Consolidated Financial Statements of

Almadex Minerals Ltd.

For the years ended December 31, 2023 and 2022

Almadex Minerals Ltd.

December 31, 2023 and 2022

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INDEPENDENT AUDITOR'S REPORT

To the Shareholders of
Almadex Minerals Ltd.

Opinion

We have audited the accompanying consolidated financial statements of Almadex Minerals Ltd. (the "Company"), which comprise the consolidated statements of financial position as at December 31, 2023 and 2022, and the consolidated statements of income (loss) and comprehensive income (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 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.

Key Audit Matters

Key audit matters are the matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current year ended. This matter was 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 this matter.

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

As described in Note 9 to the consolidated financial statements, the carrying amount of the Company's E&E Assets was $2,813,116 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 is 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:

- Reviewing the Company's recent expenditure activity and expenditure budgets for future periods.
- Evaluating the intent for the E&E assets through discussion and communication with management.
- Obtaining, on a test basis through government website, confirmation of title to ensure mineral rights underlying the mineral property are in good standing.
- Reviewing management's impairment assessment and evaluating the rationale and calculation of the impairment charge recorded as at December 31, 2023.

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 ended 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 Catherine Tai.

Davidson & Company LLP

Vancouver, Canada | Chartered Professional Accountants

April 25, 2024

Almadex Minerals Ltd.

Consolidated statements of financial position

(Expressed in Canadian dollars)

	December 31, 2023	December 31, 2022
	$	$
ASSETS		
Current assets		
Cash and cash equivalents (Note 13)	**16,224,532**	18,396,172
Accounts receivable and prepaid expenses (Note 4 and 11(b))	**155,553**	658,706
Marketable securities and investments (Note 5)	**1,095,419**	1,083,373
	17,475,504	20,138,251
Non-current assets		
Gold loan receivable (Note 6)	**5,659,118**	4,885,928
Reclamation deposit (Note 7)	**75,215**	40,000
Deferred income tax assets (Note 14 (b))	**180,275**	380,582
Property and equipment (Note 8)	**814,107**	1,064,343
Exploration and evaluation assets (Note 9)	**2,183,116**	1,929,835
	8,911,831	8,300,688
TOTAL ASSETS	**26,387,335**	28,438,939
LIABILITIES		
Current liabilities		
Trade and other payables (Note 11(b))	**590,335**	443,567
Total liabilities	**590,335**	443,567
EQUITY		
Share capital (Note 10)	**23,564,858**	23,322,121
Reserves (Note 10)	**2,462,868**	1,959,080
Retained earnings (Deficit)	**(230,726)**	2,714,171
Total equity	**25,797,000**	27,995,372
TOTAL EQUITY AND LIABILITIES	**26,387,335**	28,438,939

Nature of operations (Note 1)

Subsequent events (Note 18)

These consolidated financial statements are authorized for issue by the Board of Directors on April 25, 2024.

They are signed on the Company's behalf by:

/s/Duane Poliquin
Director

/s/Lawrence Segerstrom
Director

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

Almadex Minerals Ltd.

Consolidated statements of income (loss) and comprehensive income (loss)
(Expressed in Canadian dollars)

	Years ended December 31, **2023**	2022
	$	$
Revenue		
Exploration and drilling services (Note 11(b))	**602,558**	6,882,746
Financing fees (Note 6)	**363,749**	323,440
Royalty income	**44,955**	42,655
Interest income	**682,896**	206,523
	1,694,158	7,455,364
Expenses		
Administrative services fee (Note 11(a)(b))	**1,346,494**	1,161,360
Salaries and contractors	**228,133**	1,470,971
Drilling supplies	**92,497**	689,360
Depreciation (Note 8)	**257,321**	228,005
Professional fees	**378,089**	449,640
Office	**148,971**	175,702
General exploration expenses	**439,384**	-
Stock exchange, transfer agent and filing fees	**28,668**	27,415
Travel and promotion	**146,539**	285,327
Directors' fees (Note 11)	**15,000**	30,000
Share-based payments (Note 10(d) and 11)	**788,272**	56,000
	3,869,368	4,573,780
Income (loss) before other income (loss)	**(2,175,210)**	2,881,584
Other Income (loss)		
Impairment of exploration and evaluation assets (Note 9)	**(1,002,769)**	(120,480)
Gain on sale of exploration and evaluation assets	**109,994**	-
Gain on sale of property and equipment	**-**	23,960
Unrealized gain (loss) on gold loan receivable (Note 6)	**534,592**	(26,219)
Unrealized foreign exchange gain (loss) on gold loan receivable (Note 6)	**(125,151)**	310,410
Unrealized loss on marketable securities and investments (Note 5)	**(97,954)**	(758,688)
Unrealized loss on contingent shares receivable	**-**	(15,600)
Foreign exchange gain (loss)	**(212,993)**	1,124,339
Income (loss) before income taxes	**(2,969,491)**	3,419,306
Income Taxes		
Current income tax recovery (Note 14 (a))	**(224,901)**	(21,599)
Deferred income tax expense (Note 14 (b))	**200,307**	220,760
	(24,594)	199,161
Net income (loss) and comprehensive income (loss) for the year	**(2,944,897)**	3,220,145
Basic and diluted net income (loss) per share (Note 12)	**(0.05)**	0.06

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

Almadex Minerals Ltd.
Consolidated statements of cash flows
(Expressed in Canadian dollars)

	Years ended December 31,	
	2023	2022
	$	$
Operating activities		
Net income (loss) for the year	**(2,944,897)**	3,220,145
Items not affecting cash		
Income tax recovery	**(224,901)**	(21,599)
Deferred income tax expense	**200,307**	220,760
Depreciation	**257,321**	228,005
Unrealized loss on contingent shares receivable	**-**	15,600
Unrealized loss on marketable securities and investments	**97,954**	758,688
Unrealized (gain) loss on gold loan receivable	**(534,592)**	26,219
Unrealized foreign exchange (gain) loss on gold loan receivable	**125,151**	(310,410)
Gain on sale of exploration and evaluation assets	**(109,994)**	-
Gain on sale of property and equipment	**-**	(23,960)
Impairment of exploration and evaluation assets	**1,002,769**	120,480
Financing fees	**(363,749)**	(323,440)
Share-based payments	**788,272**	56,000
Changes in non-cash working capital components		
Accounts receivable and prepaid expenses	**692,497**	118,179
Trade and other payables	**140,357**	(725,694)
Net cash from (used in) operating activities	**(873,505)**	3,358,973
Investing activities		
Exploration and evaluation assets - costs	**(1,249,645)**	(1,722,719)
Property and equipment – purchase	**(7,085)**	(452,224)
Net proceeds from sale of property and equipment	**-**	45,786
Reclamation deposit	**342**	(40,000)
Net cash used in investing activities	**(1,256,388)**	(2,169,157)
Financing activities		
Option exercised	**-**	4,750
Withholding taxes on cashless exercise	**(41,747)**	(14,875)
Net cash used in financing activities	**(41,747)**	(10,125)
Change in cash and cash equivalents	**(2,171,640)**	1,179,691
Cash and cash equivalents, beginning of year	**18,396,172**	17,216,481
Cash and cash equivalents, end of year	**16,224,532**	18,396,172

Supplemental cash flow information (Note 13)

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

Almadex Minerals Ltd.
Consolidated statements of changes in equity
(Expressed in Canadian dollars)

	Share Capital		Reserves			
	Number of shares	Amount	Share-based payments	Total reserves	Retained earnings (Deficit)	**Total**
		$	$	$	$	$
Balance, January 31, 2022	**60,584,969**	**23,307,146**	**1,928,180**	**1,928,180**	**(505,974)**	**24,729,352**
Share-based payments	-	-	56,000	56,000	-	56,000
Shares issued for cash on exercise of stock options	25,000	4,750	-	-	-	4,750
Fair value of stock options transferred to share capital	-	2,000	(2,000)	(2,000)	-	-
Shares issued on cashless exercise of options	92,552	-	-	-	-	-
Shares issuance cost on cashless exercise of options	-	(14,875)	-	-	-	(14,875)
Fair value of cashless share options transferred to share capital	-	23,100	(23,100)	(23,100)	-	-
Income for the year	-	-	-	-	3,220,145	3,220,145
Balance, December 31, 2022	**60,702,521**	**23,322,121**	**1,959,080**	**1,959,080**	**2,714,171**	**27,995,372**
Share-based payments	-	-	788,272	788,272	-	788,272
Shares issued on cashless exercise of options	305,423	-	-	-	-	-
Shares issuance cost on cashless exercise of options	-	(41,747)	-	-	-	(41,747)
Fair value of cashless share options transferred to share capital	-	284,484	(284,484)	(284,484)	-	-
Loss for the year	-	-	-	-	(2,944,897)	(2,944,897)
Balance, December 31, 2023	**61,007,944**	**23,564,858**	**2,462,868**	**2,462,868**	**(230,726)**	**25,797,000**

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

1. Nature of Operations

Almadex Minerals Ltd., (the "Company" or "Almadex") was incorporated on February 26, 2018 under the laws of Canada Business Corporations Act as part of a Plan of Arrangement to reorganize Azucar Minerals Ltd. ("Azucar"). The Company's intended business activity is the acquisition and exploration of exploration and evaluation properties in Canada, US and Mexico. The Company's head office is located at Suite 210 – 1333 Johnston Street, Vancouver, BC, V6H 3R9, Canada.

2. Basis of Presentation

(a) *Statement of Compliance with* IFRS Accounting Standards

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

These consolidated financial statements have been prepared on a historical cost basis except for financial instruments classified as fair value through profit or loss ("FVTPL") or fair value through other comprehensive income ("FVOCI") which are stated at their fair value. In addition, these consolidated financial statements have been prepared using the accrual basis of accounting, except for cash flow information.

(b) *Basis of preparation*

These consolidated financial statements have been prepared on the basis of IFRS standards that are effective as at December 31, 2023.

(c) *Functional currency*

The functional and reporting currency of the Company and its subsidiaries is the Canadian dollar.

(d) *Significant accounting judgments and estimates*

The preparation of these consolidated financial statements requires management to make judgements and estimates 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 judgements and estimates. The consolidated financial statements include judgements and estimates which, by their nature, are uncertain. The impacts of such judgements and estimates are pervasive throughout the 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 the revision affects both current and future periods.

Significant assumptions about the future and other sources of judgements and estimates that management has made at the statement of financial position 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:

2. Basis of Presentation *(Continued)*

(d) Significant accounting judgments and estimates (continued)

Critical Judgments

- The analysis of the functional currency for each entity of the Company. In concluding that the Canadian dollar is the functional currency of the parent and its subsidiary companies, management considered the currency that mainly influences the cost of providing goods and services in each jurisdiction in which the Company operates. As no single currency was clearly dominant, the Company also considered secondary indicators including the currency in which funds from financing activities are denominated and the currency in which funds are retained.

Estimates

- The recoverability of accounts receivable which is included in the consolidated statements of financial position;
- The estimated useful lives of property and equipment which are included in the consolidated statements of financial position and the related depreciation included in the consolidated statements of income and comprehensive income;
- The value of the exploration and evaluation assets which are recorded in the consolidated statements of financial position;
- The Company uses the Black-Scholes option pricing model to determine the fair value of options and finders' warrants in order to calculate share-based payments expense. Certain inputs into the model are estimates that involve considerable judgment and are or could be affected by significant factors that are out of the Company's control; and
- The assessment of indications of impairment of each exploration and evaluation asset and related determination of the net realizable value and impairment of those assets where applicable.

3. Material Accounting Policies

(a) Basis of consolidation

These consolidated financial statements include the accounts of the Company and its wholly-owned subsidiaries as follows:

	Jurisdiction	**Nature of operations**
Almadex America Inc.	USA	Exploration company
ATW Resources Ltd.	Canada	Holding company (inactive)
Republic Resources Ltd.	Canada	Service company
Ixtaca Precious Metals Inc.	Canada	Holding company (inactive)
Almadex Royalties Limited	Canada	Holding company (inactive)
Almaden de Mexico, S.A. de C.V.	Mexico	Exploration company (inactive)
Minera Gavilan, S.A. de C.V.	Mexico	Exploration company

Subsidiaries are entities controlled by the Company and are included in the consolidated financial statements from the date that control commences until the date that control ceases.

3. Material Accounting Policies *(Continued)*

(a) Basis of consolidation (Continued)

Inter-company balances and transactions, including unrealized income and expenses arising from inter-company transactions, are eliminated in preparing the consolidated financial statements.

(b) Foreign currencies

Transactions in currencies other than the functional currency are recorded at the rates of exchange prevailing on dates of transactions. At each financial position reporting date, all assets and liabilities that are denominated in foreign currencies are translated at the rates prevailing at the date of the statement of financial position. Foreign exchange gains and losses resulting from the settlement of such transactions are recognized in profit or loss.

(c) Financial instruments

Financial assets and liabilities

A financial asset is classified as measured at: amortized cost, FVOCI, or FVTPL. 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. Derivatives embedded in contracts where the host is a financial asset in the scope of the standard are never separated. Instead, the hybrid financial instrument as a whole is assessed for classification. The Company's financial assets including cash and cash equivalents, accounts receivable and reclamation deposit are classified at amortized cost. The Company’s marketable securities and investments, and gold loan receivable, are classified as FVTPL. Trade and other payables are classified at amortized cost.

Impairment of financial assets

An ‘expected credit loss’ (ECL) model applies to financial assets measured at amortized cost, contract assets and debt investments at FVOCI, but not to investments in equity instruments. The Company's financial assets measured at amortized cost and subject to the ECL model include cash and cash equivalents, and accounts receivable.

(d) Cash and cash equivalents

Cash equivalents include term deposits and money market instruments which are readily convertible into cash or have maturities at the date of purchase of three months or less.

(e) Property and equipment

Property and equipment are stated at cost less accumulated depreciation and impairment losses and are depreciated annually on a declining-balance basis at the following rates:

Automotive equipment	30%
Office equipment	30%
Geological library	20%
Field equipment	20%
Drill equipment	20%

3. Material Accounting Policies *(Continued)*

(f) Revenue recognition

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. Revenue is measured at the fair value of the consideration received, excluding discounts, rebates and other sales tax or duty. The following specific recognition criteria must also be met before revenue is recognized:

Exploration and drilling services
Revenue from exploration and drilling services consists of equipment rentals and contract exploration drilling services provided to third parties and are recognized upon completion of the services for which the measurement of the consideration can be reasonably estimated and the ultimate collection is reasonably assured.

Financing fees
Revenue from financing fees which includes accrued interest and standby fees from the gold loan fees is recognized on an accrual basis using the effective interest method. Under the effective interest method, the interest rate realized is not necessarily the same as the stated rate in the loan. The effective interest rate is the rate required to discount the future value of the loan cash flows to their present value and is adjusted for the receipt of cash and non-cash items in connection with the loan.

Interest income
Revenue is recognized as interest accrues on cash and cash equivalent balances.

(g) Exploration and evaluation assets

The Company is in the exploration stage with respect to its investment in exploration and evaluation assets and accordingly follows the practice of capitalizing all costs relating to the acquisition of, exploration for and development of mineral claims to which the Company has rights and crediting all proceeds received from farm-out arrangements or recovery of costs against the cost of the related claims. Acquisition costs include, but are not exclusive to land surface rights acquired. Deferred exploration costs include, but are not exclusive to geological, geophysical studies, annual mining taxes, exploratory drilling and sampling. At such time as commercial production commences, these costs will be charged to profit or loss on a unit-of-production method based on proven and probable reserves. The aggregate costs related to abandoned mineral claims are charged to profit or loss at the time of any abandonment or when it has been determined that there is evidence of an impairment.

All capitalized exploration and evaluation expenditures are monitored for indications of impairment.

The Company considers the following facts and circumstances in determining if it should test exploration and evaluation assets for impairment:

(i) the period for which the Company has the right to explore in the specific area has expired during the period or will expire in the near future, and is not expected to be renewed;

(ii) substantive expenditure on further exploration for and evaluation of mineral resources in the specific area is neither budgeted nor planned;

(iii) exploration for and evaluation of mineral resources in the specific area have not led to the discovery of commercially viable quantities of mineral resources and the entity has decided to discontinue such activities in the specific area; and

3. Material Accounting Policies *(Continued)*

(g) Exploration and evaluation assets (Continued)

(iv) sufficient data exists to indicate that, although a development in the specific area is likely to proceed, the carrying amount of the exploration and evaluation assets is unlikely to be recovered in full from successful development or by sale.

Where a potential impairment is indicated, assessments are performed for each area of interest. To the extent that deferred exploration expenditures are not expected to be recovered, an impairment is charged to profit or loss. Exploration areas where reserves have been discovered, but require major capital expenditure before production can begin, are continually evaluated to ensure that commercial quantities of reserves exist or to ensure that additional exploration work is underway as planned.

An impairment charge relating to an exploration and evaluation asset may be subsequently reversed when new exploration results or actual or potential proceeds on sale or farm-out of the property result in a revised estimate of the recoverable amount but only to the extent that this does not exceed the original carrying value of the property that would have resulted if no impairment had been recognized. General exploration costs in areas of interest in which the Company has not secured rights are expensed as incurred.

The recoverability of amounts shown for exploration and evaluation assets is dependent upon the discovery of economically recoverable reserves, the ability of the Company to obtain financing to complete development of the properties, and on future production or proceeds of disposition.

The Company recognizes costs recovered on exploration and evaluation assets in income when amounts received or receivable are in excess of the carrying amount.

Once the technical feasibility and commercial viability of the extraction of mineral resources in an area of interest are demonstrable, exploration and evaluation assets attributable to that area of interest are first tested for impairment and then reclassified to mining property and development assets within property and equipment.

(h) Impairment of long-lived assets

Long-lived assets are reviewed for impairment if there is any indication that the carrying amount may not be recoverable. If any such indication is present, the recoverable amount of the asset is estimated in order to determine whether impairment exists. Where the asset does not generate cash flows that are independent from other assets, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

An asset's recoverable amount is the higher of fair value less costs of disposal, and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value, using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset or cash generating unit is estimated to be less than its carrying amount, the carrying amount is reduced to the recoverable amount by way of recording an impairment charge to profit or loss. Where an impairment subsequently reverses, the carrying amount is increased to the revised estimate of recoverable amount but only to the extent that this does not exceed the carrying value that would have been determined if no impairment had previously been recognized.

3. Material Accounting Policies *(Continued)*

(i) 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 items recognized directly in equity or in other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted 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 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 for unused tax losses, tax credits and deductible temporary differences, to the extent that it is probable that future taxable profits will be available against which they can be utilized.

(j) Share-based payments

The Company's stock option plan allows Company employees, directors, officers and consultants to acquire shares of the Company. The fair value of options granted is recognized as share-based payment expense with a corresponding increase in reserves. 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.

Fair value is measured at grant date, and each tranche is recognized using the graded vesting method 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 financial position reporting date, the amount recognized as an expense is adjusted to reflect the actual number of stock options that are expected to vest. In situations where equity instruments are issued to consultants 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. Otherwise, share-based payments are measured at the fair value of goods or services received.

(k) Share capital

Proceeds from the exercise of stock options and warrants are recorded as share capital in the amount for which the option or warrant enabled the holder to purchase a share in the Company, in addition to the proportionate amount of reserves originally created at the issuance of the stock options or warrants. Share capital issued for non-monetary consideration is valued at the closing market price at the date of issuance. The proceeds from the issuance of units are allocated between common shares and common share purchase warrants based on the

3. Material Accounting Policies (*Continued)*

(k) Share capital (Continued)

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

(l) Reclamation and closure cost obligations

Decommissioning and restoration provisions are recorded when a present legal or constructive obligation exists as a result of past events where it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate of the amount of the obligation can be made.

The amount recognized as a provision is the best estimate of the consideration required to settle the present obligation at the reporting date, taking into account the risks and uncertainties surrounding the obligation and discount rates. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows discounted for the market discount rate.

Over time the discounted liability is increased for the changes in the present value based on the current market discount rates and liability risks. When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognized as an asset if it is virtually certain that reimbursement will be received and the amount receivable can be measured reliably.

When the Company enters into an option agreement on its exploration and evaluations assets, as part of the option agreement, responsibility for any reclamation and remediation becomes the responsibility of the optionee.

(m) Net earnings (loss) per share

The Company presents the basic and diluted net earnings (loss) per share data for its common shares, calculated by dividing the net earnings (loss) attributable to common shareholders of the Company by the weighted average number of common shares outstanding during the period. Diluted net earnings (loss) per share is determined by adjusting the net earnings (loss) attributable to common shareholders and the weighted average number of common shares outstanding for the effects of all dilutive potential common shares (Note 12).

(n) Standards issued or amended but not yet effective

The Company has not applied the following revised IFRS that has been issued but was not yet effective at December 31, 2023. This accounting standard is not currently expected to have a significant effect on the Company's accounting policies or financial statements.

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. These amendments were further revised by the issuance of Non-current Liabilities with Covenants (Amendments to IAS 1) on October 31, 2022 which further narrowed the scope of the amendments. The amendments are effective for annual periods beginning on January 1, 2024.

4. Accounts Receivable and Prepaid Expenses

Accounts receivable and prepaid expenses consist of the following:

	December 31, 2023	December 31, 2022
	$	$
Accounts receivable	**121,088**	561,844
Prepaid expenses	**34,465**	96,862
	155,553	658,706

5. Marketable Securities and Investments

a) Marketable securities consist of common shares in publicly-traded companies over which the Company does not have control or significant influence. Marketable securities are designated as FVTPL and valued at fair value of $1,095,419 (2022 - $1,068,373) as at December 31, 2023. Unrealized loss due to year-end revaluation to fair value of $82,954 (2022 – $648,688) are recorded in profit or loss. The valuation of the common shares has been determined in whole by reference to the closing price traded on the exchange at each reporting date.

b) The Company received 500,000 transferable share purchase warrants issued by Almaden Minerals Ltd. (“Almaden”) with an exercise price of $1.50 per share and an expiry date of May 14, 2024 as an arrangement fee of $50,000 (Note 6) for the gold loan. The warrants are designated as FVTPL and has a fair value of $Nil as at December 31, 2023 (2022 - $5,000). An unrealized loss due to year-end revaluation to fair value of $5,000 (2022 –$20,000) is recorded in profit or loss. As at December 31, 2023, the Almaden warrants were valued using the Black-Scholes option-pricing model with the following assumptions: expected life of 0.36 years, risk-free interest rate of 3.91%, expected dividend yield of 0% and expected volatility of 25.86%. As at December 31, 2022, the Almaden warrants were valued using the Black-Scholes option-pricing model with the following assumptions: expected life of 1.36 years, risk-free interest rate of 3.99%, expected dividend yield of 0% and expected volatility of 64.62%.

c) The Company received 829,652 transferable share purchase warrants issued by Star Royalties Ltd. (“Star Royalties”) with an exercise price of $0.70 per share and an expiry date of September 29, 2023 as a part of consideration (Note 9) for the sale of its 2% NSR royalty on the Elk property. The warrants are designated as FVTPL and has a fair value of $Nil as at December 31, 2023 (2022 - $10,000). An unrealized loss due to year-end revaluation to fair value of $10,000 (2022 – $90,000) is recorded in profit or loss. As at December 31, 2022 the Star Royalties warrants were valued using the Black-Scholes option-pricing model with the following assumptions: expected life of 0.75 years, risk-free interest rate of 3.99%, expected dividend yield of 0% and expected volatility of 47.81%. On September 29, 2023, the Company did not exercise the warrants of Star Royalties and thus the warrants expired.

6. Gold Loan Receivable

Almaden (or the “Borrower”) entered into a secured gold loan agreement (“Gold Loan”) with the Company pursuant to which the Company has agreed to loan up to 1,597 ounces of gold bullion to Almaden. The approximate value of this gold as at May 14, 2019 was US$2,072,060 or $2,790,858.

Under the terms of the Gold Loan, Almaden will be entitled to draw-down the gold in minimum 400 ounce tranches. At any given time, the amount of gold ounces drawn multiplied by the London Bullion Market Association (“LBMA”) AM gold price in US dollars, plus any accrued interest or unpaid fees, shall constitute the Loan Value.

The maturity date for the Gold Loan is March 31, 2024, and can be extended by two years at the discretion of the Borrower (the “Term”). See Note 18 (b). Repayment of the Loan Value shall be made either through

(Expressed in Canadian dollars)

6. Gold Loan Receivable *(Continued)*

delivery of that amount of gold equivalent to the loan value, or through the issuance of common shares of Almaden ("Shares"), according to the Company's discretion. Mandatory prepayment shall be required in the event that Almaden's Ixtaca gold-silver project located in Puebla State, Mexico (the "Ixtaca Project") enters into commercial production during the Term, requiring the Borrower to deliver 100 gold ounces per month to the Company. In addition, Almaden has the right to pre-pay the Loan Value at any time without penalty, in either gold bullion or Shares as chosen by the Company, and the Company has the right to convert the Loan Value into Shares at any time during the Term. The conversion rate is equal to 95% of the 5 trading day volume weighted average price of the Shares on the Toronto Stock Exchange or an equivalent.

The interest rate of the Gold Loan is 10% of the Loan Value per annum, calculated monthly, paid in arrears. Interest payments can either be accrued to the Loan Value, or paid by the Borrower in cash or gold bullion. A standby fee of 1% per annum, accrued quarterly, will be applied to any undrawn amount on the Gold Loan.

In addition, the Company received on May 14, 2019 from Almaden 500,000 transferable share purchase warrants ("Warrants"), with an exercise price of $1.50 per Share and an expiry date of May 14, 2024 as an arrangement fee to cover the administrative costs of setting up the credit facility. These warrants were valued at $50,000 using the Black-Scholes option-pricing model with the following assumptions: expected life of five years, risk-free interest rate of 1.54%, expected dividend yield of 0% and expected volatility of 44%. (Note 5).

Security for the loan is certain equipment related to Almaden's Rock Creek Mill. The Gold Loan includes industry standard provisions in the event of default, material breach and change of control.

The convertible gold loan receivable is classified as a financial asset and has been designated at FVTPL with an embedded derivative from the indexation of the loan principal portion to the movement in the price of gold in the US dollar denominated financial instrument. The gold loan receivable was recorded at fair value at inception in accordance with IFRS 13 and is subsequently remeasured with changes in fair value being recognized in the statement of operations.

As at December 31, 2023, the Company deposited the full 1,597 ounces of gold bullion and Almaden has drawn 1,200 ounces (2022 – 1,200 ounces) on the account. The fair value of the gold loan receivable for the year ended December 31, 2023 increased by $534,592 (2022 – decrease by $26,219) due to an increase in the price of gold.

	December 31, 2023	December 31, 2022
Gold loan receivable, opening balance	**$ 4,885,928**	$ 4,278,297
Accrued interest income	**353,372**	314,024
Accrued standby fees	**10,377**	9,416
Change in FVTPL	**534,592**	(26,219)
Foreign exchange difference	**(125,151)**	310,410
	$ 5,659,118	$ 4,885,928

7. Reclamation deposits

The reclamation deposits consist of the following:

	December 31, 2023	December 31, 2022
	$	$
Reclamation deposits	**75,215**	40,000
	75,215	40,000

(Expressed in Canadian dollars)

7. Reclamation deposits *(Continued)*

Reclamation deposits of $75,215 (December 31, 2022 – $40,000) relate to environmental guarantee deposits posted as security for rehabilitation works for Nicoamen, Davis/Paradise and Lac de Gras properties.

8. Property and Equipment

	Automotive equipment	Office equipment	Geological library	Field equipment	Drill equipment	Total
	$	$	$	$	$	$
Cost						
December 31, 2022	**680,273**	**1,055**	**114**	**97,683**	**1,183,949**	**1,963,074**
Additions	4,005	-	-	3,080	-	**7,085**
Disposals	-	-	-	-	**-**	**-**
December 31, 2023	**684,278**	**1,055**	**114**	**100,763**	**1,183,949**	**1,970,159**
Accumulated depreciation						
December 31, 2022	**243,546**	**814**	**69**	**55,515**	**598,787**	**898,731**
Disposals	-	-	-	-	**-**	**-**
Depreciation	131,569	72	9	8,639	117,032	**257,321**
December 31, 2023	**375,115**	**886**	**78**	**64,154**	**715,819**	**1,156,052**
Carrying amounts						
December 31, 2022	436,727	241	45	42,168	585,162	1,064,343
December 31, 2023	**309,163**	**169**	**36**	**36,609**	**468,130**	**814,107**

	Automotive equipment	Office equipment	Geological library	Field equipment	Drill equipment	Total
	$	$	$	$	$	$
Cost						
December 31, 2021	**435,644**	**1,055**	**114**	**97,683**	**1,107,170**	**1,641,666**
Additions	305,476	-	-	-	76,779	**382,255**
Disposals	(60,847)	-	-	-	**-**	**(60,847)**
December 31, 2022	**680,273**	**1,055**	**114**	**97,683**	**1,183,949**	**1,963,074**
Accumulated depreciation						
December 31, 2021	**193,534**	**711**	**58**	**44,973**	**470,471**	**709,747**
Disposals	(39,021)	-	-	-	**-**	**(39,021)**
Depreciation	89,033	103	11	10,542	128,316	**228,005**
December 31, 2022	**243,546**	**814**	**69**	**55,515**	**598,787**	**898,731**
Carrying amounts						
December 31, 2021	242,110	344	56	52,710	636,699	931,919
December 31, 2022	**436,727**	**241**	**45**	**42,168**	**585,162**	**1,064,343**

(Expressed in Canadian dollars)

9. Exploration and Evaluation Assets

Exploration and evaluation assets	Davis/ Paradise	Logan	Other Properties	Total
Acquisition costs:	**$**	**$**	**$**	**$**
Opening balance – December 31, 2022	**77,255**	**121,001**	**17**	**198,273**
Additions	80,632	-	363,169	**443,801**
Impairment	-	-	(6)	**(6)**
Closing balance – December 31, 2023	**157,887**	**121,001**	**363,180**	**642,068**
Deferred exploration costs:				
Opening balance – December 31, 2022	**990,012**	**143,212**	**598,338**	**1,731,562**
Costs incurred during the year:				
Drilling and related costs	-	-	-	**-**
Professional/technical fees	19,817	2,552	75,043	**97,412**
Claim maintenance/lease costs	78,054	-	291,768	**369,822**
Geochemical, metallurgy	20,237	1,345	35,634	**57,216**
Travel and accommodation	11,229	-	31,755	**42,984**
Geology, geophysics, exploration	22,290	33,850	145,636	**201,776**
Supplies and miscellaneous	2,899	-	16,236	**19,135**
Reclamation, environmental	-	-	11,757	**11,757**
Value-added tax	-	-	44,966	**44,966**
Recovery of exploration costs	-	-	(32,813)	**(32,813)**
Impairment of deferred exploration costs	-	-	(1,002,769)	**(1,002,769)**
Total deferred exploration costs during the year	154,526	37,747	(382,787)	**(190,514)**
Closing balance – December 31, 2023	**1,144,538**	**180,959**	**215,551**	**1,541,048**
Total exploration and evaluation assets	**1,302,425**	**301,960**	**578,731**	**2,183,116**

(Expressed in Canadian dollars)

9. Exploration and Evaluation Assets *(Continued)*

Exploration and evaluation assets	Davis/ Paradise	Logan	Other Properties	Total
Acquisition costs:	**$**	**$**	**$**	**$**
Opening balance – December 31, 2021	**2**	**10,100**	**17**	**10,119**
Additions	77,253	110,901	-	**188,154**
Closing balance – December 31, 2022	**77,255**	**121,001**	**17**	**198,273**
Deferred exploration costs:				
Opening balance – December 31, 2021	**-**	**-**	**276,172**	**276,172**
Costs incurred during the period:				
Drilling and related costs	545,354	-	55,963	**601,317**
Professional/technical fees	14,655	15,150	40,035	**69,840**
Claim maintenance/lease costs	91,819	-	202,545	**294,364**
Geochemical, metallurgy	43,702	10,721	44,618	**99,041**
Travel and accommodation	129,251	-	53,725	**182,976**
Geology, geophysics, exploration	135,635	117,125	65,730	**318,490**
Supplies and miscellaneous	20,012	216	7,968	**28,196**
Reclamation, environmental	9,584	-	14,036	**23,620**
Recovery of exploration costs	-	-	(41,974)	**(41,974)**
Impairment of deferred exploration costs	-	-	(120,480)	**(120,480)**
Total deferred exploration costs during the year	990,012	143,212	**322,166**	**1,455,390**
Closing balance – December 31, 2022	**990,012**	**143,212**	**598,338**	**1,731,562**
Total exploration and evaluation assets	**1,067,267**	**264,213**	**598,355**	**1,929,835**

The following is a description of the Company's most significant property interests and related spending commitments:

(a) Davis and Paradise Valley properties

On November 15, 2019, the Company entered into an option to purchase a 100% interest in the Davis property in Nevada, USA. Pursuant to an amending agreement dated August 31, 2020, the Company amended the purchase agreement to pay cash as follows:

	US$	
Upon execution of the agreement	100,000	Paid on November 15, 2019
August 31, 2020	25,000	Paid on August 7, 2020
May 15, 2021	25,000	Paid on May 14, 2021
May 15, 2022	50,000	Paid on May 13, 2022
May 15, 2023	50,000	Paid on May 12, 2023
May 15, 2024	100,000	
May 15, 2025	200,000	Greater of US$200,000 or 140 ounces of gold
Total	**550,000**	

The Company has the right to purchase the Davis property at any time to a maximum of US$800,000 plus 180 ounces of gold bullion. Upon commencement of production from the property, the Company shall pay a 2% NSR royalty with a buy down provision on the first 1% NSR royalty at the greater of $2,000,000 and 1,400 ounces of gold bullion and the remaining 1% NSR royalty at the greater of $6,000,000 and 4,000 ounces of gold bullion.

(Expressed in Canadian dollars)

9. Exploration and Evaluation Assets *(Continued)*

(a) Davis and Paradise Valley properties (Continued)

The Company entered into an option dated March 1, 2022 to purchase a claim within the Paradise property in Nevada USA. The option agreement shall continue for five years with the following cash minimum payments:

	US$	
Upon execution of the agreement	10,000	Paid on March 1, 2022
March 1, 2023	10,000	Paid on March 28, 2023
March 1, 2024	25,000	
March 1, 2025	25,000	
March 1, 2026	30,000	
March 1, 2027	650,000	
Total	**750,000**	

The Company has the option to purchase the claim at any time for the purchase price of US$750,000. Any of the above minimum payments shall be credited towards the purchase price. On March 26, 2024, the Company provided notice to terminate this option agreement.

(b) Logan

On May 26, 2022, the Company acquired 100% ownership of the Logan project located in Yukon, Canada for a total cost of $121,001 including a deposit of $10,100 paid during the year-ended December 31, 2021.

(c) Other Properties

Other properties consist of a portfolio of early-stage exploration projects located in Canada, United States and Mexico. During the year ended December 31, 2023, the Company acquired twelve new properties in United States and incurred acquisition costs of $363,169 (2022 - $Nil) and deferred exploration cost of $215,551 (2022 - $Nil). The Company also impaired six properties in Mexico for no proceeds and recorded a $6 loss on impairment of exploration and evaluation assets in profit or loss. In addition, the Company recorded a deferred exploration cost of $437,244 (2022 - $484,620), an impairment of deferred costs of $1,002,769 (2022 - $120,480) and a recovery of exploration cost of $32,813 (2022 - $41,974) with respect to properties not actively explored. As such, these properties are carried at $1 as at December 31, 2023.

Willow

The Willow property was transferred from Azucar to Almadex on May 18, 2018. The Company's wholly-owned U.S. subsidiary, Almadex America Inc., signed a definitive agreement to option up to 75% of its interest in the Willow project, Nevada, to Abacus Mining and Exploration Corp. ("Abacus").

Abacus can earn an initial 60% interest in the Willow project by incurring work expenditures on the project totaling US$3,000,000 and issuing a total of 416,668 shares to the Company over a five-year period.

(Expressed in Canadian dollars)

9. Exploration and Evaluation Assets *(Continued)*

(c) ***Other Properties*** *(Continued)*

Willow *(Continued)*

	No. of Common Shares in Abacus	Fair value on receipt $	Cumulative Amount of Exploration Expenditures ($US)
Beginning balance May 18, 2018	83,334	31,667	100,000
February 22, 2019	41,667	2,917	400,000
February 22, 2020	41,667	4,167	1,000,000
February 22, 2021	83,333	11,667	1,800,000
February 22, 2022	166,667	10,000	-
February 7, 2023	2,000,000	80,000	-
December 31, 2025	-	-	5,000,000
Total	**2,416,668**	**140,418**	**$ 5,000,000**

Upon having earned its initial interest, Abacus will be required to incur minimum annual exploration expenditures of US$500,000 on the property and, by February 22, 2027, deliver a Feasibility Study in respect of the Willow project to Almadex, subject to certain rights of extension. Should Abacus fail to incur the minimum annual expenditures for two consecutive years, Almadex may elect to become operator of the project, and the parties will enter into a 60%/40% joint venture agreement with standard dilution provisions.

Abacus will earn an additional 15% interest in the project upon delivery of a Feasibility Study to Almadex, at which point a 75%/25% joint venture will be formed, with pro-rata funding of ongoing work in proportion to the respective interests held at that time. Until such time as a joint venture is formed pursuant to the agreement, Almadex's interest is a carried interest.

On February 9, 2022, the definitive agreement was amended to include a certain drill hole at a designated location on the property and to extend the completion of the US$3 million cumulative exploration expenditures to December 31, 2022. On December 16, 2022, a second amendment was signed to extend the earn-in period to December 31, 2025 for 2,000,000 shares of Abacus on the condition that Abacus completes US$5 million cumulative exploration expenditures by that time.

On February 7, 2023, the Company received 2,000,000 shares of Abacus at a fair value of $80,000.

Nicoamen and Merit

On March 27, 2019, the Company signed a definitive agreement to option a 60% interest in the Nicoamen and Merit projects to Independence Gold Corp. ("IGC"). IGC can acquire a 60% interest in the respective property by incurring work expenditures on each project totaling $725,000 and issuing a total of 650,000 shares to the Company over a three-year period per each project. In addition, IGC commits to drill 1,000 meters during a three-year option period per each project.

On March 28, 2022, the IGC terminated its options on the Nicoamen and Merit projects.

Ponderosa

On September 11, 2019, the Company signed a definitive agreement to option a 60% interest in the Ponderosa project to 1201361 B.C. Ltd. ("Optionee"). Optionee can acquire a 60% interest in the property by incurring work expenditures totaling $500,000, including 500 meters of drilling within three-years and completing a "liquidity event" within four years. In addition, the Optionee issued 5% of its issued capital to the Company,

9. Exploration and Evaluation Assets *(Continued)*

Ponderosa *(Continued)*

and will top-up to this amount at the time of a liquidity event.

A "liquidity event" is some form of transaction which results in the Optionee's, or its affiliates', common shares becoming publicly traded on a recognized stock exchange.

Upon completion of the 60% earn-in, Almadex and the Optionee have agreed to immediately form a 40/60 joint venture for the purpose of carrying out further exploration work on the project with the Optionee as operator and straight line dilution for failure to participate in work programs. If either party's participating interest falls below 10%, their interest will be converted into a 2% NSR royalty.

On December 21, 2020, the liquidity event occurred where Company received a top up amount of 336,635 shares of 1201361 B.C. Ltd. and exchanged all of its shares of 1201361 B.C. Ltd. for 332,791 shares of Au Gold Corp. at fair value of $16,639.

On February 3, 2023, the Company sold its remaining 40% interest in the Ponderosa Property to Au Gold Corp. for consideration of shares and NSR royalty. On February 9, 2023, the Company received 750,000 shares of Au Gold Corp at a fair value of $30,000. The amount was recognized as a gain on exploration assets in profit or loss. The Company owns a 2% NSR royalty on the Poderosa projects.

Royalty on the El Encuentro property

On March 6, 2023 and on April 28, 2022, the Company received US$33,332 in cash from the sale of the 2% NSR royalty on its El Encuentro property. The payment is related to an advance annual royalty payment of up to US$100,000 per year in the event that commercial production does not occur prior to April 25, 2021.

10. Share Capital and Reserves

(a) Authorized share capital

At December 31, 2023, the Company's authorized share capital consisted of an unlimited number of common shares without par value.

(b) Issuance of common shares in 2023 and 2022

During the year ended December 31, 2023, the Company issued 305,423 common shares in connection with a cashless exercise of 2,421,200 options.

During the year ended December 31, 2022, the Company received $4,750 on the exercise of 25,000 options at price of $0.19. The Company also issued 92,552 shares in connection with a cashless exercise of 330,000 options.

(Expressed in Canadian dollars)

10. Share Capital and Reserves *(Continued)*

(c) Warrants

The continuity of warrants for the years ended December 31, 2023 and 2022 are as follows:

Expiry date	Exercise Price	December 31, 2022	Issued	Exercised	Expired	December 31, 2023
October 16, 2023[(1)]	$ 0.40	5,400,000	-	-	(5,400,000)	-
Warrants outstanding and exercisable		**5,400,000**	**-**	**-**	**(5,400,000)**	**-**
Weighted average exercise price		$ 0.40	-	-	$ 0.40	-

Expiry date	Exercise Price	December 31, 2021	Issued	Exercised	Expired	December 31, 2022
October 16, 2023[(1)]	$ 0.40	5,400,000	-	-	-	5,400,000
Warrants outstanding and exercisable		**5,400,000**	**-**	**-**	**-**	**5,400,000**
Weighted average exercise price		$ 0.40	-	-	-	$ 0.40

(1) On September 23, 2022, warrants with an expiry date of October 16, 2022 were extended to October 16, 2023.

(d) Stock option plan

The Company's stock option plan permits the issuance of options to acquire up to a maximum of 10% of the Company's issued common shares. Stock options issued to any consultant or person providing investor relations services cannot exceed 2% of the issued and outstanding common shares in any twelve month period. At December 31, 2023, the Company may reserve up to 416,794 shares that may be granted as stock options. The exercise price of any option cannot be less than the volume weighted average trading price of the shares for the five trading days immediately preceding the date of the grant. The maximum term of all options is ten years. The Board of Directors determines the term of the option and the time during which any options may vest. Options granted to consultants or persons providing investor relations services shall vest in stages with no more than 25% of such option being exercisable in any three month period. All options granted during the year ended December 31, 2023 vested on the date of grant.

The Company's stock option plan permits the option holder to exercise cashless by surrendering a portion of the underlying option shares to pay for the exercise price and the corresponding withholding taxes, if applicable.

The continuity of stock options for the years ended December 31, 2023 and 2022 are as follows:

(Expressed in Canadian dollars)

10. Share Capital and Reserves *(Continued)*

(d) ***Stock option plan*** *(Continued)*

Expiry date	Exercise price	December 31, 2022	Granted	Exercised		Expired/ cancelled	December 31, 2023
May 11, 2023	$ 0.26	2,579,200	-	(2,118,200)	(i)	(461,000)	-
June 14, 2023	$ 0.27	353,000	-	(303,000)	(i)	(50,000)	-
July 8, 2023	$ 0.30	757,800	-	-		(757,800)	-
December 5, 2023	$ 0.31	1,075,000	-	-		(1,075,000)	-
January 26, 2024	$ 0.31	50,000	-	-		-	50,000
May 31, 2027	$ 0.28	425,000	-	-		-	425,000
December 17, 2027	$ 0.34	-	330,000	-		-	330,000
May 12, 2028	$ 0.31	-	2,693,200	-		-	2,693,200
July 10, 2028	$ 0.28	-	1,110,800	-		-	1,110,800
July 10, 2028	$ 0.21	-	1,075,000	-		-	1,075,000
Options outstanding and exercisable		**5,240,000**	**5,209,000**	**(2,421,200)**		**(2,343,800)**	**5,684,000**
Weighted average exercise price		$ 0.28	$ 0.28	$ 0.26		$ 0.30	$ 0.28

(i) In accordance with the Company's stock option plan, options holders exercised 2,118,200 and 303,000 stock options on a cashless basis at an exercise price of $0.26 and $0.27 respectively. The total number of shares issued in connection with the cashless exercise of options was 305,423.

Expiry date	Exercise price	December 31, 2021	Granted	Exercised		Expired/ cancelled	December 31, 2022
May 9, 2022	$ 0.19	425,000	-	(25,000)		(400,000)	-
December 23, 2022	$ 0.21	330,000	-	(330,000)	(i)	-	-
May 11, 2023	$ 0.26	2,849,200	-	-		(270,000)	2,579,200
June 14, 2023	$ 0.27	433,000	-	-		(80,000)	353,000
July 8, 2023	$ 0.30	757,800	-	-		-	757,800
December 5, 2023	$ 0.31	1,075,000	-	-		-	1,075,000
January 26, 2024	$ 0.31	-	50,000	-		-	50,000
May 31, 2027	$ 0.28	-	425,000	-		-	425,000
Options outstanding and exercisable		**5,870,000**	**475,000**	**(355,000)**		**(750,000)**	**5,240,000**
Weighted average exercise price		$ 0.27	$ 0.28	$ 0.21		$ 0.22	$ 0.28

(i) In accordance with the Company's stock option plan, options holders exercised 330,000 stock options on a cashless basis at an exercise price of $0.21. The total number of shares issued in connection with the cashless exercise of options was 92,552.

The weighted average remaining life of stock options outstanding at December 31, 2023 was 4.30 years (2022 – 0.84 years).

(Expressed in Canadian dollars)

10. Share Capital and Reserves *(Continued)*

(d) Stock option plan (Continued)

The fair value of the options granted during the year ended December 31, 2023, was estimated on the grant date using the Black-Scholes option pricing model with the following weighted average assumptions:

Risk-free interest rate	3.40%
Expected life	4.92 years
Expected volatility	61.38%
Expected dividend yield	Nil
Weighted average share price on grant date	$0.28
Weighted average fair value per option	$0.15

The fair value of the options granted during the year ended December 31, 2022, was estimated on the grant date using the Black-Scholes option pricing model with the following weighted average assumptions:

Risk-free interest rate	2.69%
Expected life	4.68 years
Expected volatility	57.76%
Expected dividend yield	Nil
Weighted average share price on grant date	$0.27
Weighted average fair value per option	$0.12

During the year ended December 31, 2023, the Company recognized share-based payments expense of $788,272 (2022 - $56,000) associated with the vesting of stock options granted.

11. Related Party Transactions and Balances

(a) Compensation of key management personnel

Key management personnel include these persons having the authority and responsibility for planning, directing and controlling the activities of the Company as a whole. Key management includes members of the Board, the President and Chief Executive Officer, the Chief Financial Officer and the Executive Vice President. These amounts are included within administrative services fee expense. The aggregate value of compensation to key management personnel was as follows:

	December 31, 2023	December 31, 2022
Management fees[1]	**917,887**	848,138
Share-based payments	**645,700**	36,000
Directors' fees	**15,000**	30,000
	1,578,587	914,138

[1] Management fees are recorded within Administrative services fees.

11. Related Party Transactions and Balances *(Continued)*

(b) Other related party transactions

Administrative Services Agreement

The Company paid administrative services fees to Almaden pursuant to an Administrative Services Agreement dated May 18, 2018, under which Almaden provides the Company with office space, executive management, marketing support, technical oversight, and financial/corporate secretary duties, amongst other administrative services.

During 2023, the Company paid $1,346,494 (2022 - $1,161,360) to Almaden for administrative services of which, at December 31, 2023, included in trade and other payables is $369,045 (2022 - $117,044) due to Almaden. Amounts owing to related parties are unsecured, non-interest bearing and due on demand.

Other

Recorded in accounts receivable as at December 31, 2023 are $Nil (December 31, 2022 - $80,727) and $Nil (December 31, 2022 - $90,999) due from Almaden and Azucar respectively for mining exploration services rendered in Mexico during 2021.

During the year ended December 31, 2023, the Company paid $4,003 (2022 - $Nil) to Western Exploration Inc., a publicly listed company whose President and CEO is also a Director of the Company for storage and office rental.

12. Net Income (loss) per Share

Basic and diluted net income (loss) per share

The calculation of basic net loss per share for the year ended December 31, 2023 was based on the net loss attributable to common shareholders of $2,944,897 (2022 – net income of $3,220,145) and a weighted average number of common shares outstanding of 60,895,883 (2022 – 60,605,183).

The calculation of diluted net loss per share for the year ended December 31, 2023 did not include the effect of stock option and warrants, as they were considered to be anti-dilutive.

The calculation of diluted net income per share for the year ended December 31, 2022 includes a weighted average number of common shares outstanding of 60,979,299, adjusted for the effects of all dilutive potential common shares, which comprises 374,116 stock options and nil warrants.

(Expressed in Canadian dollars)

13. Supplemental Cash Flow Information

Supplemental information regarding the split between cash and cash equivalents is as follows:

	December 31, 2023	December 31, 2022
	$	$
Cash	**2,701,192**	5,642,012
Term Deposits	**13,523,340**	12,754,160
	16,224,532	18,396,172

Supplemental information regarding non-cash transactions is as follows:

	Periods Ended	
Investing and financing activities	**December 31, 2023**	December 31, 2022
		$
Exploration and evaluation expenditures included in trade and other payables	**76,840**	70,429
Fair value of shares received on option of and disposal of exploration and evaluation assets	**110,000**	10,000

During the years ended December 31, 2023, the Company paid $Nil (2022 – $Nil) for income taxes and $Nil (2022 - $Nil) for interest.

14. Income Taxes

(a) The income tax recognized in income and comprehensive income are as follows:

	December 31, 2023	December 31, 2022
	$	$
Current income tax recovery	**(224,901)**	(21,599)
Deferred income tax expense	**200,307**	220,760
Income taxes expense (recovery)	**(24,594)**	199,161

The provision for income taxes differs from the amounts computed by applying the Canadian statutory rates to the net loss before income taxes due to the following:

	December 31, 2023	December 31, 2022
	$	$
Income (loss) before income taxes	**(2,969,491)**	3,419,306
Statutory rate	**27%**	27%
Expected income tax	**(801,762)**	923,213
Effect of different tax rates in foreign jurisdictions	**(38,356)**	68,519
Non-deductible share-based payments	**212,833**	15,120
Other permanent items	**125,741**	(96,399)
Change in unrecognized deductible temporary differences and other	**476,950**	(711,292)
Total income tax expense (recovery)	**(24,594)**	199,161

(Expressed in Canadian dollars)

14. Income Taxes *(Continued)*

(b) The significant components of deferred income tax assets (liabilities) are as follows:

	December 31, 2023	December 31, 2022
	$	$
Deferred tax assets:		
Exploration and evaluation assets	**253,078**	463,694
Marketable securities and investments	**212,237**	156,962
Property, plant and equipment	**956**	16,032
	466,271	636,688
Deferred tax liabilities:		
Exploration and evaluation assets	**-**	(14,854)
Property and equipment	**(956)**	(1,178)
Gold loan receivable	**(212,237)**	(156,962)
Marketable securities	**(72,803)**	(83,112)
	(285,996)	(256,106)
Net deferred tax assets	**180,275**	380,582

(c) Deductible temporary differences, unused tax losses and unused tax credits for which no deferred tax assets have been recognized are attributable to the following:

	December 31, 2023	December 31, 2022
	$	$
Non-capital loss carryforwards	**7,888,880**	2,878,305
Capital loss carryforwards	**25,635**	25,635
Exploration and evaluation assets	**21,268,456**	20,380,527
Share issue costs	**5,038**	10,076
Property and equipment	**2,631,418**	1,633,218
Marketable securities and investments	**1,284,972**	1,478,901
	33,104,399	26,406,662

At December 31, 2023, the Company had operating loss carryforwards available for tax purposes in Canada of $1,647,957 (2022 - $1,246,895) which expire between 2033 and 2043, in the United States of $1,207,333 (2022 - $641,626) which expire between 2036 to indefinite and in Mexico of $5,033,590 (2022 - $989,784) which expire between 2023 and 2033.

15. Financial Instruments

The fair values of the Company’s cash and cash equivalents, accounts receivable, reclamation deposits, gold loan receivable and trade and other payables approximate their carrying values because of the short-term nature of these instruments. The fair value of the gold loan receivable is based on the gold market price as at each reporting date.

The Company’s financial instruments are exposed to certain financial risks, including currency risk, credit risk, liquidity risk, interest rate risk and commodity and equity price risk.

15. Financial Instruments *(Continued)*

(a) Currency risk

The Company's property interests in Mexico make it subject to foreign currency fluctuations and inflationary pressures which may adversely affect the Company's financial position, results of operations and cash flows. The Company is affected by changes in exchange rates between the Canadian dollar and foreign currencies. The Company does not invest in foreign currency contracts.

As at December 31, 2023, the Company is exposed to foreign exchange risk through the following assets and liabilities denominated in currencies other than the functional currency of the applicable subsidiary:

All amounts in Canadian dollars	**US dollar**	**Mexican peso**
	$	**$**
Cash and cash equivalents	13,830,987	648,090
Accounts receivable and prepaid expenses	39,885	4,375
Gold loan receivable	5,659,118	-
Reclamation deposits	14,215	-
Total assets	**19,544,205**	**652,465**
Trade and other payables	104,601	9,232
Total liabilities	**104,601**	**9,232**
Net assets	**19,439,604**	**643,233**

A 10% change in the US dollar exchange rate relative to the Canadian dollar would change the Company's profit or loss by $1,940,000.

A 10% change in the Mexican peso relative to the Canadian dollar would change the Company's profit or loss by $64,000.

(b) Credit risk

The Company's cash and cash equivalents are held in large Canadian and Mexican financial institutions. The Company's accounts receivable consists primarily of receivables on drilling services charged to third parties, Almaden and Azucar. The Company also has a gold loan receivable from Almaden. The Company is exposed to credit risks through its accounts receivable and gold loan receivable.

To mitigate exposure to credit risk on cash and cash equivalents, the Company has established policies to limit the concentration of credit risk with any given banking institution where the funds are held, to ensure counterparties demonstrate minimum acceptable credit risk worthiness and ensure liquidity of available funds.

To mitigate exposure to credit risk on the gold loan receivable, the Company has secured the gold loan receivable with certain equipment related to Almaden's Rock Creek Mill, and also has been monitoring the share price of Almaden to ensure the loan can be settled with Almaden's common shares according to the terms of the loan agreement.

As at December 31, 2023, the Company's maximum exposure to credit risk is the carrying value of its cash and cash equivalents, accounts receivable and gold loan receivable.

15. Financial Instruments *(Continued)*

(c) Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company manages liquidity risk through the management of its capital structure and cash flow from exploration and drilling services.

Trade and other payables are due within twelve months of the statement of financial position date.

(d) 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 is exposed to varying interest rates on cash and cash equivalents. The Company has no interest-bearing debt.

A 1% change in the interest rate does not have a significant impact on the Company's net loss.

(e) Commodity and equity price risk

(i) Commodity price risk

The ability of the Company to explore its exploration and evaluation assets and the future profitability of the Company are directly related to the market price of gold and other precious metals. The Company is exposed to the commodity price risk on fluctuation of gold prices on its gold loan receivable. The Company monitors gold prices to determine the appropriate course of action to be taken by the Company.

A 1% change in the price of gold would affect the fair value of the Company's gold loan receivable by $56,000.

(ii) Equity price risk

Equity price risk is defined as the potential adverse impact on the Company's operations due to movements in individual equity price or general movements in the level of the stock market. The Company closely monitors the individual equity movements and the stock market to determine the appropriate course of action to be taken by the Company.

(f) Classification of financial instruments

IFRS 13 establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value as follows:

Level 1 – quoted prices (unadjusted) in active markets for identical assets or liabilities;

Level 2 – inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices); and

Level 3 – inputs for the asset or liability that are not based on observable market data (unobservable inputs).

(Expressed in Canadian dollars)

15. Financial Instruments *(Continued)*

(f) Classification of financial instruments *(Continued)*

The following table sets forth the Company's financial assets measured at fair value by level within the fair value hierarchy.

2023	**Level 1**	**Level 2**	**Level 3**	**Total**
	$	**$**	**$**	**$**
Marketable securities and investments	1,095,419	-	-	1,095,419
Gold loan receivable	5,659,118	-	-	5,659,118

2022	**Level 1**	**Level 2**	**Level 3**	**Total**
	$	**$**	**$**	**$**
Marketable securities and investments	1,068,373	15,000	-	1,083,373
Gold loan receivable	4,885,928	-	-	4,885,928

Level 2 inputs used in determining the fair value of contingent shares receivable includes the use of quoted market prices for the underlying shares of the public companies, as well as estimates regarding the likelihood of achieving certain milestones that would trigger the collection of the contingent shares receivable by the Company.

Level 2 inputs are also used in determining the fair value of warrants received from Almaden and Star Royalties (Note 5) as an arrangement fee to cover the administrative costs of setting up the gold loan using the Black-Scholes option-pricing model and proceeds on sale of royalties respectively.

16. Management of Capital

The Company considers its capital to consist of components of equity. The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to pursue the exploration of its exploration and evaluation assets and to maintain a flexible capital structure which optimizes the costs of capital at an acceptable risk.

The Company manages its 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 the capital structure, the Company may attempt to issue new shares and, acquire or dispose of assets.

In order to maximize ongoing exploration efforts, the Company does not pay out dividends. The Company's investment policy is to invest its short-term excess cash in highly liquid short-term interest-bearing investments with short-term maturities, selected with regards to the expected timing of expenditures from continuing operations.

The Company expects its current capital resources will be sufficient to carry its exploration plans and operations for the foreseeable future. There have been no changes to the Company`s capital management approach during the year. The Company is not subject to externally imposed capital requirements.

(Expressed in Canadian dollars)

17. Segmented Information

The Company operates in one reportable operating segment, being the acquisition and exploration of mineral resource properties in Canada, the United States, and Mexico.

Geographic information is as follows:

2023	Gold loan receivable	Deferred income tax assets	Property and equipment	Exploration and evaluation assets	Reclamation deposit	December 31, 2023
	$	$	$	$	$	$
Canada	5,659,118	180,275	4,062	301,964	61,000	6,206,419
United States	-	-	195,225	1,881,148	14,215	2,090,588
Mexico	-	-	614,820	4	-	614,824
	5,659,118	**180,275**	**814,107**	**2,183,116**	**75,215**	**8,911,831**

2022	Gold loan receivable	Deferred income tax assets	Property and equipment	Exploration and evaluation assets	Reclamation deposit	December 31, 2022
	$	$	$	$	$	$
Canada	4,885,928	380,582	5,106	264,218	40,000	5,575,834
United States	-	-	258,535	1,067,270	-	1,325,805
Mexico	-	-	800,702	598,347	-	1,399,049
	4,885,928	**380,582**	**1,064,343**	**1,929,835**	**40,000**	**8,300,688**

The Company's revenue from interest income on cash and cash equivalents was earned in Canada. Other income from exploration and drilling services was earned from customers in USA $602,558 (2022 - $923,724) and Mexico $Nil (2022 - $5,959,022).

18. Subsequent Events

a) On February 7, 2024, the Company received an additional payment of USD$33,332 in cash from the sale of the 2% NSR royalty on its El Encuentro property. The payment is related to an advance annual royalty payment on certain concessions in the event that commercial production does not occur prior to April 25, 2021.

b) On March 12, 2024, Almaden provided notice to the Company of its intention to extend the maturity date from March 31, 2024 to March 31, 2026 on the Gold Loan.

c) On March 26, 2024, the Company provided notice to terminate an option agreement to acquire a claim at the Davis/Paradise Project in Nevada, USA.