FINANCIAL STATEMENTS FOR THE YEARS ENDED 2023 AND 2022

LAURION
MINERAL EXPLORATION INC.

TSXV: LME
QTC: LMEFF

LAURION MINERAL EXPLORATION INC.
Consolidated Financial Statements
December 31, 2023 and 2022
(Expressed in Canadian dollars)

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of Laurion Mineral Exploration Inc.

Opinion

We have audited the consolidated financial statements of Laurion Mineral Exploration Inc. (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 shareholders' equity and cash flows for the years then ended, and 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 31, 2023 and 2022, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with International Financial Reporting Standards.

Basis for Opinion

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

Material Uncertainty Related to Going Concern

We draw attention to Note 2 in the consolidated financial statements, which indicates that the Company incurred a net loss of $3,086,043 during the year ended December 31, 2023 and a cashflow deficit from operations of $3,070,543. As stated in Note 2, these events or conditions, along with other matters as set forth in Note 2, 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, 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.

Other Information

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

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

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information identified above when it becomes available 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 the Management 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 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 International Financial Reporting 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.

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 Mark Jakovcic.

RSM Canada LLP

Chartered Professional Accountants
Licensed Public Accountants
April 17, 2024
Toronto, Ontario

LAURION MINERAL EXPLORATION INC.

Consolidated Statements of Financial Position

(Expressed in Canadian dollars)

	Notes	As at December 31 2023 $	As at December 31, 2022 $
Assets			
Current			
Cash and cash equivalents		6,506,292	7,474,144
Restricted cash	5 and 12	2,538,612	1,633,234
Receivables	6	262,240	63,621
Prepaid expenses		51,827	37,909
		9,358,971	9,208,908
Liabilities			
Current			
Accounts payable and accrued liabilities		169,873	107,853
Flow-through share premium	8	317,326	-
		487,199	107,853
Shareholders' equity			
Share capital	8	41,639,037	38,602,524
Contributed surplus		4,429,280	4,497,860
Warrants		2,431,997	2,543,170
Deficit		(39,628,542)	(36,542,499)
		8,871,772	9,101,055
		9,358,971	9,208,908

Going concern	2
Commitment	12
Subsequent event	13

Approved by the Board:

Cynthia Le Sueur-Aquin
Director

Michael Burmi
Director

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

LAURION MINERAL EXPLORATION INC.
Consolidated Statements of Loss and Comprehensive Loss
(Expressed in Canadian dollars)

	Notes	Years ended December, 2023 $	2022 $
Expenses			
Professional fees	11	830,873	284,160
Management fees	11	110,545	115,058
Director bonus	11	-	36,250
Stock-based compensation	8	87,153	189,249
General and administrative		60,500	53,660
Investor relations	11	111,925	115,463
Public company costs		68,240	83,262
Travel		28,885	12,198
Exploration and evaluation	7	2,216,868	3,825,090
		3,514,989	4,714,390
Part XII.6 tax		39,852	(2,227)
Flow-through share premium recovery	8	(42,677)	(16,877)
Option income	7	(44,700)	(82,408)
Loss on the sale of marketable securities	7	2,384	40,645
Foreign exchange loss		2,500	-
Interest income		(386,305)	-
		3,086,043	4,653,523
Loss and comprehensive loss for the year		(3,086,043)	(4,653,523)
Loss per common share-basic and diluted		(0.012)	(0.018)
Weighted average number of common shares-basic and diluted		258,112,405	252,423,708

LAURION MINERAL EXPLORATION INC.

Consolidated Statements of Changes in Shareholders' Equity

(Expressed in Canadian dollars)

	Number of common shares	Share capital $	Contributed surplus $	Warrants $	Deficit $	Total $
Balance, December 31, 2022	256,809,855	38,602,524	4,497,860	2,543,170	(36,542,499)	9,101,055
Flow-through private placement (note 8)	5,142,900	2,880,024	-	-	-	2,880,024
Finder's fees	111,608	(62,501)	-	-	-	(62,501)
Flow-through share premium	-	(360,003)	-	-	-	(360,003)
Share issue costs	-	(15,713)	-	-	-	(15,713)
Option payment (note 7)	100,000	51,000	-	-	-	51,000
Common shares issued for property payments (note 7)	142,857	82,857	-	-	-	82,857
Exercise of stock options (note 8)	1,038,882	193,943	-	-	-	193,943
Fair value of exercised stock options	-	155,733	(155,733)	-	-	-
Fair value of expired warrants (note 8)	-	111,173	-	(111,173)	-	-
Stock-based compensation (note 8)	-	-	87,153	-	-	87,153
Loss for the year	-	-	-	-	(3,086,043)	(3,086,043)
Balance, December 31, 2023	263,346,102	41,639,037	4,429,280	2,431,997	(39,628,542)	8,871,772
Balance, December 31, 2021	247,117,449	34,166,729	4,431,940	3,011,802	(31,888,976)	9,721,495
Flow-through private placement units (note 8)	1,917,242	2,013,104	-	-	-	2,013,104
Fair value of warrants	-	(111,173)	-	111,173	-	-
Finder's fees	-	(32,813)	-	-	-	(32,813)
Share issuance costs	-	(59,537)	-	-	-	(59,537)
Option payment (note 7)	100,000	58,000	-	-	-	58,000
Exercise of warrants (note 8)	5,511,831	1,636,913	-	-	-	1,636,913
Fair value of exercised warrants	-	172,440	-	(172,440)	-	-
Fair value of expired warrants (note 8)	-	407,365	-	(407,365)	-	-
Exercise of stock options (note 8)	2,163,333	228,167	-	-	-	228,167
Fair value of exercised stock options	-	123,329	(123,329)	-	-	-
Stock-based compensation (note 8)	-	-	189,249	-	-	189,249
Loss for the year	-	-	-	-	(4,653,523)	(4,653,523)
Balance, December 31, 2022	256,809,855	38,602,524	4,497,860	2,543,170	(36,542,499)	9,101,055

LAURION MINERAL EXPLORATION INC.

Consolidated Statements of Cash Flows
(Expressed in Canadian dollars)
For the years ended

	December 31, 2023 $	December 31, 2022 $
Cash provided by (used in)		
Operating activities		
Loss for the year	(3,086,043)	(4,653,523)
Items not affecting cash		
Common shares issued for exploration and evaluation (note 7)	133,857	58,000
Stock-based compensation (note 8)	87,153	189,249
Option income (note 7)	(14,700)	(88,800)
Loss on marketable securities	2,384	40,645
Flow-through share premium recovery (note 8)	(42,677)	(16,877)
Changes in non-cash working capital		
Receivables	(198,619)	(13,076)
Prepaid expenses	(13,918)	118,806
Accounts payable and accrued liabilities	62,020	(74,217)
Cash flows used in operating activities	(3,070,543)	(4,439,793)
Financing activities		
Private placements (note 8)		
Flow-through units	2,880,024	2,013,104
Finder's fees	(62,501)	(32,813)
Share issue costs	(15,713)	(59,537)
Exercise of stock options (note 8)	193,943	228,167
Exercise of warrants (note 8)	-	1,636,913
Cash flows from financing activities	2,995,753	3,785,834
Investing activities		
Proceeds from the sale of marketable securities (note 7)	12,316	48,155
Cash flows from investing activities	12,316	48,155
Net decrease in cash	(62,474)	(605,804)
Cash and cash equivalents, beginning of year	9,107,378	9,713,182
Cash and cash equivalents, end of year	9,044,904	9,107,378
Summary		
Cash and cash equivalents	6,506,292	7,474,144
Restricted cash (note 5)	2,538,612	1,633,234
	9,044,904	9,107,378
Non-cash transactions		
Issue of common shares		
Option payment for exploration and evaluation	51,000	58,000
Common shares issued for property payments	82,857	-
	133,857	58,000

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

1. Nature of operations

Laurion Mineral Exploration Inc. (the "Company") is a public company engaged in the acquisition, exploration and development of mineral resource properties. The Company is incorporated under the laws of Ontario and its registered office is located at 40 King Street West, Suite 5800, Toronto, Ontario, M5H 3S1.

2. Going concern

These consolidated financial statements have been prepared on a going concern basis, 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 in the exploration stage and does not generate revenue. For the year ended December 31, 2023, the Company incurred a loss of $3,086,043 (2022 - $4,653,523) and a cashflow deficit from operations of $3,070,543 (2022 - $4,439,793). The losses and cashflow deficit from operations limit the Company's ability to fund operations and the acquisition, exploration and development of mineral resource properties.

The continued operation of the Company is dependent upon the Company's ability to secure equity financing to meet its existing obligations and finance the acquisition, exploration and development of mineral resource properties. The Company is actively seeking to raise the necessary equity financing, however, there can be no assurance that additional equity financing will be available. These material uncertainties may cast significant doubt upon the Company's ability to continue as a going concern.

These consolidated financial statements do not reflect the adjustments to the carrying values of assets and liabilities and the reported expenses and balance sheet classifications that would be necessary if the going concern assumption was deemed inappropriate. Such adjustments could be material.

3. Basis of presentation

Statement of compliance

These consolidated financial statements are prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board.

The financial statements were approved and authorized for issue by the Board of Directors on April 17, 2024.

Basis of measurement

These financial statements have been prepared on the historical cost basis, except certain financial assets as described elsewhere in these notes.

Functional and presentation currency

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

Use of estimates and judgments

The preparation of these consolidated financial statements in conformity with IFRS requires the Company's management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

3. Basis of presentation (continued)

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the year in which the estimates are revised and in any future years affected.

Information about judgments, assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment within the next financial year are as follows:

Going concern

The Company applied judgment in assessing its ability to continue as a going concern for at least 12 months.

Valuation of stock options and warrants

The Company uses the Black-Scholes option pricing model in determining the fair value of stock options and warrants, which requires a number of assumptions to be made, including the risk-free interest rate, expected life, forfeiture rate and expected share price volatility. See note 8.

Deferred income taxes

Deferred income tax assets and liabilities are measured using enacted or substantively enacted tax rates at the reporting date in effect for the period in which the 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 as part of the provision for income taxes in the period that includes the enactment date. The recognition of deferred income tax assets is based on the assumption that it is probable that taxable profit will be available against which the deductible temporary differences can be utilized. See note 10.

4. Material accounting policies

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

(a) Basis of consolidation

These consolidated financial statements include the accounts of the Company and its wholly-owned subsidiary, Ahsineeg Inc. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases. Consolidated financial statements are prepared using uniform accounting policies for like transactions and other events in similar circumstances.

Control is achieved when the Company 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. Specifically, the Company controls an investee if and only if the Company has all the following:

(a) power over the investee;
(b) exposure, or rights, to variable returns from its involvement with the investee; and
(c) the ability to use its power over the investee to affect the amount of the investor's returns.

All intercompany transactions and balances are eliminated on consolidation.

4. Material accounting policies (continued)

(b) Cash and cash equivalents

Cash and cash equivalents consist of cash, bank balances and short-term highly liquid investments with original maturities of three months or less that are readily convertible into known amounts of cash which are subject insignificant risk of change in value.

(c) Financial instruments

Financial assets are required to be initially measured at fair value and subsequently classified at amortized cost or fair value on the basis of the Company's business model for managing the financial assets and the contractual cash flow characteristics of the financial assets. The Company's financial assets includes cash, restricted cash and receivables which are classified at amortized cost because the Company's business model is to hold these financial instruments to maturity to collect contractual cash flows consisting solely of payments of principal and interest on the principal amount outstanding. The Company may from time to time have marketable securities, which are measured at fair value, with gains or losses being recorded in the consolidated statement of loss.

Financial liabilities include accounts payable and accrued liabilities, which are initially measured at fair value and subsequently classified as amortized cost.

(d) Exploration and evaluation

Direct costs relating to the acquisition, exploration and development of mineral properties, less recoveries, are expensed in the period incurred.

Costs include the cash consideration and the fair market value of any shares issued for the acquisition of mineral properties. Option proceeds received are recorded in the accounts at the time of receipt. Properties acquired under option agreements or by joint ventures, whereby payments are made at the sole discretion of the Company, are recorded in the accounts at the time of payment.

(e) Decommissioning liabilities

The Company's activities may give rise to dismantling, decommissioning and site disturbance remediation activities. Provision is made for the estimated cost of site restoration. Decommissioning obligations are measured at the present value of management's best estimate of expenditures required to settle the present obligation at the date of the statement of financial position. The fair value of the estimated obligation is recorded as a liability with a corresponding increase in the carrying amount of the related asset, or expensed if it relates to properties classified as exploration and evaluation. The obligation is subsequently adjusted at the end of each period to reflect the passage of time and changes in the estimated future cash flows underlying the obligation. The increase in the provision due to the passage of time is recognized as finance expense whereas increases or decreases due to changes in the estimated future cash flows or changes in the discount rate are capitalized to the carrying amount of the related asset or expensed if the charge relates to properties classified as exploration and evaluation. Actual costs incurred upon settlement of the decommissioning obligations are charged against the provision to the extent the provision was established. As at December 31, 2023 and 2022, the Company had no decommissioning liabilities.

(f) Share capital

Share capital is classified as equity. Incremental costs directly attributable to the issue of common shares are recognized as a deduction from equity, net of any tax effects. In situations where the Company issues units, the value of the warrants is included as a separate reserve of the Company's equity. The value of the warrants is calculated using the Black-Scholes option pricing model with the residual being allocated to shares.

4. Material accounting policies (continued)

(g) Flow-through shares

Canadian tax legislation permits the Company to issue flow-through shares. Flow-through shares are securities whereby the deductions for tax purposes related to exploration and evaluation expenditures may be claimed by the investors rather than the Company, subject to a renouncement process. Renouncement may occur prospectively (the flow-through shares are issued, renouncement then occurs and eligible expenditures are incurred subsequently) or retrospectively (the flow-through shares are issued, eligible expenditures are then incurred and renouncement occurs subsequently).

The issue of flow-through shares is treated as an issue of shares and the sale of tax deductions. The Company uses the residual method to measure the sale of tax deductions. At the time the flow-through shares are issued, the sale of tax deductions is deferred and presented as unrenounced flow-through share premium on the statements of financial position and initially measured as the difference between the sales proceeds of the flow-through shares and the value of a similar common share without the flow-through feature.

When the Company fulfills its obligation to pass on the tax deduction to the investors, the sale of tax deductions is recognized as a reduction of deferred tax expense in the statement of loss and comprehensive loss and a deferred tax liability is recognized for the taxable temporary difference that arises from the difference between the carrying amount of eligible expenditures capitalized as an asset in the statement of financial position and its tax base.

If the renouncement is prospective, the obligation is fulfilled when eligible expenditures are incurred. If the renouncement is retrospective, the obligation is fulfilled when the paperwork to renounce is filed.

(h) Share-based payments

The Company offers a stock option plan for its officers, directors, employees and consultants. The fair value of stock options for each vesting period is determined using the Black-Scholes option pricing model and is recorded over the vesting period as an increase to stock-based compensation expense and contributed surplus. A forfeiture rate is estimated on the grant date and is adjusted to reflect the actual number of options that ultimately vest. Upon the exercise of stock options, the proceeds received by the Company and the related contributed surplus are recorded as an increase to share capital. In the event that vested stock options expire, previously recognized share-based compensation is not reversed. In the event that stock options are forfeited, previously recognized share-based compensation associated with the unvested portion of the stock options forfeited is reversed.

The fair value of share-based payment transactions to non-employees and other share-based payments including shares issued to acquire exploration and evaluation are based on the fair value of the goods and services received. If the fair value cannot be estimated reliably, the share-based payment transaction is measured at the fair value of the equity instruments granted at the date the Company receives the goods or services.

Share-based payments issued to other entities for acquisition of mineral properties are valued at the bid price on the date of the agreement and included in equity on that day, where the fair value of the goods and services received could not be reliably measured.

When the Company settles outstanding debts with equity to creditors that are not shareholders, the share-based payment is valued at the fair value on the date the equity is issued. Any difference in the value of the debt settled and the fair value of the equity issued is recognized as a gain or loss on settlement of debt on the consolidated statement of operations.

4. Material accounting policies (continued)

(i) Provisions

A provision is recognized if, as a result of a past event, the Company has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognized as finance cost. No provisions were recorded as at December 31, 2023 and 2022.

(j) Income tax

Income tax expense comprises current and deferred taxes. Current tax and deferred tax is recognized in profit or loss except to the extent that it relates to a business combination, or items recognized directly in equity or in other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years. Current tax payable also includes any tax liability arising from the declaration of dividends.

Deferred tax is recognized in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognized for:

- temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss;
- temporary differences related to investments in subsidiaries and jointly controlled entities to the extent that it is probable that they will not reverse in the foreseeable future; and
- taxable temporary differences arising on the initial recognition of goodwill.

Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realized simultaneously.

A deferred tax asset is recognized for unused tax losses, tax credits and deductible temporary differences, to the extent that it is probable that future taxable profits will be available against which they can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

(k) Loss per share

The Company presents basic and diluted loss per share data for its common shares. Basic loss per share is calculated by dividing the loss attributable to ordinary shareholders of the Company by the weighted average number of common shares outstanding during the period, adjusted for own shares held.

Diluted loss per share is determined by adjusting the loss attributable to common shareholders and the weighted average number of common shares outstanding, adjusted for own shares held, for the effects of all dilutive potential ordinary shares, which comprise share options granted.

(Expressed in Canadian dollars)

4. Material accounting policies (continued)

Standards, amendments and interpretations to existing standards that are not yet effective and have not been early adopted by the Company:

At the date of authorization of these consolidated financial statements, the Company has not yet adopted certain standards, amendments, and interpretations to existing standards which have been issued but have an effective date of later than December 31, 2023. These updates are not expected to have a significant impact on the Company's consolidated financial statements and are therefore not discussed herein.

5. Restricted cash

Restricted cash represents the proceeds from the issuance of flow-through common shares. As at December 31, 2023, the Company had internally restricted cash of $2,538,612 (December 31, 2022 - $1,633,234) which is not available for working capital purposes and must be expended exclusively for Canadian Exploration Expenditures by December 31, 2024.

6. Receivables

Receivables consist of Goods and Service Tax / Harmonized Sales Tax in the amount of $154,950 (2022 - $63,621) and interest receivable of $107,290 (2022 - $Nil).

7. Exploration and evaluation

Ishkoday

The Company holds the following interests in the Ishkoday situated in the Onaman-Tashota Greenstone Camp in the Irwin, Walters, Elmhirst and Pifher Townships located 25 km northeast of the Town of Beardmore, Ontario and 220 km northeast of Thunder Bay, Ontario:

100% interest:	Interest	Hectares
Ishkoday	15 mining leases	657
Ishkoday North	164 boundary and single cell claims	2,864
Ishkoday South	5 boundary cell claims	64
Ishkoday East	28 boundary and single cell claims	336
Brenbar (a)	2 mining leases	255
Jubilee-Elmhirst (b)	4 mining leases	74
Beaurox (c)	1 mining lease	447
Twin Falls (d)	52 boundary, single, and multi cell claims	1,046
		5,743

(a) *Brenbar*

As at December 31, 2023, the Company held a 100% (2022 – 60%) interest in Brenbar which consists of 2 mining leases covering 255 hectares contiguous and to the west of Ishkoday. The leases are subject a 3% net smelter return royalty on gold production and 1.5% net smelter return royalty on base metal production. The Company has the option to purchase 1% of the royalty for $1,000,000.

(Expressed in Canadian dollars)

7. Exploration and evaluation (continued)

In order for the Company to earn its initial 60% interest in Brenbar, the Company made option payments, issued common shares and incurred exploration expenditures, as follows:

	Option Payments	Common Shares Number	Common Shares Fair Value	Exploration Expenditures
	$		$	$
Upon execution of agreement	50,000	300,000	48,000	-
September 18, 2020	40,000	160,000	32,800	-
December 18, 2020	25,000	100,000	20,000	100,000
	115,000	560,000	100,800	100,000

In order for the Company to earn its 100% interest during 2023, up from 60% in 2022, the Company made additional option payments, issued additional common shares and incurred additional exploration expenditures as follows:

	Option payments	Common shares Number	Common shares Fair value	Exploration expenditures
	$		$	$
Balance December 31, 2020	115,000	560,000	100,800	100,000
December 18, 2021	25,000	100,000	72,000	100,000
December 18, 2022	25,000	100,000	58,000	-
February 1, 2023(1)	-	100,000	51,000	-
Balance December 31, 2023	165,000	860,000	281,800	200,000

(1) In accordance with the option agreement if the Company doesn't incur $100,000 of exploration expenditures during the required period the Company had the option to issue 100,000 common shares in lieu of exploration expenditures incurred. As at December 18, 2022, the Company had not met the required exploration expenditure commitment of $100,000. On February 1, 2023, the Company issued 100,000 common shares in lieu of meeting the expenditure commitment and fulfilled all payments under the option agreement, retaining a 100% interest in Brenbar and the claims have been transferred into the name of the Company.

(b) *Jubilee-Elmhirst*

The Company holds a 100% interest in Jubilee-Elmhirst, subject to a 2% net smelter return royalty. At any time, the Company has the option to reduce the royalty to 1% by making a payment of $1,000,000.

(c) *Beaurox*

The Company holds a 100% interest in Beaurox, subject to a 3% net smelter return royalty. At any time, the Company has the option to reduce the royalty to 1.5% by making a payment of $1,500,000 or to 2% by making a payment of $1,000,000.

(d) *Twin Falls*

On October 10, 2023, the Company expanded its Ishkoday project by acquiring a 100% interest in the Twin Falls property, subject to a 1% net smelter return royalty on gold and base metal production from the property. At any time, the Company has the option to reduce the royalty to 0.5% by making payment of $500,000. As consideration for the property, the Company issued 142,857 common shares of the Company to the vendors with a fair value of $82,857.

(Expressed in Canadian dollars)

7. Exploration and evaluation (continued)

Midlothian and Doon

The Company owns a 30% joint venture interest and Canadian Gold Miner Corp. (“Canadian Gold”) owns a 70% joint venture interest in Midlothian consisting of 11 claims (152 claim units) covering 2,520 hectares located 80 km west-southwest of Kirkland Lake and 25 km west-southwest of the Town of Matachewan and Doon consisting of 1,721 hectares located adjacent to Midlothian. Doon is subject to the following:

a) net smelter royalty (“NSR”) of 2% covering 333 hectares which can be reduced to 1% by making a payment of $1,500,000 plus a $1,500,000 commercial payment; and
b) net smelter royalty of 2% covering 1,388 hectares which can be reduced to 1% by making a payment of $1,500,000 and commercial payment of $1,500,000.

The joint venture will incur exploration expenditures. If a joint venture partner does not fund its proportionate interest in the joint venture, its interest will be diluted and, when its interest is reduced below 10%, its interest will be reduced solely to a 3% net smelter returns royalty on Midlothian (“Midlothian NSR”) and 1% net smelter returns royalty on Doon. The other joint venture partner will have the option to reduce the Midlothian NSR from 3% to 2% by making a payment of $1,000,000. As the joint venture is not structured as a separate vehicle, the joint venture will be accounted for as a joint operation in accordance with IFRS 11, *Joint Arrangements*. During the year ended December 31, 2023, the Company incurred expenditures of $Nil (December 31, 2022 - $21,392).

On November 19, 2021, the Company and Canadian Gold granted an option to Canada Nickel Company Inc. (“Canada Nickel”) to acquire a 100% interest in Midlothian by making payments, issuing common shares and incurring exploration expenditures, as follows:

	Option Payments ($)	Common shares	Exploration Expenditures ($)
Upon grant of option (received)	50,000	100,000	–
May 19, 2023 (received)	100,000	35,000	–
August 17, 2023 (incurred)[(2)]	–	–	500,000
February 19, 2024 (received)	200,000	70,000	–
November 19, 2024	300,000	105,000	–
November 19, 2025	400,000	140,000	2,000,000
	1,050,000	450,000	2,500,000

[(2)] As a result of permit delays, Canada Nickel was unable to meet the required exploration expenditures by the original first work commitment date of November 19, 2022. Consequently, Canada Nickel requested a first work commitment date extension. On May 19, 2023, the Company, Canada Nickel, and Canadian Gold reached an agreement to extend the first work commitment date to August 17, 2023. Canada Nickel incurred the required exploration expenditures by the revised August 17, 2023 commitment date.

All option payments and common shares will be allocated 30% to the Company and 70% to Canadian Gold based on their respective joint venture interest at the time of payment. On May 19, 2023, the Company received an option payment of $44,700 which comprised of $30,000 and 10,500 common shares of Canada Nickel with a fair value of $14,700. On February 16, 2022, the Company received an option payment of $103,800 which comprised of $15,000 and 30,000 common shares of Canada Nickel with a fair value of $88,800. During the year ended December 31, 2023, the Company recorded option income of $44,700 (December 31, 2022 - $82,408, which is net of expenditures of $21,392).

The Company and Canadian Gold will retain a net smelter return royalty of 4% for gold and 2% for nickel with a commercial production payment of $4,000,000.

(Expressed in Canadian dollars)

7. Exploration and evaluation (continued)

Davidson-Tisdale and North Tisdale

As part of the consideration for the Company selling its interest in Davidson-Tisdale and North Tisdale in 2010, the Company received and continues to hold a 2% net smelter royalty payable on commercial production from certain mineral rights known as the North Tisdale.

8. Share capital

Authorized:

Unlimited number of special shares, voting, redeemable, convertible, participating
500,000 Class A shares, voting, non-redeemable, convertible, non-participating
Unlimited number of common shares

Private placement – 2023

On November 3, 2023, the Company closed a non-brokered private placement of 5,142,900 flow-through shares at a price of $0.56 per flow-through share for gross proceeds of $2,880,024. In connection with the private placement, the Company paid a cash finder's commission of $62,501 and issued 111,608 common shares of the Company as finder's shares. The issuance of the 5,142,900 flow-through shares resulted in a flow-through share premium liability of $360,003. The flow-through share premium liability is reversed into the statement of loss and comprehensive loss as the Company incurs and renounces flow-through eligible exploration and evaluation expenditures. For the year ended December 31, 2023, the Company recorded a flow-through share premium recovery of $42,677 (2022 - $16,877) resulting in a flow-through share premium liability at December 31, 2023 of $317,326 (December 31, 2022 – $Nil).

Private placements - 2022

On September 27, 2022, the Company completed a private placement of 1,917,242 flow-through units at price of $1.05 per unit for gross proceeds of $2,013,104. Each flow-through unit consisted of one common share and one-half of one warrant entitling the holder to purchase one common share for $1.15 until September 27, 2023. In connection with the private placement, the Company paid a cash commission of $32,813.

The fair value of the warrants was calculated using the Black-Scholes option pricing model with the following inputs and assumptions:

	Flow-through unit warrants
Warrants issued	958,620
Exercise price	$1.15
Share price	$1.01
Risk-free interest rate	4.06%
Expected volatility based on historical volatility	38.78%
Expected life of warrants	1 year
Expected dividend yield	0%
Fair value	$111,173
Fair value per warrant	$0.12

(Expressed in Canadian dollars)

8. Share capital (continued)

Stock options

Pursuant to a stock option plan approved on October 4, 2010, the Company may grant stock options to its directors, officers, employees and consultants for up to 10% of the number of common shares outstanding. The maximum term of each option is 10 years and the exercise price shall not be less than the closing price of the common shares prevailing on the date of the grant, less a discount up to 25% in accordance with the policies of the TSX Venture Exchange.

All outstanding options granted under the Original Option Plan will remain outstanding and be governed by the terms of the Original Option Plan. The Original Option Plan allowed the Company to issue options to directors, officers and service providers, enabling them to purchase common shares. The Company set aside 4,000,000 common shares for the exercise of options granted pursuant to the plan. Each option granted under the plan had a maximum term of five years. The exercise price was determined by the Board of Directors at the time the option is granted and was subject to regulatory approval.

A continuity of the Company's stock options is presented below:

	Weighted-average exercise price ($)	Number of stock options
Balance, December 31, 2021	0.11	6,902,369
Granted	0.93	308,000
Exercised	0.11	(2,163,333)
Balance, December 31, 2022	0.22	5,047,036
Granted	0.40	250,000
Exercised	0.19	(1,038,882)
Cancelled	0.15	(563,123)
Balance, December 31, 2023	0.26	3,695,031

The common share price when the stock options were exercised was in the range of $0.57 to $0.70 (2022 - $0.455 - $1.02).

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

	Expiry date	Number of stock options exercisable	Number of stock options outstanding
$0.17	June 2, 2025	1,167,379	1,167,379
$0.23	December 14, 2025	826,837	826,837
$0.23	January 26, 2026	200,000	200,000
$0.23	April 13, 2026	212,045	212,045
$0.55	August 19, 2026	18,106	18,106
$0.82	January 11, 2027	19,334	29,000
$0.95	October 5, 2027	166,666	250,000
$0.40	August 21, 2028	-	250,000
$0.11	July 16, 2029	500,000	500,000
$0.15	September 9, 2029	241,664	241,664
		3,352,031	3,695,031

(Expressed in Canadian dollars)

8. Share capital (continued)

During the year ended December 31, 2023, the Company granted stock options to officers and directors of the Company. The fair value of the stock options was calculated using the Black-Scholes option pricing model with the following assumptions:

Grant date	August 21, 2023
Expiry date	August 21, 2028
Stock options granted	250,000
Exercise price	$0.40
Share price	$0.40
Risk-free interest rate	4.14%
Expected volatility based on historical volatility	67%
Expected life of stock options	5 years
Expected dividend yield	0%
Vesting	1/3 on each annual anniversary of their date of grant with the first vesting on the first anniversary of the date of grant
Fair value	$59,534
Fair value per stock option	$0.24

During the year ended December 31, 2022, the Company granted stock options to officers and directors of the Company. The fair value of the stock options was calculated using the Black-Scholes option pricing model with the following assumptions:

Grant date	January 11, 2022	October 5, 2022
Expiry date	January 11, 2027	October 5, 2027
Stock options granted	58,000	250,000
Exercise price	$0.82	$0.95
Share price	$0.85	$0.81
Risk-free interest rate	1.50%	3.42%
Expected volatility based on historical volatility	103%	99%
Expected life of stock options	5 years	5 years
Expected dividend yield	0%	0%
Vesting	1/3 each of the date of grant and the first and second anniversary of the date of grant	
Fair value	$38,000	$148,000
Fair value per stock option	$0.65	$0.59

Warrants

A continuity of the Company's warrants is presented below:

	Weighted-average exercise price ($)	Number of warrants
Balance, December 31, 2021	0.43	7,198,487
Issued	1.15	958,620
Exercised	0.30	(5,511,831)
Expired	0.81	(1,686,656)
Balance, December 31, 2022	1.15	958,620
Expired	1.15	(958,620)
Balance, December 31, 2023	-	-

9. Financial instruments and risk management

Financial assets and liabilities are classified in the fair value hierarchy according to the lowest level of input that is significant to the fair value measurement. Assessment of the significance of a particular input to the fair value requires judgement and may affect placement within the fair value hierarchy levels. The hierarchy is as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2: inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices); and
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

A number of the Company's accounting policies and disclosures require the determination of fair value, for both financial and non-financial assets and liabilities. Fair values have been determined for measurement and/or disclosure purposes based on the following methods.

The fair values of cash and cash equivalents, restricted cash, receivables, and accounts payable and accrued liabilities approximated their respective carrying value due to their short term to maturity. The Company classified the fair value of its financial instruments measured at fair value according to the following hierarchy based on the amount of observable inputs used to value the instrument: The Company accounts for its marketable securities at fair value using level 1 inputs. When applicable, further information about the assumptions made in determining fair values is disclosed in the notes specific to that asset or liability.

Risk management

The Company's activities expose it to a variety of financial risks that arise as a result of its exploration and financing activities, including credit risk, liquidity risk and market risk.

This note presents information about the Company's exposure to each of the above risks, the Company's objectives, policies and processes for measuring and managing risk, and the Company's management of capital. Further quantitative disclosures are included throughout these financial statements.

The Board of Directors oversees management's establishment and execution of the Company's risk management framework. Management has implemented and monitors compliance with risk management policies. The Company's risk management policies are established to identify and analyze the risks faced by the Company, to set appropriate risk limits and controls, and to monitor risks and adherence to market conditions and the Company's activities.

Credit risk

Credit risk is the risk of financial loss to the Company if a counterparty to a financial instrument fails to meet its contractual obligations. Credit risk arises principally from the Company’s cash and cash equivalents and restricted cash. The Company’s limits its exposure to credit risk on its cash and cash equivalents by holding deposits with a Canadian chartered bank.

Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting its financial liabilities that are settled in cash or other financial assets. The Company’s approach to managing liquidity risk is to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities as they come due, other than amounts owing to related parties. Accounts payable and accrued liabilities are subject to normal trade terms.

(Expressed in Canadian dollars)

9. Financial instruments and risk management (continued)

Capital management

Capital of the Company consists of share capital, contributed surplus, warrants reserve and deficit. The Company's objective when managing capital is to safeguard the Company's ability to continue as a going concern so that it can acquire, explore and develop mineral resource properties for the benefit of its shareholders. The Company manages its capital structure and makes adjustments based on the funds available to the Company in light of changes in economic conditions. The Board of Directors has not established quantitative return on capital criteria for management, but rather relies on the expertise of the Company's management to sustain the future development of the Company.

In order to facilitate the management of its capital requirements, the Company prepares annual expenditure budgets that consider various factors, including successful capital deployment and general industry conditions. Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Company, is reasonable.

As the Company is an exploration stage company and has no revenues, its principal source of capital is from the issuance of common shares, units, flow-through common shares and flow-through units, exercise of stock options and warrants or advances from related parties. In order to achieve its objectives, the Company intends to raise additional funds as required.

The Company is not subject to externally imposed capital requirements and there were no changes to the Company's approach to capital management during the year.

10. Income taxes

The Company's effective income tax rate differs from the amount that would be computed by applying the combined federal and provincial statutory rate of 26.5% (2022 - 26.5%) to the net loss for the year. The reasons for the difference are as follows:

Provision for income taxes

	2023 ($)	2022 ($)
Expected income tax recovery based on statutory rate	(817,801)	(1,233,183)
Increase (decrease) resulting from:		
Renunciation of flow-through expenditures	763,206	533,473
Non-deductible expenses and other	23,932	276
Stock-based compensation	23,096	50,151
Adjustment in tax basis of mineral properties	–	(211,816)
Share issue costs	(35,219)	(54,608)
Change in valuation allowance	42,786	915,707
Deferred income tax recovery	–	–

(Expressed in Canadian dollars)

10. Income taxes (continued)

Deferred income tax balances

The Company's deferred income tax assets are as follows:

	2023 ($)	2022 ($)
Non-capital and capital loss carryforward	2,212,000	1,977,000
Investments	57,000	57,000
Canadian exploration and evaluation	1,162,000	1,338,000
Property and equipment	53,000	53,000
Share issue costs	81,000	101,000
	3,565,000	3,526,000
Benefit of deferred tax assets not recorded	(3,565,000)	(3,526,000)
	–	–

Due to losses incurred in the current year and expected future operating results, management determined that it is unlikely that the deferred income tax assets will be realized. Accordingly, the future income tax assets have not been recorded.

Losses carried forward

At December 31, 2023, the Company had non-capital loss carryforwards which expire as follows:

Year	$
2028	197,000
2029	445,000
2031	671,000
2032	483,000
2033	746,000
2034	697,000
2036	378,000
2037	288,000
2038	434,000
2039	637,000
2040	723,000
2041	726,000
2042	954,000
2043	899,000
	8,278,000

As at December 31, 2023, the Company had resource deductions of $4,385,659 which may be carried forward indefinitely to reduce taxable income in future years.

(Expressed in Canadian dollars)

11. Related party transactions

Compensation of key management personnel

The Company considers its directors and officers to be key management personnel. Transactions with key management personnel are set out as follows:

	Years ended December 31,	
	2023	**2022**
	$	**$**
Exploration and evaluation	169,626	198,997
Management fees and investor relations	142,711	152,978
	312,337	351,975
Director bonus	-	36,250
Stock-based compensation	72,164	162,056
	384,501	550,281

During the year ended December 31, 2023, the Company engaged a third-party advisor and paid a financial advisory fee of $338,675 ($250,000 USD). The amount is included in professional fees on the statement of loss and comprehensive loss. Pursuant to an agreement with a director of the Company, the advisory fee paid is recoverable by the Company if the Company does not secure a transaction to the Company's satisfaction as a result of, arising from, or related to the engagement by August 21, 2024. Additional related party transactions are disclosed in note 8.

12. Commitment

Pursuant to private placements of flow-through units, the Company is committed to make eligible Canadian Exploration Expenditures of $2,538,612 by December 31, 2024.

13. Subsequent event

On April 12, 2024, the Company closed a non-brokered private placement consisting of an aggregate of 3,725,633 flow-through shares at a subscription price of $0.45 per flow-through share for aggregate gross proceeds to the Company of $1,676,535. In connection with the closing of the private placement, the Company paid a cash finder's commission of $75,000.