in settlement of 246,667 RSUs. The total grant date fair value of the vested RSUs was $591,708. A total of 109,163 common shares were withheld in lieu of withholding taxes in the amount of $67,088. The fair value of common shares issued was $99,047.

During the year ended December 31, 2022, the Company had the following significant share capital transaction:

- On May 5, 2022, the Company closed a private placement and issued 25,000,000 common shares at a price of $0.80 per share for gross proceeds of $20,000,000.

- During the year ended December 31, 2022, the Company issued 1,200,000 common shares pursuant to the exercise of 1,200,000 stock options with exercise prices varying from $0.23 to $0.40. The Company received gross proceeds of $380,125 and reallocated $307,447 from the Company's options reserve into share capital.

- During the year ended December 31, 2022, the Company issued an aggregate of 288,683 common shares net of withholding tax in settlement of 427,333 RSUs. The total grant date fair value of the vested RSUs was $188,213. A total of 70,566 common shares were withheld in lieu of withholding taxes in the amount of $96,710. The fair value of common shares issued was $204,836.

(Expressed in Canadian dollars, except where noted)

10. SHARE CAPITAL (continued)

c) Warrants

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

	Number of warrants outstanding	Weighted average exercise price per share
	#	$
Balance, December 31, 2021	13,793,341	0.64
Expired	(1,293,341)	1.00
Balance, December 31, 2022 and 2023	**12,500,000**	**0.60**

As at December 31, 2023, the Company had 12,500,000 warrants outstanding (December 31, 2022 - 12,500,000) all of which have an exercise price of $0.60 and expire on September 16, 2026. As at December 31, 2023, the remaining life of these warrants is 2.71 years (December 31, 2022 - 3.71 years).

d) Options

On September 2, 2021, the Company adopted a new Long-Term Incentive Plan (the "LTIP"), which provides for the granting of deferred share units, restricted share units ("RSU"), performance share units, and stock options ("Options"). The maximum number of common shares reserved for issuance under the LTIP (with any other share-based compensation arrangement, including the Legacy Plan) will be 19,296,967.

On May 12, 2023, following a vote by shareholders, the LTIP was replaced by the Company's amended and restated long term incentive plan (the "Amended and Restated LTIP"), which is substantially similar to the LTIP, except, the Amended and Restated LTIP provides for the granting of deferred share units, restricted share units ("RSU"), performance share units, and stock options ("Options") to its employees, directors, consultants, and officers for a maximum of 10% of issued and outstanding Common Shares, instead of conversion from a fixed reserve plan of 19,296,967 Common Shares as per the LTIP.

Options under both plans had a maximum term of five years and terminate up to 90 days following the date on which an optionee ceases to be an employee, director, consultant, or officer and up to 30 days following the date on which an optionee who is engaged to provide investor relations activities ceases to be engaged to provide such services. In the case of death, the option terminates at the earlier of twelve months after the date of death and the expiration of the option period.

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

	Number of options	Weighted average exercise price
	#	$
Outstanding, December 31, 2021	15,000,000	0.39
Cancelled	(306,250)	0.38
Exercised	(1,200,000)	0.32
Granted	1,364,000	0.83
Outstanding, December 31, 2022	14,857,750	0.44
Cancelled	(250,000)	0.40
Exercised	(3,168,750)	0.36
Outstanding balance, December 31, 2023	**11,439,000**	**0.46**
Exercisable balance, December 31, 2023	**3,545,000**	**0.47**

(Expressed in Canadian dollars, except where noted)

10. SHARE CAPITAL (continued)

A summary of the Company's stock options outstanding at December 31, 2023, is as follows:

Expiry date	Weighted average exercise price	Number of outstanding options	Number of exercisable options
	$	#	#
July 24, 2025	0.23	100,000	(350,000)
September 8, 2025	0.44	80,000	20,000
June 8, 2026	0.60	325,000	325,000
September 2, 2026	0.40	9,650,000	3,266,667
February 1, 2027	0.80	120,000	-
February 16, 2027	0.94	224,000	-
April 1, 2027	0.86	500,000	166,666
April 25, 2027	0.91	350,000	116,667
August 16, 2027	0.49	90,000	-
	0.46	**11,439,000**	**3,545,000**

The weighted average remaining contractual life of the Company's options as at December 31, 2023, was 2.72 years (December 31, 2022 - 3.30 years).

A summary of the Company's assumptions used in the Black-Scholes option pricing model used to determine the fair value of options is as follows:

	February 1, 2022	February 16, 2022	April 1, 2022	April 25, 2022	August 16, 2022	September 8, 2022
Stock price	0.80	0.92	0.81	1.00	0.49	0.44
Risk-free interest rate	1.65%	1.80%	2.46%	2.70%	2.95%	3.37%
Expected life of the option	5.00	5.00	5.00	5.00	5.00	3.00
Annualized volatility	116%	115%	115%	115%	110%	109%
Dividend rate	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%

e) Restricted share units

When the Company issues RSUs, it records a share-based compensation expense in the year or period which the RSUs are granted and/or vested. The expense is measured using a deemed price that is based on the volume weighted average trading price of the Company's common shares for the five trading days immediately preceding the grant date as prescribed in the Company's restricted share units rolling plan.

During the year ended December 31, 2023, the Company incurred share-based compensation related to RSUs of $1,051,933 in connection with RSUs vested (2022 - $1,090,418).

A summary of the Company's RSUs is as follows:

	Number of RSUs	Weighted average issue price
	#	$
Non-vested balance, December 31, 2021	333,334	0.68
Granted	1,768,000	0.83
Settled	(260,667)	0.29
Cancelled	(28,000)	0.72
Non-vested balance, December 31, 2022	1,812,667	0.82
Granted	1,436,573	0.75
Settled	(741,997)	0.80
Cancelled	(44,211)	0.75
Non-vested balance, December 31, 2023[(1)]	**2,463,032**	**0.79**

(1) As at December 31, 2023, 2,918,362 RSUs are outstanding, out of which 2,463,032 are non-vested.

(Expressed in Canadian dollars, except where noted)

10. SHARE CAPITAL (continued)

A summary of the Company's non-vested RSUs at December 31, 2023, is as follows:

Vesting date [(1)]	**Weighted average issue price**	**Number of outstanding RSUs**
	$	#
January 1, 2024	0.72	40,000
January 31, 2024	0.75	464,119
March 1, 2024	0.90	40,000
April 19, 2024	0.91	416,668
November 9, 2024	0.46	78,667
January 31, 2025	0.75	464,121
April 19, 2025	0.91	416,668
November 9, 2025	0.46	78,667
January 31, 2026	0.75	464,122
	0.79	**2,463,032**

(1) RSUs vests over a period of two to three years. Vesting dates listed above, represent the end of the two-year or three-year term.

11. RELATED PARTY TRANSACTIONS

During the years ended December 31, 2023 and 2022, the Company incurred transactions with key management personnel, being the Chief Executive Officer, Chief Financial Officer, Vice President Projects & Evaluations, and Vice President of Exploration; as well as the directors of the Company.

A summary of the Company's related party transactions is as follows:

		Years ended December 31,
	2023	2022
	$	$
Director fees	**168,100**	114,000
Salaries and other compensation	**2,526,536**	1,925,757
Share-based compensation	**1,649,375**	2,532,555
	4,344,011	4,572,312

As at December 31, 2023, amount due to related parties comprised of amounts owing to key management members and directors totalling $748,571 (December 31, 2022 - $775,480). Due to related parties is unsecured and non-interest-bearing and with no specific terms of repayment.

12. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

The Company's financial instruments are exposed to several financial and market risks, including credit, interest rate and liquidity risks. The Company may, or may not, establish from time-to-time active policies to manage these risks. The Company does not currently have in place any active hedging or derivative trading policies to manage these risks since the Company's management does not believe that the current size, scale and pattern of cash flow of its operations would warrant such hedging activities.

Fair value of financial instruments

The fair value hierarchy established by IFRS 13 *Fair Value Measurement* has three levels to classify the inputs to valuation techniques used to measure fair value described as follows:

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 assets or liabilities either directly or indirectly; and
Level 3 - Inputs that are not based on observable market data.

12. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (continued)

The fair values of the Company's cash and cash equivalents, accounts payable and accrued liabilities, and due to related parties are equivalent to their carrying values due to their short-term nature.

Credit risk

Credit risk is the risk of potential loss to the Company if the counterparty to a financial instrument fails to meet its contractual obligations.

The financial instruments that potentially subject the Company to a significant concentration of credit risk consist of cash and cash equivalents. The Company mitigates its exposure to credit loss associated with cash and cash equivalents by placing its cash and cash equivalents in major financial institutions. As at December 31, 2023, the Company had cash equivalents of $11,832,227 in term deposits (December 31, 2022 - $7,774,324) that are redeemable within 365 days and bear interest up to 5.9%. Interest income on term deposits during the year ended December 31, 2023 was $863,214 (2022 - $202,565).

Liquidity risk and fair value hierarchy

Liquidity risk is the risk that the Company may be unable to meet its financial obligations as they fall due or that it will be required to meet them at excessive cost. The Company reviews its working capital position regularly to ensure there is sufficient capital in order to meet short-term business requirements, after taking into account the Company's holdings of cash. The Company's cash is invested in business accounts, which are available on demand. The Company manages its liquidity risk mainly through raising funds from private placements and amounts from related parties. The Company's accounts payable and accrued liabilities and is due within 90 days of December 31, 2023 and due to related parties has no specific terms of repayment.

The Company's operating cash requirements are continuously monitored and adjusted as input variables change. As these variables change, liquidity risks may necessitate the need for the Company to pursue equity issuances, obtain project or debt financing, or enter into joint arrangements. There is no assurance that the necessary financing will be available in a timely manner.

Interest rate risk

Interest rate risk is the risk that the Company is exposed to the risk that the value of financial instruments will change due to movements in market interest rates. As at December 31, 2023, the Company did not have debt instruments exposed to variable interest rate. The risk is not significant.

Foreign currency risk

Foreign currency risk is the risk that the fair value of the Company's assets and liabilities will fluctuate due to changes in foreign exchange rates.

The Company is exposed to foreign currency risk to the extent that monetary assets and liabilities held by the Company are not denominated in its functional currency. The Company does not manage currency risk through hedging or other currency management tools.

A summary of the Company's financial assets and liabilities that are denominated in US dollar as at December 31, 2023 and 2022, is as follows:

		December 31, 2023		December 31, 2022
	US$	**$**	US$	$
Cash	**2,017,746**	**2,668,671**	3,272,112	4,431,748
Accounts payable and accrued liabilities	**(1,039,971)**	**(1,375,465)**	(1,238,253)	(1,677,090)
	977,775	**1,293,206**	2,033,859	2,754,658

As at December 31, 2023, a 5% change in the US dollar against the Canadian dollar would result in a $64,660 impact to the Company.

(Expressed in Canadian dollars, except where noted)

13. INCOME TAXES

A summary of the Company's reconciliation of income taxes at statutory rates for the years ended December 31, 2023 and 2022, is as follows:

	2023	2022
	$	$
Loss for the year	**(20,499,964)**	(8,076,884)
Expected income tax recovery	**(5,535,000)**	(2,177,000)
Non-deductible expenditures and non-taxable revenues	**592,000**	1,232,000
Change in statutory, foreign tax, foreign exchange rates and other	**330,000**	(278,000)
Adjustment to prior years provision versus statutory tax returns and expiry of non-capital losses	**160,000**	4,309,000
Change in unrecognized deferred tax assets	**7,042,000**	(3,086,000)
Change in accounting policy	**(2,589,000)**	-
Income tax	**-**	-

A summary of the Company's significant components of deferred tax assets is as follows:

	Year ended December 31,	
	2023	2022
	$	$
Deferred tax assets (liabilities)		
Non-Capital losses	**238,000**	5,000
Property and equipment	**(238,000)**	-
Mineral resource properties	**-**	(5,000)
Net deferred tax asset	**-**	**-**

A summary of the Company's significant components of unrecognized deferred tax assets is as follows:

	December 31, 2023	Expiry date range	December 31, 2022	Expiry date range
	$		$	
Deferred tax assets (liabilities)				
Resource properties	**23,443,000**	**No expiry date**	5,413,000	No expiry date
Non-capital losses	**88,899,000**	**2026 to 2043**	78,131,000	2026 to 2042
Intangible assets	**1,708,000**	**No expiry date**	1,708,000	No expiry date
Property and equipment	**35,000**	**No expiry date**	609,000	No expiry date
Canadian Capital losses	**3,947,000**	**No expiry date**	3,947,000	No expiry date
Charitable donation	**20,000**	**No expiry date**	-	No expiry date
Unrecognized deferred tax assets	**118,052,000**		89,808,000	

As at December 31, 2023, the Company has US non-capital losses of approximately $61 million (December 31, 2022 - approximately $53 million) that may be applied to reduce future US taxable income. US losses after January 1, 2018 would not have an expiry period. The Company also has Canadian non-capital losses of approximately $28 million (December 31, 2022 - approximately $25 million) that may be applied to reduce future Canadian taxable income.