



**PJX RESOURCES INC.**  
**Financial Statements**  
**Years ended December 31, 2023 and 2022**

The accompanying financial statements of PJX Resources Inc. (the "Company") are the responsibility of the Board of Directors.

These financial statements have been prepared by management, on behalf of the Board of Directors, in accordance with the accounting policies disclosed in the notes to the financial statements. Where necessary, management has made informed judgments and estimates in accounting for transactions which were not complete at the end of the reporting period. In the opinion of management, the financial statements have been prepared within acceptable limits of materiality and are in accordance with International Financial Reporting Standards, as issued by the International Accounting Standards Board.

Management has established processes, which are in place to provide it sufficient knowledge to support management representations that it has exercised reasonable diligence that (i) financial statements do not contain any untrue statement of material fact or omit to state a material fact required to be stated or that is necessary to make a statement not misleading in light of the circumstances under which it is made, as of the date of, and for the periods presented by, the financial statements and (ii) the financial statements fairly present in all material respects the financial condition, results of operations and cash flows of the Company, as of the date of and for the periods presented by the financial statements.

The Board of Directors is responsible for reviewing and approving the financial statements together with other financial information of the Company and for ensuring that management fulfills its financial reporting responsibilities. An Audit Committee assists the Board of Directors in fulfilling this responsibility. The Audit Committee meets with management to review the financial reporting process and the financial statements together with other financial information of the Company. The Audit Committee reports its findings to the Board of Directors for its consideration in approving the financial statements together with other financial information of the Company for issuance to the shareholders.

Management recognizes its responsibility for conducting the Company's affairs in compliance with established financial standards, and applicable laws and regulations, and for maintaining proper standards of conduct for its activities.

(signed)  
John Keating  
President and Chief Executive Officer

(signed)  
Linda Brennan  
Chief Financial Officer

Toronto, Canada  
April 26, 2024

## **Independent Auditor's Report**

To the Shareholders of PJX Resources Inc.

### **Opinion**

We have audited the financial statements of PJX Resources Inc. (the "Company"), which comprise the statements of financial position as at December 31, 2023 and 2022, and the statements of loss and comprehensive loss, statements of changes in shareholders' equity and statements of cash flows for the years then ended, and notes to the financial statements, including a summary of significant accounting policies.

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").

### **Basis for opinion**

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada. 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 1 in the financial statements, which indicates that the Company incurred continuing losses during the year ended December 31, 2023. As stated in Note 1, these events or conditions, along with other matters as set forth in Note 1, indicate that material uncertainties exist that 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 judgement, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the 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 Material uncertainty related to going concern section, we have determined that there were no additional key audit matters to communicate in our report.

## **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 and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

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

## **Responsibilities of management and those charged with governance for the financial statements**

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRS, 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 cease operations, or has no realistic alternative but to do so.

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

## **Auditor's responsibilities for the audit of the financial statements**

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

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

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

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current 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 of the audit resulting in this independent auditor's report is Chris Milios.

**McGovern Hurley LLP**



**Chartered Professional Accountants  
Licensed Public Accountants**

Toronto, Ontario  
April 26, 2024

**PJX Resources Inc.**

**STATEMENTS OF FINANCIAL POSITION**

(Expressed in Canadian dollars)

December 31,

	Note	2023	2022
<b>ASSETS</b>			
<b>Current assets</b>			
Cash		\$ 2,703,606	\$ 963,443
Amounts receivable	6	23,200	25,405
Prepayments	7(a)	31,323	26,934
BC refundable tax credits	12(a)	-	295,000
<b>Total current assets</b>		<b>2,758,129</b>	<b>1,310,782</b>
<b>Non-current assets</b>			
Deposits	7(b)	162,900	163,791
Property and equipment	8(a)	48,662	53,341
Right-of-use asset	8(a)	-	3,676
<b>Total non-current assets</b>		<b>211,562</b>	<b>220,808</b>
<b>Total assets</b>		<b>2,969,691</b>	<b>1,531,590</b>
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Accounts payable and accrued liabilities	14(c)	120,893	88,871
Flow-through premium liability	10(b)(i)	201,487	-
Current lease liabilities	8(b)	-	4,721
<b>Total current liabilities</b>		<b>322,380</b>	<b>93,592</b>
<b>Non-current liabilities</b>			
Reclamation obligation	7(c)	24,500	24,500
<b>Total non-current liabilities</b>		<b>24,500</b>	<b>24,500</b>
<b>Total liabilities</b>		<b>346,880</b>	<b>118,092</b>
<b>SHAREHOLDERS' EQUITY</b>			
Share capital	10(b)	15,770,554	13,943,868
Warrants	11	1,539,975	1,748,454
Contributed surplus		6,583,152	5,803,860
Accumulated deficit		(21,270,870)	(20,082,684)
<b>Total shareholders' equity</b>		<b>2,622,811</b>	<b>1,413,498</b>
<b>Total shareholders' equity and liabilities</b>		<b>\$ 2,969,691</b>	<b>\$ 1,531,590</b>

Going concern (Note 1)

Commitments and contingencies (Note 9 and 13)

Subsequent event (Note 16)

Approved by the Board of Directors:

*(Signed) John Keating*

John Keating, Director

*(Signed) Linda Brennan*

Linda Brennan, Director

**See accompanying notes to the financial statements.**

**PJX Resources Inc.**  
**STATEMENTS OF LOSS AND COMPREHENSIVE LOSS**  
**(Expressed in Canadian dollars)**

<b>Years ended December 31,</b>	<b>Note</b>	<b>2023</b>	<b>2022</b>
<b>Expenses</b>			
Exploration	<b>12(a)</b>	<b>\$ 576,078</b>	<b>\$ 966,114</b>
General and administration	<b>12(b)</b>	<b>592,925</b>	<b>560,060</b>
Share based compensation	<b>10(b)(ii)</b>	<b>-</b>	<b>3,302</b>
Depreciation	<b>8(a)</b>	<b>24,943</b>	<b>29,561</b>
<b>Total operating expenses</b>		<b>1,193,946</b>	<b>1,559,037</b>
Loss before the undernoted		<b>(1,193,946)</b>	<b>(1,559,037)</b>
Flow-through premium recoveries		<b>5,760</b>	<b>77,916</b>
<b>Net loss and comprehensive loss for the year</b>		<b>\$ (1,188,186)</b>	<b>\$ (1,481,121)</b>
<b>Basic and diluted loss per share</b>		<b>(\$0.01)</b>	<b>(\$0.01)</b>
<b>Weighted average number of shares outstanding (basic and diluted)</b>		<b>135,737,917</b>	<b>133,216,488</b>

**See accompanying notes to the financial statements.**



**PJX Resources Inc.**  
**STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY**  
**(Expressed in Canadian dollars)**

<b>Years ended December 31,</b>	<b>Note</b>	<b>2023</b>	<b>2022</b>
<b>Share capital</b>			
Balance, beginning of the year		\$ 13,943,868	\$ 13,943,868
Shares issued under private placement	10(b)(i)	2,703,400	-
Share premium on flow-through shares	10(b)(i)	(207,247)	-
Value allocated to warrants	11	(553,907)	-
Compensation warrants	11	(16,906)	-
Share issue cost	10(b)	(98,654)	-
Balance, end of the year		15,770,554	13,943,868
<b>Warrants</b>			
Balance, beginning of the year		1,748,454	1,796,164
Warrants issued on private placement	11	553,907	-
Compensation warrants issued	11	16,906	-
Warrants expired	11	(779,292)	(47,710)
Balance, end of the year		1,539,975	1,748,454
<b>Contributed surplus</b>			
Balance, beginning of the year		5,803,860	5,752,848
Warrants expired	11	779,292	47,710
Share based compensation	10(b)(ii)	-	3,302
Balance, end of the year		6,583,152	5,803,860
<b>Accumulated deficit</b>			
Balance, beginning of the year		(20,082,684)	(18,601,563)
Net loss for the year		(1,188,186)	(1,481,121)
Balance, end of the year		(21,270,870)	(20,082,684)
<b>Total shareholders' equity</b>		<b>\$ 2,622,811</b>	<b>\$ 1,413,498</b>

See accompanying notes to the financial statements.

**PJX Resources Inc.**  
**STATEMENTS OF CASH FLOWS**  
**(Expressed in Canadian dollars)**

<b>Years ended December 31,</b>	<b>Note</b>	<b>2023</b>	<b>2022</b>
<b>Cash flows from operating activities</b>			
Net loss for the year		\$ (1,188,186)	\$ (1,481,121)
<i>Items not involving cash:</i>			
Depreciation	8(a)	24,943	29,562
Flow-through premium recoveries	10(b)(i)	(5,760)	(77,916)
Share based compensation		-	3,302
<i>Changes in non-cash working capital:</i>			
Deposits		891	6,886
Amounts receivable and prepayments		(2,184)	(8,844)
BC refundable tax credits	12(a)	-	(160,000)
Accounts payable and accrued liabilities		33,113	23,041
Receipts of BC refundable tax credits	12(a)	293,909	-
<b>Net cash used in operating activities</b>		<b>(843,274)</b>	<b>(1,665,090)</b>
<b>Cash flow from investing activities</b>			
Acquisition of equipment		(16,588)	-
<b>Net cash used in investing activities</b>		<b>(16,588)</b>	<b>-</b>
<b>Cash flow from financing activities</b>			
Lease payments		(4,721)	(9,075)
Proceeds on issuance of flow-through units	10(b)(i)	2,703,400	-
Issue costs	10(b)	(98,654)	-
<b>Net cash from (used) in financing activities</b>		<b>2,600,025</b>	<b>(9,075)</b>
<b>Net change in cash</b>		<b>1,740,163</b>	<b>(1,674,165)</b>
<b>Cash, beginning of the year</b>		<b>963,443</b>	<b>2,637,608</b>
<b>Cash, end of the year</b>		<b>\$ 2,703,606</b>	<b>\$ 963,443</b>

Supplementary information:

*Compensation warrants issued:*

Units		766,668	-
Value	10(b)(i)	\$ 16,906	\$ -

**See accompanying notes to the financial statements.**

**PJX Resources Inc.**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**(Expressed in Canadian dollars)**

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**Years ended December 31, 2023, and 2022**

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## **1. NATURE OF OPERATIONS AND GOING CONCERN**

PJX Resources Inc. (the "Company" or "PJX") is a Canadian corporation incorporated under the laws of Alberta on April 22, 2010, originally under the name of 1532063 Alberta Inc. On March 7, 2011, the Company obtained a Certificate of Continuance from the Registrar of Corporations for the Province of Alberta changing its jurisdiction to the Province of Ontario. On the same date the Company changed its name to PJX Resources Inc. The Company's corporate offices are located at 5600 One First Canadian Place, Toronto, Ontario, M5X 1C9.

The principal activities of the Company are the exploration of mineral projects located near Cranbrook, British Columbia. To date, the Company has not earned mining revenues. The Company is considered to be in the exploration stage.

Although the Company has taken steps to verify title to the properties on which it is conducting exploration and in which it has an interest, in accordance with industry standards for the current stage of exploration of such properties, these procedures do not guarantee the Company's title. Property title may be subject to government licensing requirements or regulations, social licensing requirements, unregistered prior agreements, unregistered claims, aboriginal claims, and non-compliance with regulatory and environmental requirements. The Company's assets may also be subject to increases in taxes and royalties, renegotiation of contracts, expropriation of properties, and political uncertainty.

These financial statements have been prepared using generally accepted accounting principles applicable to a going concern, which contemplate the realization of assets and settlement of liabilities in the normal course of business as they come due in the foreseeable future. For the year ended December 31, 2023, the Company generated a net loss of \$1,188,186 or \$0.01 per share (December 31, 2022: net loss of \$1,481,121 or \$0.01 per share) and reported an accumulated deficit of \$21,270,870 (December 31, 2022: \$20,082,684). As of December 31, 2023, the working capital of the Company was \$2,435,749 (December 31, 2022: \$1,217,190). Management believes that the working capital is sufficient to support operations for the next twelve months. However, additional funding will be required to allow the Company to continue operating and to fund future exploration and development programs. These factors indicate the existence of material uncertainties that cast significant doubt about the Company's ability to continue as a going concern. The Company will continue to explore financing alternatives to raise capital. Although PJX has been successful in these activities in the past, the Company has no assurance on the success or sufficiency of these initiatives or that such financing will be available on acceptable terms.

These statements do not reflect any adjustments to the carrying values of assets and liabilities and the reported expenses and statements of financial positions classifications that might be necessary were the going concern assumption is inappropriate. These adjustments could be material.

These financial statements were approved by the Board of Directors for issue on April 26, 2024.

## **2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

### ***Accounting Policies***

The principal accounting policies applied in the preparation of these financial statement are set out below. These policies have been consistently applied in the periods presented, unless otherwise stated. These financial statements are expressed in Canadian dollars, which is the Company's presentation and functional currency.

**PJX Resources Inc.**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**(Expressed in Canadian dollars)**

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**Years ended December 31, 2023, and 2022**

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*(a) Basis of presentation*

These financial statements have been prepared in accordance with International Financial Reporting Standards (“IFRS”). These financial statements have been prepared on a historical cost basis. In addition, these financial statements have been prepared using the accrual basis of accounting except for cash flow information.

In the financial statements, management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of expenses during the period. Actual results could differ from these estimates. Of particular significance are the estimates and assumptions used in the recognition and measurement of items included in Note 2(n).

*(b) Financial instruments*

**Financial assets**

**Initial recognition and measurement**

Non-derivative financial assets within the scope of IFRS 9 are classified and measured as “financial assets at fair value”, as either fair value through profit and loss (“FVTPL”) or fair value through other comprehensive income (“FVOCI”), and “financial assets at amortized costs”, as appropriate. The Company determines the classification of financial assets at the time of initial recognition based on the Company’s business model and the contractual terms of the cash flows.

All financial assets are recognized initially at fair value plus, in the case of financial assets not at FVTPL, directly attributable transaction costs on the trade date at which the Company becomes a party to the contractual provisions of the instrument.

**Subsequent measurement – financial assets at amortized cost**

After initial recognition, financial assets measured at amortized cost are subsequently measured at the end of each reporting period at amortized cost using the effective interest rate (“EIR”) method. Amortized cost is calculated by taking into account any discount or premium on acquisition and any fees or costs that are an integral part of the EIR. The EIR amortization is included in operations. The Company measures cash deposits and amounts receivable at amortized cost.

**Subsequent measurement – financial assets at FVTPL**

Financial assets measured at FVTPL include financial assets management intends to sell in the short term and any derivative financial instrument that is not designated as a hedging instrument in a hedge relationship. Financial assets measured at FVTPL are carried at fair value in the statements of financial position with changes in fair value recognized in other income or expense in operations. The Company does not measure any financial assets at FVTPL.

**Subsequent measurement – financial assets at FVOCI**

Financial assets measured at FVOCI are non-derivative financial assets that are not held for trading and the Company has made an irrevocable election at the time of initial recognition to measure the assets at FVOCI. The Company does not measure any financial assets at FVOCI.

**Derecognition**

A financial asset is derecognized when the contractual rights to the cash flows from the asset expire, or the Company no longer retains substantially all the risks and rewards of ownership.

**PJX Resources Inc.**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**(Expressed in Canadian dollars)**

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**Years ended December 31, 2023, and 2022**

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**Impairment of financial assets**

The Company's only financial assets subject to impairment are amounts receivable, which are measured at amortized cost. The Company has elected to apply the simplified approach to impairment as permitted by IFRS 9, which requires the expected lifetime loss to be recognized at the time of initial recognition of the receivable. To measure estimated credit losses, amounts receivable have been grouped based on shared credit risk characteristics, including the number of days past due. An impairment loss is reversed in subsequent periods if the amount of the expected loss decreases, and the decrease can be objectively related to an event occurring after the initial impairment was recognized.

**Financial liabilities**

**Initial recognition and measurement**

Financial liabilities are measured at amortized cost, unless they are required to be measured at FVTPL as is the case for held for trading or derivative instruments, or the Company has opted to measure the financial liability at FVTPL. The Company's financial liabilities include accounts payable and accrued liabilities, which are measured at amortized cost. All financial liabilities are recognized initially at fair value and in the case of long-term debt, net of directly attributable transaction costs.

**Subsequent measurement – financial liabilities at amortized cost**

After initial recognition, financial liabilities measured at amortized cost are subsequently measured at the end of each reporting period at amortized cost using the EIR method. Amortized cost is calculated by taking into account any discount or premium on acquisition and any fees or costs that are an integral part of the EIR. The EIR amortization is included in operations.

**Derecognition**

A financial liability is derecognized when the obligation under the liability is discharged, cancelled or expires with any associated gain or loss recognized in other income or expense in the statements of loss.

*(c) Exploration and evaluation expenditures*

Exploration and evaluation expenditures include the costs of acquiring licenses and costs associated with exploration and evaluation activity. Exploration and evaluation expenditures are expensed as incurred.

Once a project has been established as commercially viable and technically feasible, the related development expenditure is capitalized. This includes costs incurred in preparing the site for mining operations. Capitalization ceases when the mine is capable of commercial production, with the exception of development costs which give rise to a future benefit.

*(d) Provisions*

A provision is recognized when the Company has a present legal or constructive obligation as a result of a past event, it is probable that an outflow of economic benefits will require settling the obligation, and the amount of the obligation can be reliably estimated. If the effect is material, 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, where appropriate, the risks specific to the liability.

A provision for onerous contracts is recognized when the expected benefits to be derived by the Company from a contract are lower than the unavoidable cost of meeting its obligations under the contract. There were no such onerous contracts as at December 31, 2023 and 2022.

**PJX Resources Inc.**  
**NOTES TO THE FINANCIAL STATEMENTS**  
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**Years ended December 31, 2023, and 2022**

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*(e) Share-based compensation transactions*

The fair value of share options granted to employees is recognized as an expense over the vesting period with a corresponding increase in equity. An individual is classified as an employee when the individual is an employee for legal or tax purposes (direct employee) or provides services similar to those performed by a direct employee, including directors of the Company.

The fair value is measured at the grant date and recognized over the period during which the options vest. The fair value of the options granted is measured using the Black Scholes option pricing model, taking into account the terms and conditions upon which the options were granted. At each reporting date, the amount recognized as an expense is adjusted to reflect the actual number of shares that are expected to vest. Management estimates that none of the options granted will be forfeited given their short vesting period.

Share-based compensation for goods and services received other than those received from employees is determined directly by the fair value of the services received which are based on the market rate for those services except where that fair value cannot be estimated reliably, in which case they are measured at the fair value of the equity instruments granted, measured at the date the entity obtains the goods or the counterparty renders the service.

*(f) Income taxes*

Income tax on the profit or loss for the periods presented comprises current and deferred tax. Income tax is recognized in profit or loss except to the extent that it relates to items recognized directly in equity, in which case it is recognized in equity.

Current tax expense is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at period end, adjusted of amendments to tax payable with regards to previous years.

Deferred tax is provided using the liability method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The following temporary differences are not provided for: the initial recognition of assets or liabilities that affect neither accounting nor taxable profit, to the extent that they will probably not reverse in the foreseeable future. The amount of deferred tax provided is based on the expected manner of realization or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the reporting date.

A deferred tax asset is recognized only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised.

*(g) Restoration, rehabilitation and environmental obligations*

A legal or constructive obligation to incur restoration, rehabilitation and environmental costs may arise when environmental disturbance is caused by the exploration, development and ongoing production of a mineral property interest. Such costs arising from the decommissioning of plant and other site preparation work, discounted to their net present value, are provided for and capitalized at the start of each project to the carrying amount of the asset as soon as the obligation to incur such costs arises. Discount rates using a pre-tax rate that reflect the time value of money are used to calculate the net present value. These costs are charges against profit or loss over the economic life of the related asset, through amortization using either a unit-of-production or the straight-line method as appropriate. The related liability is adjusted for each period for the unwinding of the discount rate and for changes to the current market-based

**PJX Resources Inc.**  
**NOTES TO THE FINANCIAL STATEMENTS**  
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**Years ended December 31, 2023, and 2022**

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discount rate, amount or timing of the underlying cash flows needed to settle the obligation. Costs for restoration of subsequent site damage which is created on an ongoing basis during production are provided for at their net present values and charged against profits as extraction progresses.

*(h) Loss per share*

The Company presents basic and diluted loss per share data for its common shares, calculated by dividing the loss attributable to common shareholders of the Company by the weighted average number of common shares outstanding during the period. Diluted loss per share is determined by adjusting the loss attributable to common shareholders and the weighted average number of common shares outstanding for the effects of all dilutive potential common shares. During the periods presented, outstanding stock options and warrants were not included in the calculation of diluted loss per share as their effect would be anti-dilutive.

*(i) Segmented reporting*

The Company operates in one business segment, the business of acquiring and exploring mineral properties in Canada. The Chief Executive Officer determines the reportable operating segments by reviewing various factors including geographical location, quantitative threshold and managerial structure.

*(j) Flow-through shares*

The Company from time-to-time issues flow-through shares. Under these agreements, shares are issued at a fixed price with the resultant proceeds used to fund exploration and development work within a defined time period. The tax deductions for exploration and development expenditures funded by flow-through arrangements are renounced to investors in accordance with the appropriate tax legislation.

When flow-through shares are issued, the capital is recorded at the trading value of an ordinary common share. The difference between the proceeds and the ordinary common share value is recorded as a deferred flow-through premium liability on the statement of financial position. When the flow-through expenditures are incurred, the flow-through premium liability is recognized as flow through tax recovery.

*(k) Property and equipment*

Property and equipment are recorded at cost, less accumulated depreciation and accumulated impairment loss. Depreciation is provided using the following rate:

Vehicles: Declining balance 30% with half of the depreciation rate applied in the year of acquisition and disposal.

Property and equipment are assessed for future recoverability or impairment on an annual basis by estimating future net discounted cash flows and residual values or by estimating value in use. When the carrying amount of property and equipment exceeds the estimated net recoverable amount, the asset is written down to the extent the carrying amount exceeds the estimated net recoverable amount with a charge to loss in the period that such determination is made.

*(l) Leases*

The Company assesses whether a contract is or contains a lease, at the beginning of a contract. The Company recognizes a Right of Use ("ROU") asset and a corresponding lease liability with respect to all lease arrangements in which the lessee, at the commencement of the lease, with the following exceptions: (i) the Company has elected not to recognize the ROU assets and liabilities for leases where

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the total lease term is less than to equal to 12 months, or (ii) for leases of low value. The payments for short-term leases or leases of low value are recognized in the statement of operations and comprehensive loss on a straight-line basis over the lease term. The ROU asset is initially measured based on the present value of the lease payments, lease payments made at or before the commencement date, and any initial direct costs. They are subsequently measured at cost less accumulated depreciation and impairment losses. The ROU asset is depreciated over the shorter of the lease term or the useful life of the underlying assets. The ROU asset is subject to testing for impairment if there is an indicator for impairment. The lease liability is initially measured at the present value of lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the Company uses its incremental borrowing rate. Lease payments include fixed payments less any lease incentives, and any variable lease payments where variability depends on an index or rate. When the lease contains an extension or purchase option that the Company considers reasonably certain to be exercised, the cost of the option is included in the lease payments. ROU assets are included in property and equipment, and the lease liability is presented as a separate line in the statement of financial position. Variable lease payments that do not depend on an index or rate are not included in the measurement of the ROU asset and lease liability. The related payments are recognized as an expense in the period in which the triggering event occurs and are included in the statement of operations and comprehensive loss. The Company has lease agreements for office space that have not been recognized due to its short-term nature. The Company did not incur any variable lease payments and there were no leases with residual value guarantees or no leases not yet commenced to which the Company is committed.

*(m) Government assistance*

Government assistance is recognized as a recovery of exploration expenses in the statement of loss when there is reasonable assurance that the Company will comply with the conditions attached to them and that the assistance will be received.

*(n) Significant accounting judgments and estimates*

The preparation of these financial statements requires management to make certain estimates, judgments and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and reported amounts of expenses during the reporting period. Actual outcomes could differ from these estimates. These financial statements include estimates which, by their nature, are uncertain. The impacts of such estimates are pervasive throughout the financial statements and may require accounting adjustments based on future occurrences. Revisions to accounting estimates are recognized in the period in which the estimate is revised and future periods if the revision affects both current and future periods. These estimates are based on historical experience, current and future economic conditions and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Critical accounting estimates and judgements

The preparation of financial statements requires management to use judgment in applying its accounting policies and estimates and assumptions about the future. Estimates and other judgments are continuously evaluated and are based on management's experience and other factors, including expectations about future events that are believed to be reasonable under the circumstances. The following discusses the most significant accounting judgments and estimates that the Company has made in the preparation of the financial statements:

- The inputs used in accounting for share-based payment transactions in profit or loss as well PJX estimates the value of share-based compensation granted using the Black-Scholes valuation method.



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Several assumptions including volatility, risk-free interest rate and expected option life are significant assumptions used in determining the values of options.

- The assumptions used for determining the amount of deferred income tax assets, liabilities, expense and recovery, including the income tax rate to be used and recoverability of deferred tax assets involve critical judgement and estimates.
- The Company is subject to income, value added, withholding and other taxes. Significant judgment is required in determining the Company's provisions for taxes. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The Company recognizes liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. The determination of the Company's income, value added, withholding and other tax liabilities requires interpretation of complex laws and regulations. The Company's interpretation of taxation law as applied to transactions and activities may not coincide with the interpretation of the tax authorities. All tax related filings are subject to government audit and potential reassessment subsequent to the financial statement reporting period. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the tax related accruals and deferred income tax provisions in the period in which such determination is made.
- The inputs used in accounting for share purchase warrants transactions in the statement of financial positions. PJX estimates the warrants issued using a standard valuation method. Several assumptions including volatility, risk-free interest rate and expected warrant life are significant assumptions used in determining the values of warrants.
- The assumptions under which the Company established an obligation to incur restoration, rehabilitation and environmental costs as they may arise when environmental disturbance is caused by exploration programs the company might run. The estimation of future amounts to be incurred and discount rates using a pre-tax rate that reflect the time value of money are used to calculate the net present value.
- The estimation of British Columbia tax credits that are subject to subsequent further assessment by the Province.
- Contingencies – See Note 13.

Future accounting changes:

Certain pronouncements were issued by the IASB or the IFRIC that are mandatory for accounting periods commencing on or after January 1, 2024. Many are not applicable or do not have a significant impact to the Company and have been excluded.

IAS 1 – Presentation of Financial Statements (“IAS 1”) was amended in January 2020 to provide a more general approach to the classification of liabilities under IAS 1 based on the contractual arrangements in place at the reporting date. The amendments clarify that the classification of liabilities as current or noncurrent is based solely on a company's right to defer settlement at the reporting date. The right needs to be unconditional and must have substance. The amendments also clarify that the transfer of a company's own equity instruments is regarded as settlement of a liability, unless it results from the exercise of a conversion option meeting the definition of an equity instrument. The amendments are effective for annual periods beginning on January 1, 2024.

The Company is currently evaluating the impact of these amendments on its financial statements.

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### **3. CAPITAL MANAGEMENT**

The Company considers its capital to be shareholders' equity, which is comprised of share capital, warrants, contributed surplus and accumulated deficit, which as at December 31, 2023 totaled \$2,622,811 (December 31, 2022: 1,413,498). When managing capital, the Company's objective is to ensure the entity continues as a going concern as well as to maintain optimal returns to shareholders and benefits for other stakeholders. Management adjusts the capital structure as necessary in order to support the acquisition, exploration and development of its exploration properties. The Board of Directors does not establish quantitative return on capital criteria for management, but rather relies on the expertise of the Company's management to sustain future development of the business.

The properties in which the Company currently has an interest are in the exploration stage. As such, the Company is dependent on further external financing to fund its working capital and exploration activities. In order to carry out the planned exploration and pay for administrative costs, the Company will spend its existing working capital and attempt to raise additional funds as needed. The Company will continue to assess new properties and seek to acquire an interest in additional properties if it feels there is sufficient geologic or economic potential and if it has adequate financial resources to do so.

Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Company, is reasonable. There were no changes in the Company's approach to capital management during the year ended December 31, 2023 and 2022. The Company is not subject to externally imposed capital requirements.

The Company is not subject to any capital requirements imposed by a lending institution or regulatory body, other than of the TSX Venture Exchange ("TSXV") which requires adequate working capital or financial resources of the greater of (i) \$50,000 and (ii) an amount required to maintain operations and cover general and administrative expenses for a period of 6 months. As of December 31, 2023, the Company believes it is compliant with the policies of the TSXV.

### **4. FINANCIAL RISK FACTORS**

A summary of the Company's risk exposures as it relates to financial instruments are reflected below:

#### Credit risk

Credit risk is the risk of loss associated with a counterparty's inability to fulfill its payment obligations. The Company's credit risk is primarily attributable to cash and deposits and tax credits receivable from the British Columbia Provincial Government. Cash is held with reputable Canadian chartered banks, from which management believes the risk of loss to be minimal. Deposits are held with the British Columbia Ministry of Energy and Mines, from which management believes that the credit risk is minimal. Credit risk related to the tax credits is also assessed to be minimal.

#### Liquidity risk

The Company's approach to managing liquidity risk is to ensure that it will have sufficient liquidity to meet liabilities when due. At December 31, 2023, the Company had a cash balance of \$2,703,606 (December 31, 2022: \$963,443) to settle current liabilities of \$322,380 which includes a non-cash flow through premium liability of \$201,487 (December 31, 2022: \$Nil). All of the Company's financial liabilities have contractual maturities of less than 30 days and are subject to normal trade terms. In addition, refer to Note 3 for the Company's approach to capital management.

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Market risk

*Interest rate risk*

The Company's current policy is to invest excess cash in interest bearing accounts at major Canadian chartered banks. The Company periodically monitors its cash management policy. At December 31, 2023 and December 31, 2022, the Company did not have any amounts invested in interest bearing accounts.

*Price risk*

The Company is exposed to price risk with respect to commodity and equity prices. Equity price risk is defined as the potential adverse impact on the Company's earnings due to movements in individual equity prices or general movements in the level of the stock market affecting PJX's capacity to obtain future financings. Commodity price risk is defined as the potential adverse impact on earnings and economic value due to commodity price movements and volatilities. The Company closely monitors commodity prices as it relates to the mineral commodities to determine the appropriate course of action to be taken by the Company.

Based on Management's knowledge and experience in the financial markets, the Company believes that it is "reasonably possible" that commodity price fluctuation could adversely affect the Company. In particular, the Company's future profitability and viability of development depends upon the world market price of mineral commodities. As of December 31, 2023, the Company was not in the production phase. As a result, commodity price risk may affect the completion of future equity transactions such as equity offerings and the exercise of stock options. This may also affect the Company's liquidity and its ability to meet its ongoing obligations.

**5. FAIR VALUE MEASUREMENT**

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. As at December 31, 2023 and December 31, 2022, the carrying values approximate the fair value amounts of the Company's financial instruments due to their short-term nature.

**6. AMOUNTS RECEIVABLE**

Amounts receivable corresponds to the sale taxes recoverable paid on taxable purchases of material and services.

**7. PREPAYMENTS AND DEPOSITS**

- a) Prepayments totalling \$31,323 (December 31, 2022: \$26,934) represents advanced payments to suppliers.
- b) At December 31, 2023, the Company has deposits with the British Columbia Ministry of Finance for \$162,900 (December 31, 2022: \$162,900) representing remediation cost bonds associated with its properties; and other advances and credit totalling \$Nil (December 31, 2022: \$891).
- c) During the year ended December 31, 2018, the Company assumed obligations relating to an excavated trail located in the Zinger Property, in exchange for cash consideration of \$25,000. The decommissioning liabilities are assessed based on the estimated costs to reclaim the excavation trails and the estimated timing of the costs to be incurred in future periods. Management of the

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Company has estimated that the total undiscounted cash flows required to settle the obligations will be approximately \$27,000. These obligations have been discounted using a risk-free rate of 4.6% and an inflation rate of 4.3% per year. Most of this obligation is not expected to be paid until approximately 5 years in the future and have already been fully funded with a refundable deposit, held on account with the British Columbia Ministry of Finance. Included under deposits disclosed in Note 7(b) are \$24,500 (December 31, 2022: \$24,500) that the Company has made with the British Columbia Ministry of Natural Resources on this respect, funds that will be refunded to the Company once its obligation is discharged.

**8. PROPERTY AND EQUIPMENT, RIGHT OF USE ASSET AND LEASE LIABILITY**

*a) Property, equipment and right of use asset*

The following schedules describe the transactions for Vehicles and Right of Use Asset arising during the years ended December 31, 2023, and December 31, 2022:

<b><i>Property &amp; equipment:</i></b>	<b>Vehicles</b>	<b>Right of Use Asset</b>	<b>Total</b>
Balance, December 31, 2022	\$ 82,964	\$ 35,282	\$ 118,246
Acquisitions	16,588	-	16,588
Cost, December 31, 2023	\$ 99,552	\$ 35,282	\$ 134,834
<b>Accumulated depreciation</b>			
Balance, December 31, 2022	\$ 29,623	\$ 31,606	\$ 61,229
Depreciation	21,267	3,676	24,943
Accumulated depreciation - December 31, 2023	50,890	35,282	86,172
<b>Net book value - December 31, 2023</b>	<b>\$ 48,662</b>	<b>\$ -</b>	<b>\$ 48,662</b>

<b><i>Property &amp; equipment:</i></b>	<b>Vehicles</b>	<b>Right of Use Asset</b>	<b>Total</b>
Balance, December 31, 2021	\$ 82,964	\$ 35,282	\$ 118,246
Cost, December 31, 2022	\$ 82,964	\$ 35,282	\$ 118,246
<b>Accumulated depreciation</b>			
Balance, December 31, 2021	\$ 8,882	\$ 22,785	\$ 31,667
Depreciation	20,741	8,821	29,562
Accumulated depreciation - December 31, 2022	29,623	31,606	61,229
<b>Net book value - December 31, 2022</b>	<b>\$ 53,341</b>	<b>\$ 3,676</b>	<b>\$ 57,017</b>

*b) Lease liability:*

The Company had one lease agreement for a vehicle lease entered during September 2019, which expired in September 2023. The Company did not incur any variable lease payments and there were no leases with residual value guarantees or not yet commenced to which the Company is committed.

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Year ended December 31,	2023		2022	
Lease liability	\$	-	\$	4,721
Less: Current portion		-		(4,721)
<b>Long-term portion</b>	<b>\$</b>	<b>-</b>	<b>\$</b>	<b>-</b>

Year ended December 31,	2023		2022	
Undiscounted lease liability	\$	-	\$	4,795
No later than one year		-		(4,795)
Later than one year and no later than five years		-		-
	<b>\$</b>	<b>-</b>	<b>\$</b>	<b>-</b>

**9. MINERAL EXPLORATION PROPERTIES**

The Company has 100% ownership in eight properties: the Dewdney Trail Property, the Eddy Property, the Zinger Property, the Vine Property, the West Basin Property, the Gold Shear Property, the Parker Copper Property and the DD Property. The Company is also earning a 100% interest in the Estella Mine crown grants, which are part of the Company's Dewdney Trail Property. All properties are located in the Cranbrook area of British Columbia, Canada.

In 2021, Osisko Gold Royalties Ltd. ("Osisko") acquired a 0.5% net smelter return royalty on the Company's Gold Shear, Eddy, Zinger and Dewdney Trail properties.

*a) DD Property Agreement:*

The Company holds the DD Property, subject to an aggregate Net Smelter Royalty ("NSR") of 2% in respect of the DD Property and on certain claims owned by PJX, under certain predefined terms. The Company will have the right to purchase 50% of such NSR (being a 1% NSR - 0.5% from each individual comprising the Optionors) for \$1,000,000, and the remaining 50% of such NSR (being a 1% NSR - 0.5% from each individual comprising the Optionors) for \$1,000,000.

On July 13, 2020, the Company entered into an Option Agreement with DLP Resources Inc. ("DLP") where DLP could earn up to a 75% undivided interest in the DD property by paying a non-refundable deposit of \$20,000 and executing an Option Agreement.

On August 17, 2020, the Company and DLP signed an addendum (the "Addendum") to the Option Agreement where two additional properties (Moby Dick and the NZOU/LMC ("NZOU")), where DLP has an option to earn a 100% interest from a third party (the "Third Party"), were added to the Option Agreement.

In February, 2023, DLP returned the DD Property to PJX and will provide all related exploration data. PJX Resources retains a 100% interest in the DD Property. On June 6, 2023, PJX terminated the option to participate in earning and interest in the NZOU Property. PJX retains a 50% interest in Moby Dick Property.

*b) Gold Shear Property Agreement:*

The Company holds a 100% interest in the Gold Shear Property, located in the province of British Columbia, Canada, subject to a 2% NSR. PJX will have the right to purchase 50% of such NSR (being a 1% NSR) for \$1,000,000, and the remaining 50% of such NSR (being a 1% NSR) for \$1,000,000.

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The Company holds a 100% interest in the “David 6” Claim subject to a NSR of 2%. PJX will have the right to purchase 50% of such NSR for \$1,000,000 and the remaining 50% of such NSR (being 1%) for \$1,000,000.

The Company has included the David 6 Claim as part of its Gold Shear Property.

*c) Dewdney Trail Property - Estella Mine Crown Grants:*

On July 29, 2021, the Company announced the option of the historical Estella Mine Crown Grants (“Estella”) from Imperial Metals Corporation (“Imperial”).

PJX can earn a 100% interest in the Estella by making cash payments, or, at the option of PJX, share equivalent payments, to Imperial totaling \$250,000 over a 5-year period as follows:

- \$15,000 on signing the agreement (cash paid); and
- \$20,000 on or before July 26, 2022 (cash paid); and
- \$25,000 on or before July 26, 2023 (cash paid); and
- \$30,000 on or before July 26, 2024; and
- \$35,000 on or before July 26, 2025; and
- \$125,000 on or before July 26, 2026

Upon exercising the option by PJX, Imperial will retain a NSR of 2% in respect of Estella. PJX will have the right to buy back 50% of the NSR (being a 1% NSR) for \$1,000,000, and the remaining 50% of the NSR (being a 1% NSR) for an additional \$1,000,000.

The Company has included Estella as part of its Dewdney Trail Property.

*d) Other Properties:*

The Company also has other exploration properties, all located in British Columbia, Canada, where it has earned a 100% interest. See Note 12(a) for a detail on exploration work conducted by PJX in these properties.

**10. SHARE CAPITAL**

**(a) Authorized capital**

The authorized share capital of the Company is an unlimited number of common shares with no par value.

**(b) Issued capital**

The following schedule describes the share transactions during 2023 and 2022:

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	<b># of Shares</b>	<b>Value</b>
Balance at December 31, 2021 and 2022	133,216,488	\$ 13,943,868
Shares issued on private placement (Note 10(b)(i))	26,860,038	2,703,400
Value allocated to warrants		(553,907)
Share premium on flow-through shares (Note 10(b)(i))		(207,247)
Compensation warrants		(16,906)
Share issue cost (Note 10(b)(i))		(98,654)
<b>Balance at December 31, 2023</b>	<b>160,076,526</b>	<b>\$ 15,770,554</b>

**(i) Private placements**

On November 24, 2023, the Company completed a private placement where 13,816,422 flow-through units at a price of \$0.105 per flow-through unit, and 7,793,616 units at a price of \$0.09 per unit, were issued for gross proceeds of \$2,152,150. Under this transaction, each flow-through unit consisted of one flow-through common share of the Company and one non-transferable common share purchase warrant. Each unit consists of one common share and one non-transferable common share purchase warrant. Each warrant, whether acquired as part of a flow-through unit or unit, entitles the holder to purchase one common share of the Company at a price of \$0.20 per share thereafter until the second anniversary of the issuance of the warrants.

On December 8, 2023, the Company completed a private placement where 5,250,000 flow-through units at a price of \$0.105 per flow-through unit, were issued for gross proceeds of \$551,250. Under this transaction, each flow-through unit consisted of one flow-through common share of the Company and one non-transferable common share purchase warrant. Each warrant entitles the holder to purchase one common share of the Company at a price of \$0.20 per share thereafter until the second anniversary of the issuance of the warrants.

As the proceeds received by the Company on November 24, and December 8, 2023, for a flow-through unit and non-flow through unit at the time of the transaction were different, a premium on flow-through shares of \$207,247 was recorded. The premium has been deducted from capital and a flow-through premium liability for the same amount was recorded. The premium is subsequently amortized as the flow-through funds are utilized in qualified exploration programs. During the year ended December 31, 2023, the Company amortized \$5,760 under this concept (2022: \$77,916).

**(ii) Share based compensation**

The Company has a stock option plan (the "Plan") to provide incentive for the directors, officers, employees, consultants, and service providers of the Company. The maximum number of shares which may be set aside for issuance under the Plan is 10% of the outstanding common shares.

The following schedules describe the options outstanding at December 31, 2023:

<b>Expiry Date</b>	<b>Exercise price</b>	<b>Life remaining in years</b>	<b>Number outstanding</b>	<b>Number vested</b>
January 3, 2024	\$0.25	0.01	2,610,000	2,610,000
August 11, 2025	\$0.20	1.61	2,492,500	2,492,500
September 12, 2026	\$0.20	2.70	2,685,000	2,685,000
<b>Balance at December 31, 2023</b>	<b>\$0.22</b>	<b>1.45</b>	<b>7,787,500</b>	<b>7,787,500</b>

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	Number of stock options	Weighted average exercise price
Balance at December 31, 2022	9,462,500	\$ 0.22
Options expired	(1,675,000)	0.25
<b>Balance at December 31, 2023</b>	<b>7,787,500</b>	<b>\$ 0.22</b>

On August 19, 2023, 1,675,000 options, with an exercise price of \$0.25, expired unexercised.

Subsequent to year end, on January 3, 2024, 2,610,000 options, with an exercise price of \$0.25, expired unexercised.

## 11. WARRANTS

The following schedule describes the warrant transactions since December 31, 2021:

	Number of Warrants	Exercise price	Value
Balance at December 31, 2021	42,365,611	\$ 0.24	\$ 1,796,164
Warrants expired	(950,853)	0.23	(47,710)
Balance at December 31, 2022	41,414,758	0.24	1,748,454
Issued on private placement	26,860,038	0.20	553,907
Compensation w warrants issued on private placement	766,668	0.20	16,906
Warrants expired	(16,870,407)	0.26	(779,292)
<b>Balance at December 31, 2023</b>	<b>52,171,057</b>	<b>\$ 0.21</b>	<b>\$ 1,539,975</b>

The following schedules describe the warrants outstanding as of December 31, 2023 and 2022:

Expiry Date	Number of Warrants	Exercise price	Value
October 5, 2024 *	9,350,400	\$ 0.20	\$ 332,443
December 5, 2024 **	5,802,157	0.25	249,241
December 20, 2024 ***	9,391,794	0.25	387,478
November 23, 2025	21,610,038	0.20	425,092
November 23, 2025	385,308	0.20	7,560
December 7, 2025	5,250,000	0.20	128,815
December 7, 2025	381,360	0.20	9,346
<b>Balance at December 31, 2023</b>	<b>52,171,057</b>	<b>\$ 0.21</b>	<b>\$ 1,539,975</b>

\* Warrants originally expiring on October 5, 2022, extended to Oct 5, 2023, and subsequently extended for an additional year to Oct 5, 2024.

\*\* Warrants originally expiring on December 5, 2023, extended to December 5, 2024

\*\*\* Warrants originally expiring on December 20, 2023, extended to December 20, 2024

### Warrants issued:

As part of the financing closed on November 24, 2023, the Company issued 21,610,038 warrants with an estimated value of \$425,092. Each warrant, whether acquired as part of a flow-through unit or unit, entitles the holder to purchase one common share of the Company at a price of \$0.20 per share thereafter until the second anniversary of the issuance of the warrants.



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As part of the financing, the Company issued 385,308 compensation warrants with an estimated value of \$7,560. The compensation warrants are exercisable at \$0.20 per share thereafter until the second anniversary of the issuance of the warrants.

As part of the financing closed on December 8, 2023, the Company issued 5,250,000 warrants with an estimated value of \$128,815. Each warrant, whether acquired as part of a flow-through unit or unit, entitles the holder to purchase one common share of the Company at a price of \$0.20 per share thereafter until the second anniversary of the issuance of the warrants.

As part of the financing, the Company issued 381,360 compensation warrants with an estimated value of \$9,346. The compensation warrants are exercisable at \$0.20 per share thereafter until the second anniversary of the issuance of the warrants.

The grant date fair values of the outstanding warrants were estimated, when granted, using the Black-Scholes options pricing model, using the following assumptions:

<b>Expiry date</b>	<b>Number of Warrants</b>	<b>Dividend yield</b>	<b>Volatility *</b>	<b>Risk free interest rate</b>	<b>Expected average life (years)</b>	<b>Value</b>
October 5, 2024	9,350,400	Nil	112%	0.23%	2	\$ 332,443
December 5, 2023	5,802,157	Nil	103%	1.63%	3	249,241
December 20, 2023	9,391,794	Nil	109%	0.96%	2	387,478
November 23, 2025	21,610,038	Nil	97%	4.45%	2	425,092
November 23, 2025	385,308	Nil	97%	4.45%	2	7,560
December 7, 2025	5,250,000	Nil	97%	4.15%	2	128,815
December 7, 2025	381,360	Nil	97%	4.15%	2	9,346
	<b>52,171,057</b>					<b>\$ 1,539,975</b>

\*Volatility rates were estimated using historical share data.

**Warrants extended:**

On November 16, 2023, a total of 5,802,157 warrants expiring on December 5, 2023, and exercisable at \$0.25 were extended to December 5, 2024. All other terms remain unchanged.

On September 22, 2023, a total of 9,350,400 warrants expiring on October 5, 2023, and exercisable at \$0.20 were extended to October 5, 2024. All other terms remain unchanged.

On December 13, 2023, a total of 9,391,794 warrants expiring on December 20, 2023, and exercisable at \$0.25 were extended to December 20, 2024. All other terms remain unchanged.

**Warrants expired:**

**Expired During 2023:**

<b>Expiry Date</b>	<b>Number of Warrants</b>	<b>Exercise price</b>	<b>Value</b>
May 15, 2023	12,296,276	\$ 0.25	\$ 537,320
December 17, 2023	4,574,131	0.30	241,972
	<b>16,870,407</b>	<b>\$ 0.26</b>	<b>\$ 779,292</b>

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Expired During 2022:

<b>Expiry Date</b>	<b>Number of Warrants</b>	<b>Exercise price</b>	<b>Value</b>
October 5, 2022	301,120	\$ 0.20	\$ 16,911
December 5, 2022	649,733	0.25	30,799
	950,853	\$ 0.23	\$ 47,710

**12. EXPLORATION AND GENERAL AND ADMINISTRATION EXPENSES**

**a) Exploration Expenses:**

The following schedule describes exploration expenses incurred during the years ended December 31, 2023, and 2022, and since inception, segregated by nature:

<b>Years ended December 31,</b>	<b>2023</b>	<b>2022</b>	<b>Balance since inception</b>
Geology, geophysics and geochemistry	\$ 377,198	\$ 411,273	\$ 4,314,610
Exploration-other accommodation	1,299	610	6,061
Permitting	27,755	21,744	110,069
Land rights, claims and environment	39,277	12,165	244,406
Drilling	20,992	490,533	6,388,761
Laboratory	37,624	80,528	549,948
Roads and surface preparation	-	-	70,944
Camp cost and exploration supplies	751	1,336	36,450
Exploration - travel and transportation	18,991	33,760	336,997
Exploration- meals	3,337	6,950	67,671
Rent - field office	12,510	9,925	89,676
Insurances	-	3,038	8,243
Surface sampling and mapping	-	-	50,505
Option payments	25,000	20,000	571,261
Reclamation provision	-	-	24,500
Legal expenses-exploration	5,727	34,252	41,877
Non-flow-through exploration expenses	5,617	-	37,532
	<b>\$ 576,078</b>	<b>\$ 1,126,114</b>	<b>\$12,949,511</b>
<i>BC refundable tax credits receivable</i>	-	(160,000)	(567,274)
<b>Total exploration expenses</b>	<b>\$ 576,078</b>	<b>\$ 966,114</b>	<b>\$12,382,237</b>

The following schedule describes exploration expenses incurred in each property during the years ended December 31, 2023, and 2022, and since inception:

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<b>Years ended December 31,</b>	<b>2023</b>	<b>2022</b>	<b>Balance since inception</b>
Dewdney Trail Property	\$ 516,086	\$ 815,412	\$ 2,895,217
Eddy Property	15,547	33,686	976,303
Zinger Property	2,250	76,464	1,254,624
Vine Property	5,199	93,873	6,234,178
DD Property	10,500	8,250	84,705
Gold Shear Property	335	73,658	1,305,445
Others	26,161	24,771	199,039
	<b>\$ 576,078</b>	<b>\$ 1,126,114</b>	<b>\$12,949,511</b>
<i>BC refundable tax credits receivable</i>	-	(160,000)	(567,274)
Total exploration expenses	<b>\$ 576,078</b>	<b>\$ 966,114</b>	<b>\$12,382,237</b>

During fiscal year 2023, the Company received \$293,909 in BC refundable tax credits related to claims on eligible exploration expenses incurred during fiscal year 2021. In September 2023, the company received \$88,995 in Mining Exploration Tax Credit payment.

**b) General and administration:**

The following is a breakdown of the Company's general and administration expenses incurred during the three and nine months ended December 31, 2023, and 2022:

<b>Years ended December 31,</b>	<b>2023</b>	<b>2022</b>
Insurance	\$ 16,840	\$18,867
Interest, bank charges and penalties	6,257	632
Investor relations	79,529	76,194
Listing and regulatory fees	66,932	52,461
Office expenses	17,236	21,064
Professional fees	96,432	88,700
Rent	14,989	14,610
Salaries and benefits	272,780	274,308
Travel and transportation	21,930	13,224
	<b>\$ 592,925</b>	<b>\$ 560,060</b>

**13. COMMITMENTS AND CONTINGENCIES**

The Company is party to certain management contracts and severance obligations. These contracts contain clauses requiring additional payments up to \$960,000 to be made upon the occurrence of certain events such as change of control and a minimum payment on termination of \$36,900. As the triggering events have not occurred, the contingent payments have not been provided for in these financial statements.

The Company's exploration activities are subject to various laws and regulations governing the protection of the environment. These laws and regulations are continually changing and generally becoming more restrictive. The Company conducts its operations so as to protect public health and the environment and believes its operations are materially in compliance with all applicable laws and regulations. The Company has made, and expects to make in the future, expenditures to comply with such laws and

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regulations.

Pursuant to the terms of the flow-through share agreements, the Company needs to comply with its flow-through contractual obligations with subscribers with respect to the Income Tax Act (Canada) by incurring qualified exploration expenditures before December 31 of the year following the year in which the agreement is entered into. The Company indemnifies the subscribers of current and previous flow-through share offerings against any tax related amounts that become payable by the shareholder as a result of the Company not meeting its expenditure commitments. As at December 31, 2023, the Company has commitments related to flow-through share agreements totalling \$1,962,153, resulting from its November and December 2023 financings.

Pursuant to the option agreement entered on July 29, 2021, with Imperial, to earn 100% interest in the Estella Property, the Company is committed to disburse a total of \$190,000, between July 26, 2022, and July 26, 2026 (see Note 9(c)).

The Company's property interest are subject to certain royalty interests. See Note 9.

#### **14. RELATED PARTY TRANSACTIONS**

The following transactions were carried out with related parties:

##### **a) Purchase of services:**

During the years ended December 31, 2023, and 2022, the Company incurred professional fees with companies where directors of the Company are partners or controlling executives, as described below:

<b>Years ended December 31,</b>	<b>2023</b>	<b>2022</b>
Fee paid to a director for geological services rendered	\$ 3,337	\$ 7,864
Fees paid to a director of the company for legal services rendered	3,495	29,414
	<b>\$ 6,832</b>	<b>\$ 37,278</b>

##### **b) Key management compensation:**

Key management includes directors (executive and non-executive), and senior officers (Chief Executive Officer and Chief Financial Officer). The compensation paid to key management for employee services is shown below:

<b>Years ended December 31,</b>	<b>2023</b>	<b>2022</b>
Salaries	\$ 319,992	\$319,992
	<b>\$ 319,992</b>	<b>\$319,992</b>

\* During the year ended December 31, 2023, there was \$65,664 in salaries allocated to exploration (F2022: \$61,369).

##### **c) Year-end balances arising from purchases of services and key management compensation:**

<b>As of December 31</b>	<b>2023</b>	<b>2022</b>
Payable to officers and directors	\$ 10,997	\$ 8,498
Payable to law firm where a director of the Company is a partner	3,943	-
	<b>\$ 14,940</b>	<b>\$ 8,498</b>

Balances owing are unsecured, noninterest bearing and have no fixed terms of repayment.

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**d) Participation in equity financings:**

The following schedule describes directors' and officers' participation in equity financings pursued by the Company during the years ended December 31, 2023, and 2022:

Years ended December 31,	2023		2022	
	Units	Value	Units	Value
Officers	250,000	\$ 26,250	-	\$ -
Directors	476,380	50,020	-	-
Total	726,380	\$ 76,270	-	\$ -

**15. INCOME TAXES**

Years ended December 31,	2023	2022
Loss before income taxes	<b>\$(1,193,946)</b>	\$(1,559,037)
Expected recovery	<b>(315,000)</b>	(413,145)
Exploration and evaluation expenditures	<b>(135,000)</b>	-
Premium on flow-through shares (Note 10(b)(i))	-	(77,916)
Share issue cost	<b>18,000</b>	-
Expenses non deductible for tax purposes	<b>6,000</b>	2,443
Tax benefits not recognized	<b>427,000</b>	410,702
Premium on flow-through shares	<b>\$ -</b>	\$ (77,916)

The applicable tax rate is 26.5% (2022: 26.5%).

The Company has temporary differences for which no deferred tax assets has been recognized for non-capital losses of \$5,369,000 (December 31, 2022: \$4,640,000), expiring between 2030 and 2043, exploration and development expenses of \$4,267,000 (December 31, 2022: \$6,550,000) which have no expiry date, and share issue costs of \$113,000 (December 31, 2022: \$84,000) which will be deducted between 2024 and 2027. The potential future benefits of these losses have not been recognized in the financial statements because it is not probable that future taxable profits will be available against which the Company can use the benefits.

**16. SUBSEQUENT EVENTS**

**a. Exercised warrants:**

On January 26, 2024, 100,000 warrants exercisable at \$0.20 each and expiring on October 5, 2024, were exercised.

**b. Private placement:**

On April 15 and April 17, 2024, the Company announced the closing of two non-brokered private placement tranches, where a cumulative total of 13,611,111 units, for gross proceeds of \$3.6 million were issued. The private placement was composed of 4,444,444 flow-through units at \$0.36; 6,666,667

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non-flow-through units at \$0.225 and 2,500,000 Non-flow-through units at a price of \$0.20. Each unit is composed of one common share of the Company and half warrant.

In conjunction with the above-mentioned financings a total of 5,555,555 warrants exercisable at \$0.45, for a two-year period, and 1,250,000 warrants exercisable at \$0.40, for a period of two years from issuance.

The private placement is subject to TSXV Exchange approval.