

**SIENNA RESOURCES INC.**  
**CONSOLIDATED FINANCIAL STATEMENTS**

(Expressed in Canadian Dollars)

December 31, 2023 and 2022

## INDEPENDENT AUDITOR'S REPORT

To the Shareholders of  
Sienna Resources Inc.

### ***Opinion***

We have audited the accompanying consolidated financial statements of Sienna Resources 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, these consolidated 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 IFRS Accounting Standards as issued by the International Accounting Standards Board.

### ***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 in our audit is sufficient and appropriate to provide a basis for our opinion.

### ***Material Uncertainty Related to Going Concern***

We draw attention to Note 1 of the consolidated financial statements, which indicates that the Company has not yet achieved profitable operations, incurred a loss of \$1,294,043 during the year ended December 31, 2023, and as of that date has an accumulated deficit of \$28,519,823. As stated in Note 1, these events and conditions 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 of the current year. 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.

In addition to the matter described in the Material Uncertainty Related to Going Concern section, we have determined the matter described below to be the key audit matter to be communicated in our auditor's report.

### ***Assessment of Impairment Indicators of Exploration and Evaluation Assets ("E&E Assets")***

As described in Note 6 to the consolidated financial statements, the carrying amount of the Company's E&E Assets was \$2,074,312 as of December 31, 2023. As more fully described in Note 3 to the consolidated financial statements, management assesses E&E Assets for indicators of impairment at each reporting period.



The principal considerations for our determination that the assessment of impairment indicators of the E&E Assets is a key audit matter are that there was judgment made by management when assessing whether there were indicators of impairment for the E&E Assets, specifically relating to the assets' carrying amount which is impacted by the Company's intent and ability to continue to explore and evaluate these assets. This in turn led to a high degree of auditor judgment, subjectivity, and effort in performing procedures to evaluate audit evidence relating to the judgments made by management in their assessment of indicators of impairment that could give rise to the requirement to prepare an estimate of the recoverable amount of the E&E Assets.

Addressing the matter involved performing procedures and evaluating audit evidence in connection with forming our overall opinion on the consolidated financial statements. Our audit procedures included, among others:

- Evaluating management's assessment of impairment indicators.
- Evaluating the intent for the E&E Assets through discussion and communication with management.
- Reviewing the Company's recent expenditure activity and expenditure budgets for future periods.
- Assessing compliance with agreements and expenditure requirements including reviewing option agreements and vouching cash payments and share issuances.
- Assessing the Company's rights to explore E&E Assets including sending confirmation requests to optionors to ensure good standing of agreements.
- Obtaining, on a test basis, confirmation of title to ensure mineral rights underlying the E&E Assets are in good standing.

#### ***Other Information***

Management is responsible for the other information. The other information obtained at the date of this auditor's report includes Management's Discussion and Analysis.

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

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

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

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

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

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

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

#### ***Auditor's Responsibilities for the Audit of the Consolidated Financial Statements***

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

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

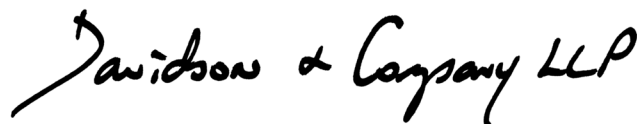
- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of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

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current year 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 Glenn Parchomchuk.

A handwritten signature in black ink that reads "Davidson & Company LLP". The signature is written in a cursive, flowing style.

Vancouver, Canada

Chartered Professional Accountants

April 3, 2024

**SIENNA RESOURCES INC.**  
**CONSOLIDATED STATEMENTS OF FINANCIAL POSITION**  
(Expressed in Canadian Dollars)

<b>ASSETS</b>	December 31, <u>2023</u>	December 31, <u>2022</u>
<b>Current assets</b>		
Cash and cash equivalents – Note 4	\$ 1,336,173	\$ 68,076
Receivables – Note 5	5,192	11,263
Prepaid expenses	40,786	2,820
<b>Total current assets</b>	1,382,151	82,159
<b>Non-current assets</b>		
Security deposits – Note 6	32,368	18,286
Exploration and evaluation assets – Note 6	2,074,312	1,097,526
<b>Total assets</b>	\$ 3,488,831	\$ 1,197,971
<b>LIABILITIES</b>		
<b>Current liabilities</b>		
Accounts payable and accrued liabilities – Notes 7 and 11	\$ 142,385	\$ 205,085
Loans payable – Note 8	-	40,000
<b>Total current liabilities</b>	142,385	245,085
<b>SHAREHOLDERS' EQUITY</b>		
Share capital – Note 9	26,966,903	23,868,993
Reserves – Note 9	4,899,366	4,309,673
Accumulated deficit	(28,519,823)	(27,225,780)
<b>Total shareholders' equity</b>	3,346,446	952,886
<b>Total liabilities and shareholders' equity</b>	\$ 3,488,831	\$ 1,197,971

Nature and Continuance of Operations (Note 1)

Subsequent Events (Note 17)

APPROVED BY THE DIRECTORS:

<i>“Dennis Alderink”</i> Dennis Alderink	Director	<i>“Jason Gigliotti”</i> Jason Gigliotti	Director
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**SIENNA RESOURCES INC.**  
**CONSOLIDATED STATEMENTS OF LOSS AND COMPREHENSIVE LOSS**  
(Expressed in Canadian Dollars)

	Years ended December 31,	
	<u>2023</u>	<u>2022</u>
<b>Operating expenses</b>		
Consulting	\$ 1,374	\$ -
Corporate branding	86,555	2,000
Directors' fees – Note 11	12,500	12,500
Investor relations	116,012	-
Management fees – Note 11	201,500	174,000
Office and miscellaneous	74,079	85,770
Professional fees – Note 11	81,857	76,293
Resource expenses	210	13,453
Shareholder information	29,990	37,871
Share-based payments – Notes 9 and 11	501,730	-
Transfer agent and filing fees	25,377	18,829
Travel	24,458	14,502
	<u>(1,155,642)</u>	<u>(435,218)</u>
Interest expense – Note 8	-	(3,792)
Interest income	74,726	1,117
Other income on CEBA loan forgiveness – Note 8	10,000	-
Other income on settlement of flow-through share premium	-	6,977
Write-down of exploration and evaluation assets – Note 6	(223,127)	(726,366)
	<u>(138,401)</u>	<u>(722,064)</u>
<b>Loss and comprehensive loss for the year</b>	<u>\$ (1,294,043)</u>	<u>\$ (1,157,282)</u>
Loss per share – basic and diluted – Note 10	<u>\$ (0.01)</u>	<u>\$ (0.01)</u>
Weighted average number of common shares outstanding – basic and diluted – Note 10	<u>177,734,822</u>	<u>124,961,699</u>

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

**SIENNA RESOURCES INC.**  
**CONSOLIDATED STATEMENTS OF CASH FLOWS**  
(Expressed in Canadian Dollars)

	Years ended December 31,	
	<u>2023</u>	<u>2022</u>
<b>Operating Activities</b>		
Loss for the year	\$ (1,294,043)	\$ (1,157,282)
Adjustments for non-cash items:		
Accrued interest on loans payable	-	3,792
Other income on CEBA loan forgiveness	(10,000)	-
Other income on settlement of flow-through share premium	-	(6,977)
Share-based payments	501,730	-
Write-down of exploration and evaluation assets	223,127	726,366
Changes in non-cash working capital items:		
Receivables	6,071	4,350
Prepaid expenses	(37,966)	(133)
Accounts payable and accrued liabilities	(90,781)	105,591
<b>Cash and cash equivalents used in operating activities</b>	<u>(701,862)</u>	<u>(324,293)</u>
<b>Investing Activities</b>		
Security deposits	(14,082)	(18,286)
Exploration and evaluation assets	(771,832)	(362,536)
<b>Cash and cash equivalents used in investing activities</b>	<u>(785,914)</u>	<u>(380,822)</u>
<b>Financing Activities</b>		
CEBA loan repayment	(30,000)	-
Proceeds from issuance of share capital	2,962,500	14,000
Share issue costs	(176,627)	-
<b>Cash and cash equivalents provided by financing activities</b>	<u>2,755,873</u>	<u>14,000</u>
Change in cash and cash equivalents during the year	1,268,097	(691,115)
Cash and cash equivalents, beginning of the year	68,076	759,191
<b>Cash and cash equivalents, end of the year</b>	<u>\$ 1,336,173</u>	<u>\$ 68,076</u>

Supplemental Disclosure with Respect to Cash Flows (Note 16)

**SIENNA RESOURCES INC.**  
**CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY**  
(Expressed in Canadian Dollars)

**Share Capital**

	<b>Number of shares</b>	<b>Amount</b>	<b>Reserves</b>	<b>Accumulated deficit</b>	<b>Total</b>
<b>Balance, December 31, 2021</b>	123,923,316	\$ 23,713,111	\$ 4,311,555	\$ (26,068,498)	\$ 1,956,168
Share purchase warrants exercised	190,000	14,000	-	-	14,000
Transfer of reserves on broker warrants exercised	-	1,882	(1,882)	-	-
Shares issued for exploration and evaluation assets	2,000,000	140,000	-	-	140,000
Loss for the year	-	-	-	(1,157,282)	(1,157,282)
<b>Balance, December 31, 2022</b>	126,113,316	23,868,993	4,309,673	(27,225,780)	952,886
Shares issued for private placement	58,150,000	2,907,500	-	-	2,907,500
Share issue costs	-	(176,627)	-	-	(176,627)
Broker warrants issued for private placement	-	(102,166)	102,166	-	-
Share purchase warrants exercised	300,000	15,000	-	-	15,000
Stock options exercised	800,000	40,000	-	-	40,000
Share-based payments	-	-	501,730	-	501,730
Transfer of reserves on options exercised	-	14,203	(14,203)	-	-
Shares issued for exploration and evaluation assets	10,000,000	400,000	-	-	400,000
Loss for the year	-	-	-	(1,294,043)	(1,294,043)
<b>Balance, December 31, 2023</b>	195,363,316	\$ 26,966,903	\$ 4,899,366	\$ (28,519,823)	\$ 3,346,446

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



**SIENNA RESOURCES INC.****NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

(Expressed in Canadian Dollars)

December 31, 2023 and 2022 – Page 1

**1. NATURE AND CONTINUANCE OF OPERATIONS**

Sienna Resources Inc. (the “Company”) was incorporated on March 11, 1983, under the British Columbia Company Act. The Company is an exploration stage public company and is listed on the TSX Venture Exchange (“Exchange”). The Company’s principal business activities include acquiring and exploring exploration and evaluation assets. At December 31, 2023, the Company had exploration and evaluation assets located in Canada and the U.S.A.

The Company’s head office and principal business address is Suite 2905, 700 West Georgia Street, Vancouver, British Columbia, V7Y 1K8. The Company’s registered and records office is located at 900 – 885 West Georgia Street, Vancouver, British Columbia, V6C 3H1.

These consolidated financial statements have been prepared on a going concern basis, which contemplates continuity of normal business activities and the realization of assets and discharge of liabilities in the normal course of business. At December 31, 2023, the Company had not yet achieved profitable operations, incurred a loss of \$1,294,043 during the year ended December 31, 2023 and had an accumulated deficit of \$28,519,823 since its inception. The Company expects to incur further losses in the development of its business. These material uncertainties may cast significant doubt on the Company’s ability to continue as a going concern. The Company may require additional financing in order to conduct the planned work programs on its exploration and evaluation assets, meet its ongoing levels of corporate overhead and discharge its liabilities as they come due. While the Company has been successful in securing financings in the past, there is no assurance that it will be able to do so in the future. Accordingly, these consolidated financial statements do not give effect to adjustments, if any, that would be necessary should the Company be unable to continue as a going concern. If the going concern assumption was not used, then the adjustments required to report the Company’s assets and liabilities on a liquidation basis could be material to these consolidated financial statements.

The ongoing effects of the COVID-19 pandemic and political upheavals in various countries have caused significant volatility in commodity prices. While these effects are expected to be temporary, the duration of the business disruptions internationally and related financial impact cannot be reasonably estimated at this time.

**2. BASIS OF PREPARATION****a) Statement of Compliance**

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

These consolidated financial statements were authorized for issue by the Board of Directors on April 3, 2024.

## 2. BASIS OF PREPARATION (continued)

### b) Basis of Measurement

These consolidated financial statements have been prepared on an accrual basis and are based on historical costs, except for certain financial instruments measured at fair value.

These consolidated financial statements are presented in Canadian dollars, which is also the Company's and its subsidiaries' functional currency.

The preparation of these consolidated financial statements in accordance with IFRS Accounting Standards requires management to make estimates, judgements and assumptions that affect the reported amount of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amount of revenues and expenses during the period. Actual results could differ from these estimates.

These consolidated financial statements include estimates which, by their nature, are uncertain. The impact of such estimates is pervasive throughout these consolidated 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*

Significant assumptions about the future and other sources of estimation uncertainty that management has made at the financial position reporting date, that could result in a material adjustment to the carrying amounts of assets and liabilities, in the event that actual results differ from assumptions made, relate to, but are not limited to, the following:

- Whether or not an impairment has occurred in its exploration and evaluation assets;
- The inputs used in the accounting for share-based payments expense; and
- The inputs used in the accounting for finders' warrants and compensation options in share capital and equity reserves.

### c) Basis of Consolidation

These consolidated financial statements include the accounts of the Company and its wholly-owned subsidiaries. All inter-company balances, transactions, income and expenses have been eliminated upon consolidation.

## 2. BASIS OF PREPARATION (continued)

### d) Subsidiaries

Subsidiaries are entities controlled by the Company. Control exists when the Company has power over an investee, when the Company is exposed, or has rights, to variable returns from the investee and when the Company has the ability to affect those returns through its power over the investee. Subsidiaries are included in the consolidated financial results of the Company from the effective date of acquisition up to the effective date of disposition or loss of control. Where necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with those used by the Company.

The principal subsidiaries of the Company as of December 31, 2023 are as follows:

Name of subsidiary	Principal activity	Place of Incorporation	Ownership Interest December 31, 2023	Ownership Interest December 31, 2022
Sienna Resources Sweden AB	Holding company	Sweden	100%	100%
Sienna Resources (US) Inc.	Holding company	USA	100%	100%

## 3. SUMMARY OF MATERIAL ACCOUNTING POLICIES

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

### a) Exploration and evaluation assets

#### *Pre-exploration costs*

Costs incurred prior to acquiring the right to explore an area of interest are expensed as incurred.

#### *Exploration and evaluation expenditures*

Once the legal right to explore a property has been acquired, costs directly related to exploration and evaluation expenditures are recognized and capitalized, in addition to the acquisition costs. These direct expenditures include such costs as materials used, surveying costs, drilling costs, and payments made to contractors during the exploration phase. Costs not directly attributable to exploration and evaluation activities, including general administrative overhead costs, are expensed as incurred.

When a project is deemed to no longer have commercially viable prospects to the Company, exploration and evaluation expenditures in respect of that project are deemed to be impaired. As a result, those exploration and evaluation expenditure costs, in excess of estimated recoveries, are written off to profit or loss.

The Company assesses exploration and evaluation assets for impairment when facts and circumstances suggest that the carrying amount of an asset may exceed its recoverable amount.

### **3. SUMMARY OF MATERIAL ACCOUNTING POLICIES (continued)**

#### **a) Exploration and evaluation assets (continued)**

Once the technical feasibility and commercial viability of extracting the mineral resource has been determined, the property is considered to be a mine under development and is classified as “mines under construction”. Exploration and evaluation assets are also tested for impairment before the assets are transferred to development properties.

As the Company currently has no operational income, any incidental revenues earned in connection with exploration activities are applied as a reduction to capitalized exploration costs.

#### **b) Impairment of tangible and intangible assets**

Tangible and intangible assets with finite useful lives are subject to impairment tests whenever events or changes in circumstances indicate that their carrying amount may not be recoverable. Where the carrying value of an asset exceeds its recoverable amount, which is the higher of value in use and fair value less costs to sell, the asset is written down accordingly.

Where it is not possible to estimate the recoverable amount of an individual asset, the impairment test is carried out on the assets’ cash-generating unit, which is the lowest group of assets in which the asset belongs for which there are separately identifiable cash inflows that are largely independent of the cash inflows from other assets.

An impairment loss is charged to profit or loss except to the extent it reverses gains previously recognized in other comprehensive loss/income. Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but to an amount that does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset (or cash-generating unit) in prior periods. A reversal of an impairment loss is recognized in profit or loss.

#### **c) Rehabilitation provision**

The Company is subject to various government laws and regulations relating to environmental disturbances caused by exploration and evaluation activities. The Company records the present value of the estimated costs of legal and constructive obligations required to restore the exploration sites in the period in which the obligation is incurred. The nature of the rehabilitation activities includes restoration, reclamation and re-vegetation of the affected exploration sites.

The rehabilitation provision generally arises when the environmental disturbance is subject to government laws and regulations. When the liability is recognized, the present value of the estimated costs is capitalized by increasing the carrying amount of the related mining assets. Over time, the discounted liability is increased for the changes in present value based on current market discount rates and liability specific risks.

### 3. SUMMARY OF MATERIAL ACCOUNTING POLICIES (continued)

#### c) Rehabilitation provision (continued)

Additional environment disturbances or changes in rehabilitation costs will be recognized as additions to the corresponding assets and rehabilitation liability in the period in which they occur.

The Company does not have any material rehabilitation obligations.

#### d) Financial instruments

##### Classification

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

A financial asset is measured at amortized cost if it meets both of the following conditions and is not designated as FVTPL:

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

A debt investment is measured at FVOCI if it meets both of the following conditions and is not designated as FVTPL:

- it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

An equity investment that is held for trading is measured at FVTPL. For other equity instruments that are held for trading, the Company may irrevocably elect to designate them as FVOCI. This election is made on an investment-by-investment basis.

All financial assets not classified as measured at amortized cost or FVOCI as described above are measured at FVTPL. This includes all derivative financial assets. On initial recognition, the Company may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortized cost or at FVOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

### 3. SUMMARY OF MATERIAL ACCOUNTING POLICIES (continued)

#### d) Financial instruments (continued)

Financial liabilities are measured at amortized cost, unless they are required to be measured at FVTPL (such as instruments held for trading or derivatives) or the Company has elected to measure them at FVTPL.

Under IFRS 9, the Company classifies its financial instruments as follows:

Cash and cash equivalents	Amortized cost
Receivables	Amortized cost
Deposits	Amortized cost
Accounts payable and accrued liabilities and loan payable	Amortized cost

#### Measurement

##### Initial measurement

On initial recognition, all financial assets and financial liabilities are measured at fair value adjusted for directly attributable transaction costs except for financial assets and liabilities classified as FVTPL, in which case the transaction costs are expensed as incurred.

##### Subsequent measurement

The following accounting policies apply to the subsequent measurement of financial instruments:

##### **Financial assets at FVTPL**

These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognized in profit or loss.

##### **Financial assets at amortized cost**

These assets are subsequently measured at amortized costs using the effective interest method. The amortized cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognized in profit or loss. Any gain or loss on derecognition is recognized in profit or loss.

##### **Equity investments at FVOCI**

These assets are subsequently measured at fair value. Dividends are recognized as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognized in other comprehensive income (“OCI”) and are never reclassified to profit or loss.

### 3. SUMMARY OF MATERIAL ACCOUNTING POLICIES (continued)

#### d) Financial instruments (continued)

##### **Debt investments at FVOCI**

These assets are subsequently measured at fair value. Interest income is calculated using the effective interest rate method, foreign exchange gains and losses and impairment are recognized in profit or loss. Other net gains and losses are recognized in OCI. On derecognition, gains and losses accumulated in OCI are reclassified to profit or loss.

##### Impairment of financial instruments

The Company assesses at each reporting date whether there is an objective evidence that a financial asset or a group of financial assets is impaired.

For financial assets measured at amortized cost, and debt investments at FVOCI, the Company applies the expected credit loss impairment model.

An expected credit loss impairment model applies which requires a loss allowance to be recognized based on expected credit losses. The estimated present value of future cash flows associated with the asset is determined and an impairment loss is recognized for the difference between this amount and the carrying amount as follows: the carrying amount of the asset is reduced to estimated present value of the future cash flows associated with the asset, discounted at the financial asset's original effective interest rate, either directly or through the use of an allowance account and the resulting loss is recognized in profit or loss for the period.

In a subsequent period, if the amount of the impairment loss related to financial assets measured at amortized cost decreases, the previously recognized impairment loss is reversed through profit or loss to the extent that the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortized cost would have been had the impairment not been recognized.

#### e) Income taxes

Income tax expense comprises current and deferred tax. Current tax and deferred tax are 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 income 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.

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 the following temporary differences: 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, and differences relating to investments in subsidiaries and jointly controlled entities to the extent that it is probable that they will not reverse in the foreseeable future. In addition, deferred tax is

### **3. SUMMARY OF MATERIAL ACCOUNTING POLICIES (continued)**

#### **e) Income taxes (continued)**

not recognized for 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 only to the extent that it is probable that future taxable profits will be available against which the asset 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.

#### **f) Flow-through shares**

The Company will from time to time, issue flow-through common shares to finance a significant portion of its exploration program. Pursuant to the terms of the flow-through share agreements, these shares transfer the tax deductibility of qualifying resource expenditures to investors. On issuance, the Company bifurcates the flow-through share into i) a flow-through share premium, equal to the estimated premium, if any, investors pay for the flow-through feature, which is recognized as a liability; and ii) share capital.

Upon expenses being renounced and incurred, the Company derecognizes the liability and the premium is recognized as other income.

Proceeds received from the issuance of flow-through shares are restricted to be used only for Canadian resource property exploration expenditures within a two-year period.

The Company may also be subject to a Part XII.6 tax on flow-through proceeds renounced under the Look-back Rule, in accordance with Government of Canada flow-through regulations. When applicable, this tax is accrued as a financial expense until paid.

#### **g) Valuation of equity units issued in private placements**

The Company has adopted a residual value method with respect to the measurement of shares and warrants issued as private placement units. The residual value method first allocates value to the most easily measured component based on fair value and then the residual value, if any, to the less easily measurable component.

The fair value of the common shares issued in a private placement was determined to be the more easily measurable component and were valued at their fair value, as determined by the closing quoted bid price on the announcement date. The balance, if any, was allocated to the attached warrants. Any fair value attributed to the warrants is recorded as a warrant reserve.



### **3. SUMMARY OF MATERIAL ACCOUNTING POLICIES (continued)**

#### **h) Investment tax credit**

Investment tax credits are recorded as either a reduction of the cost of applicable assets or credited in profit or loss depending on the nature of the expenditures which gave rise to the credits. Claims for tax credits are accrued upon the Company attaining reasonable assurance of collections from the Canada Revenue Agency.

#### **i) Earnings (loss) per share**

Basic earnings (loss) per share is calculated by dividing the net income or loss attributable to the common shareholders of the Company by the weighted average number of common shares outstanding during the reporting period. Diluted earnings (loss) per share is calculated by dividing the net income or loss applicable to common shares by the sum of the weighted average number of common shares issued and outstanding and all additional common shares that would have been outstanding if potentially dilutive instruments were converted. For the years presented, this calculation proved to be anti-dilutive.

#### **j) Share-based payments**

The Company implemented an Omnibus Incentive Plan (the “Plan”) effective December 2022, which superseded a previous stock option plan. The Plan provides the grant of stock options, restricted share units (“RSUs”), deferred share units (“DSUs”), and performance share units (“PSUs”) to directors, officers, employees and consultants of the Company.

An individual is classified as an employee when the individual is an employee for legal or tax purposes, or provides services similar to those performed by an employee.

The fair value of stock options is measured on the date of grant, using the Black-Scholes option pricing model and is recognized over the vesting period. Consideration paid for the shares on the exercise of stock options is credited to share capital.

In situations where stock options are issued to non-employees and some or all of the goods or services received by the entity as consideration cannot be specifically identified, they are measured at the fair value of the share-based payment, using the Black-Scholes option pricing model.

The RSUs are valued at the fair market value of the Company’s stock on the date of grant and recognized as share-based payments over the vesting periods, with a corresponding amount recognized as equity.

### 3. SUMMARY OF MATERIAL ACCOUNTING POLICIES (continued)

#### k) Foreign currency translation

These consolidated financial statements are presented in Canadian dollars. The functional currency and reporting currency of the Company and its subsidiaries is the Canadian dollar. Accordingly, monetary assets and liabilities denominated in a foreign currency are translated at the exchange rate in effect at the statement of financial position date while non-monetary assets and liabilities denominated in a foreign currency are translated at historical rates. Revenue and expense items denominated in a foreign currency are translated at exchange rates prevailing when such items are recognized in the statement of loss and comprehensive loss. Exchange gains or losses arising on translation of foreign currency items are included in profit or loss.

#### l) New accounting standards adopted

The Company has adopted new accounting standards *Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2)*.

*Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2)* – the amendments require that an entity discloses its material accounting policies, instead of its significant accounting policies. Further amendments explain how an entity can identify a material accounting policy. The Company adopted this new standard on January 1, 2023. The adoption of this new standard has no impact on the Company's consolidated financial statements.

### 4. CASH AND CASH EQUIVALENTS

The Company's cash and cash equivalents are denominated in the following currencies and include the following components:

	December 31, <u>2023</u>	December 31, <u>2022</u>
Cash at bank in Canadian dollars	\$ 193,906	\$ 23,542
Cash at bank in Sweden krona	7,767	10,034
Cash equivalents in Canadian dollars	1,134,500	34,500
	<u>\$ 1,336,173</u>	<u>\$ 68,076</u>

### 5. RECEIVABLES

The Company's receivables comprise of goods and services tax ("GST") and value-added tax ("VAT") receivable due from government taxation authorities.

	December 31, <u>2023</u>	December 31, <u>2022</u>
GST recoverable	\$ 4,752	\$ 10,823
VAT recoverable	440	440
Total receivables	<u>\$ 5,192</u>	<u>\$ 11,263</u>

## 5. RECEIVABLES (continued)

All amounts are short-term and the net carrying value of receivables is considered a reasonable approximation of fair value. The Company anticipates full recovery of these amounts and therefore no impairment has been recorded against receivables. The Company's receivables are all considered current and are not past due or impaired. The Company does not possess any collateral related to these assets.

## 6. EXPLORATION AND EVALUATION ASSETS

	YK White Gold	ON Marathon North Palladium – Platinum Property	Nevada Blue Clay Lithium Project	Nevada Clayton Valley Deep Basin Lithium Brine Project	Nevada Elko Lithium Project	Nevada Silver Peak South Lithium Project	Finland Kuusamo PGE-Ni-Cu- Co Project	Norway Bleka Gold Project	Total
<b>Balance, December 31 2021</b>	\$ 5,290	\$ 153,496	\$ 274,168	\$ 106,321	\$ -	\$ -	\$ 205,944	\$ 541,218	\$ 1,286,437
Acquisition costs	-	-	187,141	-	-	10,000	-	-	197,141
Deferred exploration expenditures									
Assay	-	5,713	10,794	-	-	-	-	-	16,507
Claim maintenance fees	210	-	47,414	14,132	-	-	-	-	61,756
Drilling	-	-	171,913	-	-	-	-	-	171,913
Geological consulting	-	5,325	16,308	700	-	-	1,281	-	23,614
Geological report	-	1,680	11,834	-	-	-	-	-	13,514
Reclamation	-	-	14,404	-	-	-	-	-	14,404
Survey	-	53,000	-	-	-	-	-	-	53,000
Travel and miscellaneous	-	2,781	10,402	-	-	-	-	-	13,183
Advance for exploration	-	-	-	-	-	-	(27,577)	-	(27,577)
Write-down of exploration and evaluation assets	(5,500)	-	-	-	-	-	(179,648)	(541,218)	(726,366)
<b>Balance, December 31, 2022</b>	-	221,995	744,378	121,153	-	10,000	-	-	1,097,526
Acquisition costs	-	-	-	-	503,472	250,000	-	-	753,472
Deferred exploration expenditures									
Assay	-	-	-	-	1,641	-	-	-	1,641
Claim maintenance fees	-	-	36,757	14,513	19,574	21,182	-	-	92,026
Drilling	-	-	-	-	318,752	-	-	-	318,752
Geological consulting	-	270	-	-	17,878	-	-	-	18,148
Travel and miscellaneous	-	862	3,126	-	10,066	1,820	-	-	15,874
Write-down of exploration and evaluation assets	-	(223,127)	-	-	-	-	-	-	(223,127)
<b>Balance, December 31, 2023</b>	\$ -	\$ -	\$ 784,261	\$ 135,666	\$ 871,383	\$ 283,002	\$ -	\$ -	\$ 2,074,312

**6. EXPLORATION AND EVALUATION ASSETS (continued)**

Title to Mineral Property Interests

Title to exploration and evaluation asset interests involves certain inherent risks due to the difficulties of determining the validity of certain claims as well as the potential for problems arising from the frequently ambiguous conveyancing history characteristic of many exploration and evaluation assets. The Company has investigated title to all of its exploration and evaluation assets and, to the best of its knowledge, title to all of its interests are in good standing. However, this should not be construed as a guarantee of title. The concessions may be subject to prior claims, agreements or transfers, and rights of ownership may be affected by undetected defects.

Blue Clay Lithium Project, Nevada, U.S.A. – Option Agreement

On September 30, 2021, the Company entered into an option agreement (the “Blue Clay Agreement”) with an arm’s length party (the “Seller”), whereby the Seller granted an option to the Company to acquire a 100% interest in certain mineral claims (the “Blue Clay Lithium Project”) located in the Esmeralda County in the Clayton Valley of Nevada, USA. In consideration, the Company is required to the following:

- Pay \$30,000 and issue 2,000,000 common shares (paid & issued at a value of \$220,000) to the Seller within five days of Exchange approval (received on October 18, 2021);
- Pay \$30,000 and issue 1,000,000 common shares (paid & issued at a value of \$80,000) to the Seller prior to the date that is six months from the date of Exchange approval; and
- Issue 1,000,000 common shares (issued at a value of \$60,000) to the Seller prior to the date that is twelve months from the date of Exchange approval.

The Seller will retain a 1.5% NSR Royalty on this property. The Company will have the right to purchase 0.75% of the NSR Royalty for \$500,000 at any time up to the commencement of production.

During the year ended December 31, 2022, the Company acquired a 100% interest in certain mineral claims for staking costs of \$17,141 to expand the size of its Blue Clay Lithium Project. The Company provided two security deposits for a total of \$18,286 in relation to the Blue Clay Lithium Project.

Clayton Valley Deep Basin Lithium Brine Project, Nevada, U.S.A. – Staking

In May 2016, the Company acquired a 100% interest in certain mineral claims of the Clayton Valley Deep Basin Lithium Brine Project in Nevada, U.S.A., for staking costs of \$23,609.

**6. EXPLORATION AND EVALUATION ASSETS (continued)**

Elko Lithium Project, Nevada, U.S.A. – Option Agreement

On August 16, 2023, the Company entered into an option agreement (the “Elko Agreement”) with an arm’s length party (the “Optionor”), whereby the Optionor granted an option to the Company to acquire a 100% interest in certain mineral claims (the “Elko Lithium Project”) located in Elko County, Nevada, USA. In consideration, the Company is required to the following:

- Pay \$92,000 and issue 10,000,000 common shares (paid & issued at a value of \$400,000) to the Optionor within five days of all applicable approvals;
- Issue 3,000,000 common shares to the Optionor within 10 days of drilling a hole that returns drilling results evidencing at least 1,000 ppm anywhere in the hole; and
- Issue 3,000,000 common shares to the Optionor within 10 days of receiving a technical report (in compliance with NI 43-101) by an acceptable and accredited third party evidencing a minimum of 1,000,000 LLC with a 300 ppm cutoff.

During the year ended December 31, 2023, the Company acquired a 100% interest in certain mineral claims for staking costs of \$11,472 to expand the size of its Elko Lithium Project. The Company provided one security deposit for \$14,082 in relation to the Elko Lithium Project.

Silver Peak South Lithium Project, Nevada, U.S.A. – Option Agreement

On December 14, 2022, the Company entered into an option agreement (the “Silver Peak Agreement”) with an arm’s length party (the “Optionor”), whereby the Optionor granted an option to the Company to acquire a 100% interest in certain mineral claims (the “Silver Peak South Lithium Project”) located in Clayton Valley of Nevada, USA. In consideration, the Company is required to the following:

- Pay \$10,000 (paid) to the Optionor within five days of all applicable approvals;
- Pay \$100,000 (paid) to the Optionor prior to the date that is six months after the date of signing the Silver Peak Agreement; and
- Pay \$150,000 (paid) to the Optionor prior to the date that is twelve months after the date of signing the Silver Peak Agreement.

Marathon North Palladium-Platinum Property, Ontario – Staking

In January 2020, the Company acquired a 100% interest in certain mining claims in Northern Ontario for staking costs of \$15,700.

During the year ended December 31, 2023, the Company decided not to continue with the Marathon North Palladium-Platinum Property. Accordingly, the Company fully wrote off prior carrying costs of \$223,127.

**6. EXPLORATION AND EVALUATION ASSETS (continued)**

White Gold, Yukon

During the year ended December 31, 2009, the Company acquired a 100% interest in certain mineral claims in the region of the White and Yukon Rivers through staking.

As at December 31, 2022, the Company decided to fully write off the previous carrying costs in the amount of \$5,500.

Kuusamo Property, Finland

In December 2017, the Company entered into an exploration and option agreement (the "Slättberg Option Agreement") with an arm's length party, a company organized under the laws of Sweden (the "Slättberg Vendor"). The Slättberg Option Agreement was subsequently amended a few times to extend the option period and to include additional projects. On May 18, 2020, the Company entered into the Fifth Amendment with the Slättberg Vendor to include future additional projects. Pursuant to the Fifth Amendment, the Slättberg Vendor agreed to grant an option to the Company to acquire the mineral licence comprising the Kuusamo exploration project (the "Additional Project" or the "Kuusamo Property") located in Finland.

The Company issued to the Slättberg Vendor 500,000 common shares (issued at a value of \$35,000) within five business days upon Exchange approval and reimbursed the Slättberg Vendor for the acquisition costs and expenses related to the Kuusamo Property.

During the year ended December 31, 2022, the Company decided not to continue with the Kuusamo Property. Accordingly, the Company fully wrote off prior carrying costs of \$179,648.

Bleka and Vekselmyr Projects, Norway

On August 24, 2020, the Company entered into the Sixth Amendment with the Slättberg Vendor to include the Bleka and Vekselmyr Projects (the "BLE Projects") in Norway. Pursuant to the Sixth Amendment, the Slättberg Vendor agreed to grant an option to the Company to acquire 100% of the interest in the BLE Projects.

The Company issued to the Slättberg Vendor 500,000 common shares (issued at a value of \$45,000) within five business days upon Exchange approval, reimbursed the Slättberg Vendor for the acquisition costs and expenses related to the BLE Projects, and incurred exploration expenditures of at least \$250,000 by September 1, 2021.

During the year ended December 31, 2022, the Company decided not to continue with the BLE Projects. Accordingly, the Company fully wrote off prior carrying costs of \$541,218.

**7. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES**

Accounts payable and accrued liabilities recognized in the statements of financial position consist of the following:

	December 31, <u>2023</u>	December 31, <u>2022</u>
Trade payables	\$ 105,871	\$ 158,558
Accrued liabilities	36,514	46,527
Total accounts payable and accrued liabilities	<u>\$ 142,385</u>	<u>\$ 205,085</u>

**8. LOANS PAYABLE**

On May 6, 2020, the Company received the Canada Emergency Business Account (“CEBA”) loan which is an interest-free loan to cover operating costs. The CEBA loan was launched by the government of Canada to support businesses by providing financing for their expenses that cannot be avoided or deferred, and assisting businesses for successful relaunch when the economy recovers from COVID-19. Repaying the balance of the loan on or before January 18, 2024 will result in a loan forgiveness of \$10,000. Pursuant to IAS 20 Accounting for Government Grants and Disclosure of Government Assistance, the benefit of a government loan at below-market rate is treated as a government grant and measured in accordance with IFRS 9 Financial Instruments: the benefit of below-market rate shall be measured as the difference between initial carrying value of the loan (being the present value of a similar loan at market rates) and the proceeds received. The Company has estimated the initial carrying value of the CEBA Loan at \$30,671, using a discount rate of 10%, which was the estimated rate for a similar loan without interest-free component. The difference of \$9,329 has been accredited to the loan liability of the CEBA Loan and offset to other income on the statement of loss and comprehensive loss.

On December 29, 2023, the Company repaid the CEBA loan in the amount of \$30,000, resulting in a loan forgiveness of \$10,000, which was recognized as other income.

Balance at December 31, 2021	\$ 36,208
Finance expense	3,792
Balance at December 31, 2022	<u>40,000</u>
CEBA loan repayment	(30,000)
CEBA loan forgiveness	(10,000)
Balance at December 31, 2023	<u>\$ -</u>

## 9. SHARE CAPITAL AND RESERVES

**Authorized:** An unlimited number of common shares, without par value  
100,000,000 Class A preferred shares, par value \$10  
100,000,000 Class B preferred shares, par value \$50

### (a) Private placements

*Year ended December 31, 2023:*

In March 2023, the Company closed a non-brokered private placement consisting of 58,150,000 units at a price of \$0.05 per unit for gross proceeds of \$2,907,500. Each unit consisted of one common share and one share purchase warrant which entitles the holder to purchase one additional common share of the Company at a price of \$0.08 per share for a five-year term. In connection with this private placement, the Company paid cash finder's fee of \$151,430, finance fee of \$2,500, filing and legal fees of \$22,697, and issued 2,994,600 broker warrants exercisable at \$0.08 per share for a two-year term. The broker warrants were valued at \$102,166 using the Black-Scholes pricing model with the following assumptions: dividend yield 0%, expected volatility 121.3%, risk-free interest rate 4.22% and an expected life of two years.

*Year ended December 31, 2022:*

During the year ended December 31, 2022, the Company did not close any private placements.

### (b) Share purchase warrants

The following is a summary of changes in share purchase warrants from December 31, 2021 to December 31, 2023:

	<u>Number</u>	<u>Weighted Average Exercise Price</u>
Balance, December 31, 2021	47,738,088	\$0.14
Exercised	<u>(190,000)</u>	\$0.07
Balance, December 31, 2022	47,548,088	\$0.14
Issued	61,144,600	\$0.08
Exercised	(300,000)	\$0.05
Expired	<u>(13,110,800)</u>	\$0.30
Balance, December 31, 2023	<u><u>95,281,888</u></u>	\$0.08



**9. SHARE CAPITAL AND RESERVES (continued)**

**(b) Share purchase warrants (continued)**

At December 31, 2023, the Company had 95,281,888 share purchase warrants outstanding. Each warrant entitles the holder the right to purchase one common share as follows:

<u>Number</u>	<u>Exercise Price</u>	<u>Expiry Date</u>
2,908,000	\$0.05	July 2, 2024
31,229,288	\$0.08	August 14, 2025
2,646,000	\$0.08	February 27, 2025
348,600	\$0.08	March 27, 2025
47,870,000	\$0.08	February 27, 2028
<u>10,280,000</u>	\$0.08	March 27, 2028
<u>95,281,888</u>		

**(c) Share-based payments**

The Company has a Plan effective December 2022, which superseded a previous stock option plan. The Plan provides the grant of stock options, RSUs, DSUs, and PSUs. The Plan is a rolling plan for stock options and a fixed plan for RSUs, DSUs, and PSUs such that the aggregate number of common shares that: (i) may be issued upon the exercise or settlement of stock options granted under the Plan, shall not exceed 10% of the Company's issued and outstanding common shares from time to time, and (ii) may be issued in respect of RSUs, DSUs, and PSUs granted under the Plan, shall not exceed 12,511,332.

Stock options

In accordance with the Plan, the exercise price of each option granted shall not be less than the Discounted Market Price (as that term is defined in the policies of the Exchange). Options may be granted for a maximum term of ten years and vesting periods are determined by the board of directors.

The following is a summary of changes in share purchase options from December 31, 2021 to December 31, 2023:

	<u>Number</u>	<u>Weighted Average Exercise Price</u>
Outstanding and exercisable, December 31, 2021	7,800,000	\$0.13
Expired	<u>(7,800,000)</u>	\$0.13
Outstanding and exercisable, December 31, 2022	-	
Granted	5,900,000	\$0.05
Exercised	<u>(800,000)</u>	\$0.05
Outstanding and exercisable, December 31, 2023	<u>5,100,000</u>	\$0.05

**9. SHARE CAPITAL AND RESERVES (continued)**

**(c) Share-based payments (continued)**

As of December 31, 2023, 5,100,000 share purchase options were outstanding entitling the holders thereof the right to purchase one common share of the Company for each option held at an exercise price of \$0.05 until January 20, 2024 (Note 17).

During the year ended December 31, 2023, 800,000 stock options were exercised at a price of \$0.05 per share for total proceeds of \$40,000 (year ended December 31, 2022: Nil stock options were exercised). The previously recognized share-based payment expense relating to these stock options were reclassified from share-based payment reserve to share capital in the amount of \$14,203 (year ended December 31, 2022: \$Nil).

During the year ended December 31, 2023, the Company granted 5,900,000 stock options with an exercise price of \$0.05 and an expiry date of January 20, 2024 (year ended December 31, 2022: Nil stock options were granted). The weighted average fair value of the options issued during the year ended December 31, 2023 was estimated at \$0.02 per option at the grant date using the Black-Scholes option pricing model with the following assumptions:

	<u>Year ended</u> <u>December 31, 2023</u>	<u>Year ended</u> <u>December 31, 2022</u>
Weighted average expected dividend yield	0.0%	N/A
Weighted average expected volatility*	132.1%	N/A
Weighted average risk-free interest rate	3.78%	N/A
Weighted average expected term	1 year	N/A

\* Expected volatility has been based on historical volatility of the Company's publicly traded shares.

RSUs

In accordance with the Plan, the Company may grant RSUs to eligible participants that do not perform investor relations activities. The number of RSUs awarded and underlying vesting terms are determined by the board of directors in its discretion. No RSUs may vest before the date that is one year following the grant date.

As soon as practicable after each vesting date of a RSU, the Company shall, at the sole discretion of the board of directors, either: (a) issue to the participant from treasury the number of common shares equal to the number of RSUs that have vested; or (b) make a cash payment in an amount equal to the Market Price (as defined in the Plan) on the next trading day after the vesting date of the RSUs, net of applicable withholdings.

The following is a summary of changes in RSUs from December 31, 2021 to December 31, 2023:

	<u>Number</u>
Outstanding, December 31, 2021 and 2022	-
Granted	10,500,000
Outstanding, December 31, 2023	<u>10,500,000</u> (Note 17)

**9. SHARE CAPITAL AND RESERVES (continued)**

**(c) Share-based payments (continued)**

*Year ended December 31, 2023:*

On January 20, 2023, the Company granted 10,500,000 RSUs to its officers, directors and consultants, whereby 100% of the RSUs vests in one year from date of grant.

The RSUs are valued at the fair market value of the Company's stocks on the date of grant. Accordingly, 10,500,000 RSUs were granted at a value of \$0.04 for a value of \$420,000, which are being recognized as share-based payments over the vesting periods.

Total expenses arising from share-based payment transactions recognized during the year ended December 31, 2023 were \$501,730 (year ended December 31, 2022: \$Nil), of which \$396,986 (year ended December 31, 2022: \$Nil) was attributable to vesting of RSUs granted during the period with the remaining portion of share-based payment expense being attributable to the vesting of stock options, as described above.

**10. LOSS PER SHARE**

The calculation of basic and diluted loss per share was based on the following data:

	Year ended December 31,	
	<u>2023</u>	<u>2022</u>
Net Loss	\$ (1,294,043)	\$ (1,157,282)
Weighted average number of common shares for the purpose of basic and diluted loss per share	177,734,822	124,961,699

Basic loss per share is computed by dividing loss by the weighted average number of common shares outstanding during the period. Diluted loss per share reflects the potential dilution of common share equivalents, such as stock options and share purchase warrants, in the weighted average number of common shares outstanding during the period, if dilutive. All of the stock options and share purchase warrants currently issued (see Note 9) were anti-dilutive for the years ended December 31, 2023 and 2022.

Basic and diluted loss per share for the year ended December 31, 2023 was \$(0.01) (year ended December 31, 2022: \$(0.01)).

## 11. RELATED PARTY TRANSACTIONS

### *Key management personnel compensation*

Key management personnel include persons having the authority and responsibility for planning, directing and controlling the actions of the Company and its subsidiaries as a whole. Their remuneration includes the following:

	Year ended December 31,	
	<u>2023</u>	<u>2022</u>
Directors' fees	\$ 12,500	\$ 12,500
Management fees	201,500	174,000
Professional fees	46,000	39,108
Share-based payments *	<u>368,055</u>	<u>-</u>
	<u>\$ 628,055</u>	<u>\$ 225,608</u>

\* Share-based payments are the fair value of options and RSUs granted to key management personnel as at the grant date.

### *Related party balances*

At December 31, 2023, accounts payable and accrued liabilities include \$24,967 (December 31, 2022: \$101,043) payable to three directors of the Company, and one private company and one public company with certain directors in common for unpaid fees. These amounts are unsecured, non-interest bearing and payable on demand.

## 12. SEGMENTAL REPORTING

The Company operates in one business segment, being the acquisition and exploration of mineral properties. The Company's exploration and evaluation assets are distributed by geographic location as follows:

	December 31,	December 31,
	<u>2023</u>	<u>2022</u>
Canada	\$ -	\$ 221,995
U.S.A.	2,074,312	875,531
	<u>\$ 2,074,312</u>	<u>\$ 1,097,526</u>

### 13. INCOME TAXES

A reconciliation of income taxes at statutory rates with the reported taxes is as follows:

	<b>2023</b>	<b>2022</b>
Loss for the year	\$ (1,294,043)	\$ (1,157,282)
Expected income tax (recovery)	(349,000)	(312,000)
Change in statutory tax rates and other	8,000	4,000
Permanent differences	138,000	-
Impact of flow through share	-	17,000
Share issue cost	(48,000)	-
Adjustments to prior years provisions versus statutory tax returns	(9,000)	146,000
Change in unrecognized deductible temporary differences	260,000	145,000
	<u>260,000</u>	<u>145,000</u>
Total income tax expense (recovery)	<u>\$ -</u>	<u>\$ -</u>

The significant components of the Company's unrecognized deferred tax assets are as follows:

	2023	2022
Deferred Tax Assets		
Exploration and evaluation assets	\$ 804,000	\$ 760,000
Share issue costs	44,000	19,000
Property and equipment	8,000	8,000
Marketable securities	160,000	160,000
Non-capital losses	2,689,000	2,498,000
Net Unrecognized Deferred Tax Assets	<u>\$ 3,705,000</u>	<u>\$ 3,445,000</u>

No net deferred tax asset has been recognized in respect of the above for the years ended December 31, 2023 and 2022 because the amount of future taxable profit that will be available to realize such assets is not probable.

The Company has non-capital losses for Canadian income tax purposes of approximately \$9,877,000 and for U.S. tax purposes of approximately \$21,000 and for Swedish tax purposes of approximately \$89,000, which may be carried forward and applied against taxable income in future years. These losses, if not utilized, will expire through to 2042.

#### **14. CAPITAL DISCLOSURE**

The Company's objectives when managing capital are to safeguard its ability to continue as a going concern to pursue the development of its exploration and evaluation assets and to maintain a flexible capital structure which optimizes the cost of capital within a framework of acceptable risk. In the management of capital, the Company includes the components of shareholders' equity.

The Company manages the capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust its capital structure, the Company may issue new shares, issue new debt and acquire or dispose of assets. As at December 31, 2023, the Company has not entered into any debt financing with any financial institution.

The Company is dependent on the capital markets as its sole source of operating capital and the Company's capital resources are largely determined by the strength of the junior resource markets and by the status of the Company's projects in relation to these markets, and its ability to compete for investor support of its projects. The Company is not subject to any externally imposed capital requirements. There has been no change in the Company's approach to capital management during the year ended December 31, 2023.

#### **15. FINANCIAL INSTRUMENTS AND RISK**

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

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

The fair value of the Company's cash and cash equivalents, receivables, deposits, loan payable and accounts payable and accrued liabilities approximates their carrying values due to the short term nature of the financial instruments.

The Company is exposed to varying degrees to a variety of financial instrument related risks:

##### Foreign Exchange Risk

Foreign exchange risk is the risk that the fair value of future cash flows will fluctuate as a result of changes in foreign exchange rates. As at December 31, 2023, the Company has a minimal exposure to the US\$ that is subject to fluctuations as a result of exchange rate variations to the extent that transactions are made in this currency. The Company considers this risk to be insignificant and therefore does not hedge its foreign exchange risk.

## 15. FINANCIAL INSTRUMENTS AND RISK (continued)

### Credit Risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The Company's cash and cash equivalents, receivables and deposits are exposed to credit risk. The Company reduces its credit risk on cash and cash equivalents by placing these instruments with institutions of high credit worthiness. As at December 31, 2023, the Company is not exposed to any significant credit risk.

The carrying amount of financial assets recorded in the consolidated financial statements, net of any allowances for losses, represents the Company's maximum exposure to credit risk.

### Interest Rate Risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company has non-interest bearing debt instruments and is therefore not exposed to risk in the event of interest rate fluctuations. As at December 31, 2023, the Company is not exposed to any significant interest rate risk.

### Liquidity Risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting obligations associated with financial liabilities. The Company manages liquidity risk by maintaining sufficient cash balances to enable settlement of transactions on the due date. The Company addresses its liquidity through equity financing obtained through the sale of common shares and the exercise of warrants and options. While the Company has been successful in securing financings in the past, there is no assurance that it will be able to do so in the future. The Company is exposed to liquidity risk.

### Price Risk

The Company is exposed to price risk with respect to commodity prices. 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 the commodity prices of precious metals and the stock market to determine the appropriate course of action to be taken by the Company.

Based on management's knowledge and experience of the financial markets, management does not believe that the Company's current financial instruments will be affected by foreign exchange risk, credit risk, interest rate risk and price risk.

## 16. SUPPLEMENTAL DISCLOSURE WITH RESPECT TO CASH FLOWS

Investing and financing activities that do not have a direct impact on cash flows are excluded from the statement of cash flows. The following transactions were excluded from the statements of cash flows:

*Year ended December 31, 2023:*

- a) As at December 31, 2023, the Company accrued exploration and evaluation assets of \$65,566 in accounts payable and accrued liabilities.
- b) The Company issued 10,000,000 common shares to the Optionor valued at \$400,000 pursuant to the Elko Agreement.

*Year ended December 31, 2022:*

- c) As at December 31, 2022, the Company accrued exploration and evaluation assets of \$37,485 in accounts payable and accrued liabilities.
- d) The Company issued 2,000,000 common shares to the Seller valued at \$140,000 pursuant to the Blue Clay Agreement.

## 17. SUBSEQUENT EVENTS

Subsequent to December 31, 2023, the following occurred:

- a) 5,100,000 stock options at a price of \$0.05 per share expired unexercised;
- b) The Company issued a total of 1,750,000 common shares and paid a total of \$393,750 to its directors, officers and consultants with respect to the vested RSUs;
- c) The Company acquired a 100% interest in certain mineral claims (the “Dragon Uranium Project”) in the Athabasca Basin of Saskatchewan for staking costs of \$2,633;
- d) The Company acquired a 100% interest in certain mineral claims (the “Uranium Town Project”) in the Athabasca Basin of Saskatchewan for staking costs of \$2,515; and
- e) The Company acquired a 100% interest in certain mineral claims (the “Atomic Uranium Project”) in the Athabasca Basin of Saskatchewan for staking costs of \$12,248.