ROKMASTER RESOURCES CORP.

CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEARS ENDED DECEMBER 31, 2022 and 2021

(Stated in Canadian Dollars Unless Noted Otherwise)

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INDEPENDENT AUDITOR'S REPORT

To the Shareholders of Rokmaster Resources Corp.

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the consolidated financial statements of Rokmaster Resources Corp. (the "Company"), which comprise the consolidated statements of financial position as at December 31, 2022 and 2021 and the consolidated statements of loss and comprehensive loss, shareholders' equity and cash flows for the years then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2022 and 2021 and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards ("IFRS").

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the 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 ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Material Uncertainty Related to Going Concern

We draw attention to Note 1 in the consolidated financial statements, which indicates that the Company has incurred losses since inception, has no recurring source of revenue, and has an accumulated deficit of $29,462,096 and a working capital deficit as at December 31, 2022. As stated in Note 1, these events or conditions, along with other matters as set forth in Note 1, indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

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 period. 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 that there is the following key audit matter to communicate in our auditor's report.

Key audit matter:	**How our audit addressed the key audit matter:**
Assessment of impairment indicators of Mineral interests	Our approach to addressing the matter included the following procedures, among others:
Refer to note 3(n) – Use of judgements and estimates, note 3(f) – Accounting policy Mineral interests (exploration and evaluation) and note 7 Mineral interests Management assesses at each reporting period whether	Evaluated the reasonableness of management's assessment of impairment indicators, which included the following: • Assessed the Company's market capitalization in comparison to the Company's net assets, which may be

there is an indication that the carrying value of mineral interests may not be recoverable. Management applies significant judgement in assessing whether indicators of impairment exist that necessitate impairment testing. Internal and external factors, such as (i) a significant decline in the market value of the Company's share price; (ii) changes in the Company's assessment of whether commercially viable quantities of mineral resources exist within the properties; and (iii) changes in metal prices, capital and operating costs, are evaluated by management in determining whether there are any indicators of impairment. We considered this a key audit matter due to (i) the significance of the mineral interest asset balance and (ii) the significant audit effort and subjectivity in applying audit procedures to assess the factors evaluated by management in its assessment of impairment indicators, which required significant management judgement.	an indication of impairment. • Assessed the completeness of the factors that could be considered indicators of impairment, including consideration of evidence obtained in other areas of the audit. • Confirmed that the Company's right to explore the properties had not expired. • Obtained management's written representations regarding the Company's future plans for the mineral interests. • Assessed the reasonability of the Company's financial statement disclosure regarding their mineral interest assets.

Other Information

Management is responsible for the other information. The other information comprises the information included in "Management's Discussion and Analysis" but does not include the consolidated financial statements and our auditor's report thereon.

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. 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, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

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

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

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

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

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

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

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

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor's report is James Roxburgh.

De Visser Gray LLP

Chartered Professional Accountants

Vancouver, BC, Canada
April 27, 2023

Rokmaster Resources Corp.
Consolidated Statements of Financial Position

(Stated in Canadian Dollars Unless Noted Otherwise)

ASSETS		**As at December 31, 2022**		As at December 31, 2021
Current assets:				
Cash	**$**	**33,180**	$	4,656,633
Amounts receivable *(Note 5)*		**214,467**		80,018
Prepaids and deposits		**161,802**		216,339
		409,449		4,952,990
Non-current assets:				
Reclamation bonds *(Note 6)*		**64,750**		64,750
Mineral interests *(Note 7a)*		**6,103,891**		1,986,500
Total Assets	**$**	**6,578,090**	$	7,004,240

LIABILITIES AND SHAREHOLDERS' EQUITY				
Current liabilities:				
Accounts payable and accrued liabilities *(Notes 8 and 10)*	**$**	**1,038,316**	$	739,768
Deferred share premium liability *(Note 9b)*		**-**		652,070
Total Liabilities		**1,038,316**		1,391,838
SHAREHOLDERS' EQUITY				
Share capital *(Note 9)*		**21,718,497**		18,159,747
Share-based payments reserve		**13,283,373**		11,143,458
Accumulated deficit		**(29,462,096)**		(23,690,803)
Total Shareholders' Equity		**5,539,774**		5,612,402
Total Liabilities and Shareholders' Equity	**$**	**65,780,090**	$	7,004,240

Nature of Operations and Going Concern *(Note 1)*
Contingency *(Note 14)*
Events After the Reporting Period *(Notes 7, 9 and 16)*

ON BEHALF OF THE BOARD:

"John M. Mirko", Director   *"Michael Cowin"*, Director

- See Accompanying Notes to the Consolidated Financial Statements -

Rokmaster Resources Corp.
Consolidated Statements of Loss and Comprehensive Loss
(Stated in Canadian Dollars Unless Noted Otherwise)

		For the year ended December 31, 2022		For the year ended December 31, 2021
Expenses				
Consulting fees *(Note 10)*	**$**	**492,330**	$	512,598
Corporate listing and filings fees		**52,715**		66,220
Exploration and evaluation expenditures *(Notes 7b and 10)*		**4,853,748**		7,561,976
Office and general		**66,125**		40,313
Professional fees		**112,098**		43,908
Rent		**32,400**		31,000
Share-based compensation *(Notes 9f and 10)*		**674,717**		331,005
Travel, public and shareholder relations and conferences		**216,730**		507,865
Loss from Operations		**(6,500,863)**		(9,094,885)
Other Income				
Premium on flow-through shares *(Note 9b)*		**729,570**		1,647,259
Total Other Income		**729,570**		1,647,259
Net Loss and Comprehensive Loss for the Year	**$**	**(5,771,293)**	$	(7,447,626)
Basic Loss per Common Share *(Note 3k)*	**$**	**(0.04)**	$	(0.07)
Weighted Average Number of Common Shares Outstanding		**130,873,200**		103,624,340

- See Accompanying Notes to the Consolidated Financial Statements -

Rokmaster Resources Corp.
Consolidated Statements of Cash Flows
(Stated in Canadian Dollars Unless Noted Otherwise)

	For the year ended December 31, 2022	For the year ended December 31, 2021
Operating Activities		
Net loss for the year	**$ (5,771,293)**	$ (7,447,626)
Items not affected by cash:		
Share-based compensation	**674,717**	331,005
Premium on flow-through shares	**(729,570)**	(1,647,259)
Changes in non-cash working capital:		
Amounts receivable	**(134,449)**	107,386
Prepaids and deposits	**54,537**	51,951
Accounts payable and accrued liabilities	**298,548**	(168,736)
Cash used in operating activities	**(5,607,510)**	(8,773,279)
Investing Activities		
Acquisition of mineral interests	**(4,000,000)**	(1,040,000)
Reclamation bonds	**-**	(17,250)
Cash used in investing activities	**(4,000,000)**	(1,057,250)
Financing Activities		
Proceeds from private placements	**5,325,000**	3,482,704
Share issue costs	**(345,943)**	(265,462)
Proceeds from exercise of warrants	**-**	972,887
Proceeds from exercise of stock options	**5,000**	113,750
Proceeds from exercise of finder's options and warrants	**-**	6,000
Cash provided by financing activities	**4,984,057**	4,309,879
Decrease in Cash	**(4,623,453)**	(5,520,650)
Cash - Beginning of the Year	**4,656,633**	10,177,283
Cash - End of the Year	**$ 33,180**	$ 4,656,633

Supplemental Schedule of Non-Cash Financing Activities		
Fair value of warrants issued in connection with financing *(Note 9b)*	**$ 1,356,726**	$ 705,453
Fair value of finder's options or warrants in connection with financing *(Note 9b)*	**$ 112,428**	$ 63,288

- See Accompanying Notes to the Consolidated Financial Statements -

Rokmaster Resources Corp.
Consolidated Statements of Shareholders' Equity

(Stated in Canadian Dollars Unless Noted Otherwise)

	Share Capital								
	# of Shares		Amount		Share-Based Payments Reserve		Accumulated Deficit		Total
Balance at December 31, 2020	97,322,545	$	14,881,104	$	10,433,287	$	(16,243,177)	$	9,071,214
Shares issued for cash	8,246,407		3,482,704		-		-		3,482,704
Share issue costs	-		(328,750)		63,288		-		(265,462)
Shares issued from exercise of warrants, options and finders' options and warrants	7,287,667		1,482,212		(389,575)		-		1,092,637
Fair value of warrants issued from financing	-		(705,453)		705,453		-		-
Fair value of share-based compensation	-		-		331,005		-		331,005
Flow-through premium	-		(652,070)		-		-		(652,070)
Net loss for the year	-		-		-		(7,447,626)		(7,447,626)
Balance at December 31, 2021	112,856,619	$	18,159,747	$	11,143,458	$	(23,690,803)	$	5,612,402
Shares issued for cash	26,266,665		5,325,000		-		-		5,325,000
Share issue costs	-		(458,401)		112,458		-		(345,943)
Shares issued from exercise options	50,000		8,986		(3,986)		-		5,000
Shares issued for mineral properties	521,739		117,391		-		-		117,391
Fair value of warrants issued from financing	-		(1,356,726)		1,356,726		-		-
Fair value of share-based compensation	-		-		674,717		-		674,717
Flow-through premium	-		(77,500)		-		-		(77,500)
Net loss for the year	-		-		-		(5,771,293)		(5,771,293)
Balance at December 31, 2022	**139,695,023**	**$**	**21,718,497**	**$**	**13,283,373**	**$**	**(29,462,096)**	**$**	**5,539,774**

- See Accompanying Notes to the Consolidated Financial Statements -

1. Nature of Operations and Going Concern

Rokmaster Resources Corp. (the "Company" or "Rokmaster") was incorporated on December 21, 2010 under the Business Corporations Act (British Columbia). The Company is listed on the TSX Venture Exchange ("TSX.V") under the symbol "RKR", on the OTCQB in the USA under the symbol "RKMSF" and on the Frankfurt Stock Exchange under the symbol "1RR1." The Company's head office, principal address and records office is located at 615 – 625 Howe Street, Vancouver, British Columbia, Canada V6C 2T6. The Company's registered address is located at Suite 2300, Bentall 5, 550 Burrard Street, Vancouver, British Columbia, Canada V6C 2B5. Rokmaster is primarily engaged in the acquisition of mineral resource properties and the exploration and development of such properties for minerals. Minerals of interest to the Company include precious metals, base metals and industrial minerals.

These consolidated financial statements have been prepared on the basis that the Company will continue as a going concern, which assumes that the Company will be able to meet its commitments, continue operations, and realize its assets and discharge its liabilities in the normal course of business for the foreseeable future. The Company has incurred losses since inception, has no recurring source of revenue, has an accumulated deficit of $29,462,096 and a working capital deficiency of $628,867 at December 31, 2022. These material uncertainties cast significant doubt upon the Company's ability to continue as a going concern.

The Company will need to raise sufficient funds as the Company's current assets are not sufficient to finance its operations and administrative expenses. The Company is evaluating financing options including, but not limited to, the issuance of additional equity and debt. The Company has no assurance that such financing will be available or be available on favourable terms. Factors that could affect the availability of financing include the Company's performance (as measured by numerous factors including the progress and results of its projects), the state of international debt and equity markets, investor perceptions and expectations and the global financial and metals markets.

These consolidated financial statements do not reflect the adjustments to the carrying values of assets and liabilities and the reported expenses and statement of financial position classifications that would be necessary were the going concern assumption inappropriate, and these adjustments could be material.

2. Basis of Presentation

a. Statement of Compliance

The consolidated financial statements of the Company were prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and interpretations of the IFRS Interpretations Committee, effective for the Company's reporting year ended December 31, 2022. The significant accounting policies are presented in Note 3 and have been consistently applied in each of the periods presented. The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Company's accounting policies. The areas involving a high degree of judgment or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in Note 4.

(Stated in Canadian Dollars Unless Noted Otherwise)

2. Basis of Presentation - *Continued*

b. Approval of the Financial Statements

The consolidated financial statements of Rokmaster for the year ended December 31, 2022 were reviewed by the Audit Committee and approved and authorized for issue by the Board of Directors on April 27, 2023.

3. Summary of Significant Accounting Policies

The significant accounting policies used in the preparation of these consolidated financial statements are as follows:

a. Basis of Measurement

Depending on the applicable IFRS requirements, the measurement basis used in the preparation of these financial statements is cost, net realizable value, fair value or recoverable amount. These financial statements, except for the statement of cash flows, are based on the accrual basis.

b. Basis of Consolidation

The financial statements of the Company consolidate the accounts of Rokmaster and its subsidiaries. All intercompany transactions, balances and unrealized gains and losses are eliminated on consolidation. Subsidiaries are those entities which Rokmaster controls by having the power to govern the financial and operating policies. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether Rokmaster controls another entity. Subsidiaries are fully consolidated from the date on which control is obtained by Rokmaster and are de-consolidated from the date that control ceases.

The Company's subsidiaries are presented below:

Subsidiary	Location	Interest	Status
4Metals Exploration Ltd.	Canada	100%	Consolidated
RKR Peru S.A.	Peru	100%	Consolidated
Minera Pinaya Peru S.A.	Peru	100%	Consolidated

c. Cash and Cash Equivalents

Cash and cash equivalents include cash on hand, demand deposits and short-term highly liquid investments with an original term to maturity of three months or less. As at December 31, 2022 and 2021, the Company only held cash.

d. Reclamation Bonds

The Company maintains cash deposits as required by regulatory bodies as assurance for the funding of reclamation costs. These funds are restricted to that purpose and are not available to the Company until the reclamation obligations have been fulfilled or the related property is sold and the obligation is assumed by the buyer.

3. Summary of Significant Accounting Policies - *Continued*

e. Mineral Exploration Tax Credit ("METC")

The Company recognizes METC amounts when the Company's METC application is approved by the relevant jurisdiction or when the amount to be received can be reasonably estimated and collection is reasonably assured.

f. Mineral Interests (Exploration and Evaluation)

The Company's policy is to expense, as incurred, exploration and evaluation expenditures until the mineral property reaches the development stage. Costs related to property acquisitions are capitalized until the viability of the mineral interest is determined. When it has been established that a mineral deposit is commercially mineable and an economic analysis has been completed, the costs subsequently incurred to develop a mine on the property prior to the start of mining operations are capitalized and will be amortized against production following commencement of commercial production, or written off if the property is sold, allowed to lapse or abandoned. Title to mineral properties 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 conveyance historical characteristic of many resource properties. The Company has investigated title to all of its resource properties and, to the best of its knowledge, title to all of its properties are in good standing.

g. Impairment of Non-Current Assets

At each reporting period, management reviews mineral interests for indicators of impairment. If any such impairment indicators exist, the recoverable amount of the asset is estimated to determine the extent of the impairment, if any. The recoverable amount is the higher of fair value less costs to sell and value in use. Fair value is determined as the amount that would be obtained from the sale of the asset in an arm's length transaction. In assessing value in use, the estimated future cash flows are discounted to their preset value. If the recoverable amount of the asset is less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount and the impairment loss is recognized in the profit or loss for that period. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash generating unit to which the asset belongs.

Past impairments are also considered at each reporting period and where there is an indication that an impairment loss may have decreased, the recoverable amount is calculated as outlined above to determine the extent of the recovery. If the recoverable amount of the asset is more than its carrying amount, the carrying amount of the asset is increased to its recoverable amount and the impairment loss is reversed in profit or loss for that period. The increased carrying amount due to reversal will not be more than what the depreciated historical cost would have been if the impairment had not been recognized.

h. Income Taxes

The Company uses the asset and liability method of accounting for income taxes. Under this method, deferred tax assets and liabilities are recognized for the future tax consequences attributable to differences between the financial statement carrying amounts of existing assets

3. Summary of Significant Accounting Policies - *Continued*

and liabilities and their respective tax bases. Deferred tax assets and liabilities are measured using enacted or substantively enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. Deferred income tax assets also result from unused loss carry forwards, resource related pools and other deductions. A deferred tax asset is recognized for unused tax losses, tax credits and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

i. Share-Based Payments

The Company grants stock options to buy common shares of the Company to directors, officers, employees and consultants. Share-based payments to employees are measured at the fair value of the instruments issued and amortized over the vesting periods. Share-based payments to non-employees are measured at the fair value of the goods or services received or the fair value of the equity instruments issued, if it is determined the fair value of the goods or services cannot be reliably measured, and are recorded at the date the goods or services are received. The offset to the recorded cost is to share-based payments reserve. Consideration received on the exercise of stock options is recorded as share capital and the related share-based payments reserve is transferred to share capital. Where awards are forfeited because non-market based vesting conditions are not satisfied, the expense previously recognized is proportionately reversed in the period the forfeiture occurs.

Share-based compensation expense is also recognized in connection with common share issuances where an intrinsic value in excess of the cash consideration paid can be reasonably established at the date of issuance.

j. Share Capital

The Company records in share capital proceeds from share issuances, net of issue costs and any tax effects. The fair value of common shares issued as consideration for mineral properties is based on the trading price of those shares on the TSX-V on the date of the agreement to issue shares or other fair value equivalent amount as determined by the Board of Directors. Stock options and other equity instruments issued as purchase consideration in non-monetary transactions are recorded at fair value determined by management using the Black-Scholes option pricing model. Proceeds from unit placements are allocated between shares and warrants issued according to their relative fair value.

k. Loss per Share

Loss per share is computed by dividing the loss available to common shareholders by the weighted average number of common shares outstanding during the period. Under this method, the weighted average number of common shares used to calculate the dilutive effect in the statement of loss and comprehensive loss assumes that the proceeds that could be obtained upon exercise of options, warrants and similar instruments would be used to purchase common shares at the average market price during the period. In periods where a net loss is incurred, basic and diluted loss per share is the same as the effect of outstanding stock options and warrants would be anti-dilutive.

3. Summary of Significant Accounting Policies – *Continued*

l. Financial Instruments

Financial assets and financial liabilities are recognized when the Company becomes a party to the contractual provisions of a financial instrument. On initial recognition, financial assets are classified and measured at amortized cost, fair value through profit or loss ("FVTPL") or fair value through other comprehensive income ("FVOCI").

A financial asset is measured at amortized cost if it meets both of the following conditions and is not designated as at FVTPL: (i) it is held within a business model whose objective is to hold assets to collect contractual cash flows, and (ii) 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 instrument is measured at FVOCI if it meets both of the following conditions and is not designated as at FVTPL: (i) it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets, and (ii) its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities classified as FVTPL) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities classified as FVTPL are recognized immediately in the statement of loss and comprehensive loss.

The Company's financial instruments are classified and subsequently measured as follows:

Account	Classification
Cash	Amortized cost
Amounts receivable (excluding sales tax receivable)	Amortized cost
Reclamation bonds	Amortized cost
Accounts payable and accrued liabilities	Amortized cost

Impairment

The Company recognizes an allowance using the Expected Credit Loss ("ECL") model on financial assets classified as amortized cost. The Company has elected to use the simplified approach for measuring ECL by using a lifetime expected loss allowance for all amounts recoverable. Under this model, impairment provisions are based on credit risk characteristics and days past due. When there is no reasonable expectation of collection, financial assets classified as amortized cost are written off. Indications of credit risk arise based on failure to pay and other factors. Should objective events occur after an impairment loss is recognized, a reversal of impairment is recognized in the statement of loss and comprehensive loss.

3. Summary of Significant Accounting Policies - *Continued*

m. Functional Currency Translation

The functional and reporting currency of the Company and its subsidiaries is the Canadian dollar. Transactions in currencies other than the functional currency are recorded at the rates of exchange prevailing on the transaction date. Monetary assets and liabilities that are denominated in foreign currencies are translated at the rates prevailing at each reporting date. Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are retranslated to the functional currency at the exchange rate at the date the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated. Foreign currency translation differences are recognized in profit or loss.

n. Use of Judgments and Estimates

The preparation of financial statements requires management to make estimates that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. Significant areas requiring the use of estimates and assumptions relate to the review of carrying values and determination of impairment charges of non-current assets. Actual results could differ from those estimates.

o. Flow-Through Shares

Resource expenditure deductions for income tax purposes related to exploration activities funded by flow-through share arrangements are renounced to investors under Canadian income tax legislation. On issuance, the Company separates 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 qualifying expenditures being incurred, the Company recognizes a deferred tax liability for the taxable temporary difference that arises from the difference between the carrying amount of eligible expenditures capitalized as exploration and evaluation assets and its tax base and the premium liability is reduced and recognized as a reduction of deferred tax expense. Proceeds received from the issuance of flow-through shares must be expended on Canadian resource property exploration within a period of two years. Failure to expend such funds as required under the Canadian income tax legislation will result in a Part XII.6 tax to the Company on flow-through proceeds renounced under the “Look-back” Rule. When applicable, this tax is classified as a financial expense.

p. New IFRS Pronouncement

IAS 1 – Presentation of Financial Statements: An amendment to IAS 1 was issued in January 2020 and applies to annual reporting periods beginning on or after January 1, 2023. The amendment clarifies the criterion for classifying a liability as non-current relating to the right to defer settlement of a liability for at least 12 months after the reporting period.

The Company adopted IAS 1 effective January 1, 2022 and the adoption had no impact on the Company’s results of operations, financial position, and disclosures.

4. Critical Accounting Estimates and Judgments

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

Carrying Value of Deferred Mineral Interests

The Company has capitalized the cost of acquiring mineral property interests and has classified these interests as mineral interests in its statement of financial position. Mineral interests are expensed in the period in which the Company determines that the mineral property interests have no future economic value. Mineral interests may also be written down if future cash flow, including potential sales proceeds and option payments, related to the property are estimated to be less than the carrying value of the property. The Company reviews the carrying value of its mineral interests periodically, and whenever events or changes in circumstances indicate that the carrying value may not be recoverable, reductions in the carrying value of each property would be recorded to the extent that the carrying value of the investment exceeds the property's estimated fair value. Such events or changes in circumstances involve changes in political risk, economic risk, commodity prices, exchange rates, and interest rates among others.

The Company has determined that there is no impairment in the carrying value of the Big Copper, Duncan Lake Zinc-Lead and Revel Ridge properties.

Deferred Tax Assets

Deferred income tax asset carrying amounts depend on estimates of future taxable income and the likelihood of reversal of timing differences. Where reversals are expected, estimates of future tax rates will be used in the calculation of deferred tax asset carrying amounts. Potential tax assets were deemed not to be recoverable at the current year end.

Going Concern

Management assesses the Company's ability to continue as a going concern in relation to its ability to raise funds.

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(Stated in Canadian Dollars Unless Noted Otherwise)

5. Amounts Receivable

		December 31, 2022		December 31, 2021
Sales tax receivable	**$**	**214,467**	$	80,018
Total	**$**	**214,467**	$	80,018

The Company expects full recovery of the amounts outstanding and, therefore, no allowance has been recorded against these receivables and all were recorded.

6. Reclamation Bonds

As at December 31, 2022, the Company had deposited $3,500 (December 31, 2021 - $3,500) into a guaranteed investment certificate (GIC) with a Canadian financial institution as part of a Safe Keeping Agreement entered into by the Company for the Big Copper Property. The GIC is being held to the order of the B.C. Ministry of Energy and Mines (the "BC MEM") and yields an annual interest rate of 0.90%.

The Company also has deposited with the BC MEM reclamation bonds of $21,500 (December 31, 2021 - $21,500) with respect to the Duncan Lake Zinc-Lead Project and $39,750 (December 31, 2021 - $39,750) with respect to the Revel Ridge Project.

7. Mineral Interests

a. Details of mineral interests capitalized for the years ended December 31, 2022 and 2021 are as follows:

		Duncan Lake		Big Copper		Revel Ridge		**Total**
Balance – December 31, 2020	$	646,000	$	69,500	$	231,000	$	946,500
Cash		-		-		1,040,000		1,040,000
Balance – December 31, 2021		646,000		69,500		1,271,000		1,986,500
Cash		-		-		4,000,000		4,000,000
Shares		-		-		117,391		117,391
Balance – December 31, 2022	**$**	**646,000**	**$**	**69,500**	**$**	**5,388,391**	**$**	**6,103,891**

(Stated in Canadian Dollars Unless Noted Otherwise)

7. Mineral Interests - *Continued*

b. Details of cumulative exploration and evaluation expenditures for the years ended December 31, 2022 and 2021 are as follows:

	Revel Ridge *(Note 7c)*	Duncan Lake *(Note 7d)*	Big Copper and Other Exploration Expenditures *(Notes 7e & 7f)*	Total
Assaying and sampling	$ 143,222	$ 6,016	$ 310	$ 149,548
Assessment	311,650	-	-	311,650
Drilling	2,204,212	234,202	-	2,438,414
Environmental	91,917	-	-	91,917
Field costs	974,110	74,979	984	1,050,073
Geological and geotechnical consulting	407,597	27,525	4,550	439,672
Metallurgy	372,474	-	-	372,474
Expenditures for the year	**4,505,182**	**342,722**	**5,844**	**4,853,748**
Balance – beginning of year	10,446,935	182,261	2,752,556	13,381,752
Balance – December 31, 2022	**$ 14,952,117**	**$ 524,983**	**$ 2,758,400**	**$ 18,235,500**

	Revel Ridge *(Note 7c)*	Duncan Lake *(Note 7d)*	Big Copper and Other Exploration Expenditures *(Notes 7e & 7f)*	Total
Assaying and sampling	$ 136,335	$ -	$ -	$ 136,335
Assessment	31,122	-	-	31,122
Drilling	4,898,721	-	-	4,898,721
Environmental	207,546	-	-	207,546
Field costs	1,149,930	9,311	4,765	1,164,006
Geological and geotechnical consulting	866,219	400	-	866,619
Metallurgy	257,627	-	-	257,627
Expenditures for the year	7,547,500	9,711	4,765	7,561,976
Balance – beginning of year	2,899,435	172,550	2,747,791	5,819,776
Balance – December 31, 2021	$ 10,446,935	$ 182,261	$ 2,752,556	$ 13,381,752

7. Mineral Interests - *Continued*

c. Revel Ridge Project, Canada

On February 24, 2020, the Company received TSX.V approval of its definitive option agreement (the "Option Agreement") dated December 23, 2019 with Huakan International Mining Inc. ("Huakan") and Huakan's shareholders pursuant to which Huakan has granted to the Company an option (the "Option") to acquire a 100% interest in Huakan's J&L Property in southeastern British Columbia (the "Property").

The Company can exercise the Option by paying Huakan an aggregate of $44,200,000 in cash on the following schedule (the "Option Period"):

1. $200,000 (paid) within 5 business days of the date on which the Company has obtained TSX.V acceptance of the Option Agreement (the "Effective Date");

2. an additional $1,000,000 (paid) within 5 business days of the first anniversary of the Effective Date;

3. an additional $4,000,000 (paid) within 5 business days of the second anniversary of the Effective Date;

4. an additional $6,000,000 within 5 business days of the third anniversary of the Effective Date which has been extended to February 25, 2024 *(Note 16a)*;

5. an additional $13,000,000 within 5 business days of the fourth anniversary of the Effective Date; and

6. an additional $20,000,000 within 5 business days of the fifth anniversary of the Effective Date.

A finder's fee equal to 3% of the value of any cash payment made by the Company to Huakan pursuant to the Option Agreement is payable in cash or shares of the Company, at the Company's option. During the year ended December 31, 2022, the Company issued 521,739 shares valued at $117,391 (2021 – nil) and paid cash of $nil (2021 - $30,000) cash to the finder.

d. Duncan Lake Zinc-Lead Property, Canada

On January 17, 2017, the Company completed its acquisition of a 100% interest in the Duncan Lake Zinc-Lead Property located in the Slocan Mining Division in southeast British Columbia, Canada (the "Duncan Lake Project") approximately 64 km north of Kaslo, British Columbia (the "Acquisition"), pursuant to a property purchase agreement dated November 2, 2016 (the "Purchase Agreement") with John (Jack) Denny, Robert Denny and Graeme Haines (collectively, the "Sellers"). The Property consists of 33 mineral claims covering 3,927 hectares along the strike extension of Teck Resources Ltd.'s ("Teck") historical Duncan Mine property and is 148 km by road northeast of Teck's smelter in Trail, British Columbia.

Under the Purchase Agreement, the Company provided the following aggregate consideration to the Sellers at closing in exchange for the Duncan Lake Project:

- an aggregate of 2,400,000 common shares of the Company ("Common Shares") were issued on the date of closing of the Acquisition;

- an aggregate of 7,200,000 Special Warrants that have various terms and exercise provisions; and

7. Mineral Interests – *Continued*

d. Duncan Lake Zinc-Lead Property, Canada – *Continued*

- a 2.5% net smelter returns royalty on gold, silver, lead and zinc bearing ores produced from the Property. The Company has the option to reduce the existing NSR of 2.5% to 0.5% by making cash payments of $1,200,000 for each 1% increment at any time.

Subsequent to December 31, 2022 and as consideration for the Company's issuance of an aggregate of 3,000,000 common shares to the Sellers, all of the 7,200,000 Special Warrants and the 2.5% NSR were cancelled.

On March 3, 2017, the Company completed its acquisition of a 100% interest in a certain British Columbia Mineral Tenure located in the Slocan Mining Division by issuing 50,000 Company common shares. The mineral claim adjoins the Duncan Lake Zinc Project.

On September 20, 2017, the Company entered into a Property Purchase Agreement (the "PPA"), to acquire a 100% interest in 11 mineral claims totaling 640 hectares by issuing 90,000 Company common shares and a 2.5% Net Smelter Return Royalty ("NSR") in favor of the arms-length seller. The NSR is subject to a buy-back provision providing the Company with the exclusive option, at any time if it so chooses, to purchase 1% NSR upon payment of $500,000 and the remaining balance of 1.5% NSR upon payment of an additional $500,000. The mineral claims are south of and adjacent to the Company's Duncan Lake Zinc Project.

Subsequent to December 31, 2022, the Company acquired a 100% interest in two important claim blocks totaling 1,627 hectares south of the Duncan Lake Project by issuing 2,000,000 common shares to the vendors.

e. Big Copper Property, Canada

On February 16, 2012, the Company entered into an Option Agreement (the "Big Copper Option") to earn a 100% undivided interest in certain mining claims, more particularly known as the Big Copper Property ("Big Copper"). Big Copper is located in the Fort Steele and Slocan Mining Divisions, British Columbia, Canada. To earn a 100% interest in Big Copper, the Company may, at its option, pay the following aggregate consideration over three years: paid $45,000 in total cash payments and issued 40,000 common shares in total (fair value - $24,500). On September 30, 2015, the parties mutually terminated the Big Copper Option and agreed to have the following share ownership to the Big Copper Property: 55% to the Company and 45% to the vendors.

f. Other Properties

The Company incurs exploration and evaluation expenditures in assessing the suitability of properties available for option or acquisition within North America and Latin America. The beginning balance in the schedule includes past projects written-off or terminated by the Company.

As at December 31, 2022, the Company has no other options to acquire interests in any mineral properties.

(Stated in Canadian Dollars Unless Noted Otherwise)

8. Accounts Payable and Accrued Liabilities

		December 31, 2022		December 31, 2021
Trade payables *(Note 10)*	**$**	**940,911**	$	622,363
Accrued expenses		**95,415**		115,415
Other		**1,990**		1,990
Total	**$**	**1,038,316**	$	739,768

9. Share Capital

a. Authorized: Unlimited number of common shares without par value.

b. Private Placements

For the year ended December 31, 2022:

On February 14, 2022, the Company closed a non-brokered private placement with the issuance of 10,853,000 non-flow-through units at a price of $0.25 per unit for gross proceeds of $2,713,250. Each unit is comprised of one common share and one common share purchase warrant with an exercise price of $0.45 for a period of two years expiring on February 14, 2024.

The warrants attached to this issuance have been valued at $854,410 based on the Black-Scholes Method using the assumptions noted below:

Assumptions	
Risk-free interest rate	1.51%
Expected stock price volatility	108.85%
Expected dividend yield	0.00%
Expected life of warrants	2 years

In connection with this closing, the Company paid finder fees in cash of $150,378 and issued 601,510 finder's warrants with a fair value of $69,121 using the same Black Scholes assumptions above, having an expiry date of February 14, 2024 and an exercise price of $0.45 to purchase one common share of the Company.

On February 23, 2022, the Company closed a non-brokered private placement with the issuance of 5,147,000 non-flow-through units at a price of $0.25 per unit for gross proceeds of $1,286,750. Each unit is comprised of one common share and one common share purchase warrant with an exercise price of $0.45 for a period of two years expiring on February 23, 2024.

The warrants attached to this issuance have been valued at $355,905 based on the Black-Scholes Method using the assumptions noted below:

Assumptions	
Risk-free interest rate	1.57%
Expected stock price volatility	109.02%
Expected dividend yield	0.00%
Expected life of warrants	2 years

(Stated in Canadian Dollars Unless Noted Otherwise)

9. Share Capital - *Continued*

b. Private Placements - *Continued*

In connection with this closing, the Company paid finder fees in cash of $79,590 and issued 318,360 finder's warrants with a fair value of $30,431 using the same Black Scholes assumptions above, having an expiry date of February 23, 2024 and an exercise price of $0.45 to purchase one common share of the Company.

The Company also paid $20,000 in other cash share issue costs in closing the February 14 and 23, 2022 private placements.

The non-flow-through units issued on February 14 and 23, 2022 above are subject to an accelerated expiry date, which comes into effect when the trading price on the TSX.V of the Company's common shares closes at or above $0.65 per share during any 10 consecutive trading day period commencing four months plus one day after the date of issuance. In such an event, the Company will issue a news release announcing such acceleration and the expiry date of the warrants will be 30 days from the date of the news release

On August 24, 2022, the Company closed a non-brokered financing (the "Financing") with the issuance of 3,100,000 flow-through units (the "FT Units") at a price of $0.15 per FT Unit and 7,166,665 non-flow-through units (the "NFT Units") at a price of $0.12 per NFT unit (the "NFT Units") for gross proceeds of $1,325,000.

Each FT Unit is comprised of one flow-through common share (the "FT Share") plus one-half (1/2) non-transferable share purchase warrant (the "FT Warrant") to purchase one non-flow-through common share (a "Warrant Share") at $0.25 per Warrant Share which expires on August 24, 2023. The FT Warrants are subject to an accelerated expiry date, at the Company's option, which comes into effect when the trading price on the TSX Venture Exchange (the "Exchange") of the Company's common shares closes at or above $0.30 per share during any 10 consecutive trading day period commencing four months plus one day after the date of issuance.

Each NFT Unit is comprised of one common share plus one non-transferable share purchase warrant (the "NFT Warrant") to purchase a Warrant Share at $0.20 which expires on August 24, 2023. The NFT Warrants are subject to an accelerated expiry date, at the Company's option, which comes into effect when the trading price on the TSX Venture Exchange (the "Exchange") of the Company's common shares closes at or above $0.25 per share during any 10 consecutive trading day period commencing four months plus one day after the date of issuance.

The warrants attached to this issuance have been valued at $146,411 based on the Black-Scholes Method using the assumptions noted below:

Assumptions	
Risk-free interest rate	3.52%
Expected stock price volatility	77.03%
Expected dividend yield	0.00%
Expected life of warrants	1 year

In connection with the closing of the Financing, the Company paid cash finder's fees in aggregate of $88,100, and issued a total of 687,666 finder's warrants (the "Finder's Warrants") to certain finders with a fair value of $12,906 using the same Black-Scholes assumptions above and of the total Finder's Warrants issued, 186,000 has the same terms

(Stated in Canadian Dollars Unless Noted Otherwise)

9. Share Capital - *Continued*

b. Private Placements - *Continued*

as the FT Warrants and 501,666 has the same terms as the NFT Warrants. The Company also paid $7,875 in other cash share issue costs.

On issuance of the FT shares on August 24, 2022, the Company recognized a premium valued at $77,500. The Company had incurred the full qualifying resource expenditures and had also filed its renunciation forms with an effective date of December 31, 2022, and therefore, reversed the premium liability and recognized a deferred tax recovery of $77,500 in the Company's consolidated statement of loss and comprehensive loss.

For the year ended December 31, 2021:

On January 6, 2021, the Company closed a non-brokered private placement with the issuance of 575,000 non-flow-through units at a price of $0.32 per unit for gross proceeds of $184,000. Each unit is comprised of one common share and one common share purchase warrant with an exercise price of $0.48 for a period of two years expiring on January 6, 2023.

The warrants attached to this issuance have been valued at $108,450 based on the Black-Scholes Method using the assumptions noted below:

Assumptions	
Risk-free interest rate	0.18%
Expected stock price volatility	142.86%
Expected dividend yield	0.00%
Expected life of warrants	2 years

In connection with this closing, the Company paid finder fees in cash of $12,880 and issued 40,250 finder's warrants with a fair value of $19,888 using the same Black Scholes assumptions above, having an expiry date of January 6, 2023 and an exercise price of $0.32 to purchase one common share of the Company. The Company also paid $37,934 in other cash share issue costs.

On December 29, 2021, the Company closed a non-brokered private placement by issuing 7,671,407 flow-through units at $0.43 for gross proceeds of $3,298,704. Each unit is comprised of one flow-through common share and one-half of a non-transferable common share purchase warrant exercisable to purchase one additional non-flow-through common share at a price of $0.50 for a period of two years and subject to an accelerated expiry date, which comes into effect when the trading price on the TSX.V of the Company's common shares closes at or above $0.60 per share during any 10 consecutive trading day period commencing four months plus one day after the date of issuance. In such an event, the Company will issue a news release announcing such acceleration and the expiry date of the warrants will be 30 days from the date of the news release.

(Stated in Canadian Dollars Unless Noted Otherwise)

9. Share Capital - *Continued*

b. Private Placements - *Continued*

The warrants attached to this issuance have been valued at $597,003 based on the Black-Scholes Method using the assumptions noted below:

Assumptions	
Risk-free interest rate	0.99%
Expected stock price volatility	124.03%
Expected dividend yield	0.00%
Expected life of warrants	2 years

In connection with the December 29, 2021 private placement, the Company paid finder fees in cash of $196,404 and issued an aggregate of 228,377 finders' warrants with a fair value of $43,400 using the same Black Scholes assumptions above, having an expiry date of December 29, 2023 and an exercise price of $0.50 to purchase one common share of the Company. The Company also paid $18,244 in other cash share issue costs.

On issuance of the flow-through shares on December 29, 2021, the Company recognized a premium valued at $652,070. The Company had incurred the full qualifying resource expenditures as of December 31, 2022, and therefore, reversed the premium liability and recognized a deferred tax recovery of $652,070 in the Company's consolidated statement of loss and comprehensive loss.

c. Incentive Stock Options

The Company adopted a stock option plan, which authorizes the Board of Directors to grant share purchase options to acquire up to 10% of the issued and outstanding common shares of the Company. The exercise price of the options will not be less than the price of the Company's shares at the date of grant. The options can be granted for a maximum of 10 years and the vesting of the options will be determined by the Board of Directors.

Details of issued and outstanding stock options are as follows:

	Number of Options	Weighted Average Exercise Price
Balance – December 31, 2020	7,275,000	$0.29
Granted	925,000	$0.47
Expired	(600,000)	$0.19
Balance – December 31, 2021	7,600,000	$0.32
Granted	5,000,000	$0.20
Exercised	(50,000)	$0.10
Expired	(1,120,000)	$0.30
Balance – December 31, 2022	**11,430,000**	**$0.27**

(Stated in Canadian Dollars Unless Noted Otherwise)

9. Share Capital - *Continued*

c. Incentive Stock Options - *Continued*

At December 31, 2022, the following stock options were exercisable:

Expiry Date	Weighted Average Exercise Price	Number of Options	Weighted Average Remaining Life in Years
June 12, 2023	$0.20	325,000	0.45
August 4, 2023	$0.30	1,500,000	0.59
July 15, 2024	$0.50	425,000	1.54
April 20, 2025	$0.15	875,000	2.30
December 28, 2025	$0.45	2,180,000	2.99
October 18, 2026	$0.45	500,000	3.80
June 21, 2027	$0.20	5,000,000	4.47
January 2, 2030	$0.10	625,000	7.01
		11,430,000	**3.40**

d. Share Purchase Warrants

Details of issued and outstanding share purchase warrants are as follows:

	Number of Warrants	Weighted Average Exercise Price
Balance – December 31, 2020	49,173,683	$0.36
Issued	4,410,704	$0.50
Exercised	(6,587,667)	$0.15
Expired	(1,167,000)	$0.10
Balance – December 31, 2021	45,829,720	$0.41
Issued	24,716,665	$0.36
Expired	(23,366,908)	$0.48
Balance – December 31, 2022	**47,179,477**	**$0.35**

At December 31, 2022, the following share purchase warrants were exercisable:

Expiry Date	Weighted Average Exercise Price	Number of Warrants	Weighted Average Remaining Life in Years
January 6, 2023(1)	$0.48	575,000	0.02
May 22, 2023	$0.30	17,393,926	0.39
June 11, 2023	$0.30	658,182	0.45
August 24, 2023	$0.20	7,166,665	0.65
August 24, 2023	$0.25	1,550,000	0.65
December 29,2023	$0.50	3,835,704	1.00
February 14, 2024	$0.45	10,853,000	1.13
February 23, 2024	$0.45	5,147,000	1.15
		47,179,477	**0.74**

(1) These share purchase warrants expired without exercise subsequent to December 31, 2022.

(Stated in Canadian Dollars Unless Noted Otherwise)

9. Share Capital - *Continued*

e. Special Warrants

Details of issued and outstanding special warrants are as follows:

	Number of Special Warrants	Expiry Date
Balance – December 31, 2016	-	
Issued – Series A *(Note 7d)*	2,400,000	January 17, 2027
Issued – Series B *(Note 7d)*	2,400,000	January 17, 2032
Issued – Series C *(Note 7d)*	2,400,000	January 17, 2037
Balance – December 31, 2017 to 2022	**7,200,000**(1)	

(1) These Special Warrants were cancelled subsequent to December 31, 2022 (*Note 7d*).

f. Share-Based Payments

For the year ended December 31, 2022:

On June 21, 2022, the Company granted 5,000,000 incentive stock options to officers, directors and consultants to the Company and all of which vested at the date of grant. The options are exercisable at $0.20 per share and will expire on June 21, 2027. The fair value of these options was $674,717 and was recognized as share-based compensation expense during the year ended December 31, 2022. The corresponding share-based compensation expense has a weighted average fair value of $0.13 per option and was estimated using the Black-Scholes Option Pricing Model with the following assumptions:

Assumptions	
Risk-free interest rate	3.40%
Expected stock price volatility	128.00%
Expected dividend yield and forfeiture rate	0.00%
Expected life of options	5 years

For the year ended December 31, 2021:

On October 18, 2021, the Company granted 500,000 incentive stock options to an officer of the Company and all of which vested at the date of grant. The options are exercisable at $0.45 per share and will expire on October 18, 2026. The fair value of these options was $176,281 and was recognized as share-based compensation expense during the year ended December 31, 2021. The corresponding share-based compensation expense has a weighted average fair value of $0.35 per option and was estimated using the Black-Scholes Option Pricing Model with the following assumptions:

Assumptions	
Risk-free interest rate	0.73%
Expected stock price volatility	133.28%
Expected dividend yield and forfeiture rate	0.00%
Expected life of options	5 years

On July 15, 2021, the Company granted 425,000 incentive stock options to consultants and all of which vested at the date of grant. The options are exercisable at $0.50 per share and will expire on July 15, 2024. The fair value of these options was $154,724 and was recognized as share-based compensation expense during the year ended December 31,

(Stated in Canadian Dollars Unless Noted Otherwise)

9. Share Capital - *Continued*

f. Share-Based Payments - *Continued*

2021. The corresponding share-based compensation expense has a weighted average fair value of $0.36 per option and was estimated using the Black-Scholes Option Pricing Model with the following assumptions:

Assumptions	
Risk-free interest rate	0.62%
Expected stock price volatility	128.53%
Expected dividend yield and forfeiture rate	0.00%
Expected life of options	3 years

g. Finders' Options

Details of issued and outstanding finders' options are as follows:

	Exercise price	Number of Finders' Options	Expiry Date
Balance – December 31, 2020		1,685,875	
Exercised		(100,000)	
Balance – December 31, 2021 and 2022	**$0.22**	**1,585,875**	**May 22 – June 11, 2023**

h. Finders' Warrants

Details of issued and outstanding finders' warrants are as follows:

	Number of Warrants	Weighted Average Exercise Price
Balance – December 31, 2020	1,562,383	$0.39
Issued	268,627	$0.47
Balance – December 31, 2021	1,831,010	$0.40
Issued	1,607,536	$0.35
Expired	(1,562,383)	$0.39
Balance – December 31, 2022	**1,876,163**	**$0.37**

At December 31, 2022, the following finders' warrants were exercisable:

Expiry Date	Weighted Average Exercise Price	Number of Warrants	Weighted Average Remaining Life in Years
January 6, 2023(1)	$0.32	40,250	0.02
August 24, 2023	$0.20	501,666	0.65
August 24, 2023	$0.25	186,000	0.65
December 29,2023	$0.50	228,377	1.00
February 14, 2024	$0.45	601,510	1.13
February 23, 2024	$0.45	318,360	1.15
		1,876,163	**0.92**

(1) These finder's warrants expired without exercise subsequent to December 31, 2022.

(Stated in Canadian Dollars Unless Noted Otherwise)

10. Related Party Transactions

Details of transactions between the Company and its related parties are disclosed below.

As at December 31, 2022, the Company's related parties consist of the Company's directors and companies controlled by executive officers and directors of the Company.

	Nature of Transaction
0909074 B.C. Ltd. ("0909074")	Management – Officer
Trillium Financial Ltd. ("Trillium")	Management – Officer
First Geolas Consulting ("First Geolas")	Management – Officer
Other Directors	Directorship

The Company incurred fees and expenses in the normal course of operations in connection with key management and directors and companies controlled by key management and directors. Details are as follows:

	Notes	**For the year ended December 31, 2022**	For the year ended December 31, 2021
Consulting and director fees	(i)	**$ 405,600**	$ 262,800
Geological consulting fees included in exploration and evaluation expenditures	(ii)	**173,900**	200,150
		$ 579,500	$ 462,950

(i) During the year ended December 31, 2022, the Company paid or accrued management consulting fees of $81,600 (2021 - $30,800) to the Company's CEO, management and financial consulting fees of $180,000 (2021 - $180,000) to 0909074, management consulting fees of $96,000 (2021 - $20,000) to Trillium and director fees of $48,000 (2021 - $32,000).

(ii) During the year ended December 31, 2022, the Company paid or accrued geological consulting fees of $107,850 (2021 - $200,150) to the Company's CEO and $66,050 (2021 - $nil) to First Geolas.

Included in accounts payable and accrued liabilities as at December 31, 2022 are:

- $602,862 (2021 - $307,342) owing to the Company's CEO for reimbursable expenses and management and geological consulting fees;
- $94,500 (2021 - $47,250) owing to 0909074 for management and financial consulting fees;
- $nil (2021 - $4,622) owing to the Company's CFO for reimbursable expenses;
- $9,248 (2021 - $nil) owing to First Geolas for management and geological consulting fees;
- $nil (2021 - $4,200) owing to Trillium for management consulting fees; and
- $nil (2021 - $6,200) owing to a director of the Company for director fees.
- $843 (2021 - $nil) owing to a director of the Company for reimbursable expenses.

(Stated in Canadian Dollars Unless Noted Otherwise)

10. Related Party Transactions - *Continued*

Compensation of Key Management Personnel

Key management personnel are those persons that have authority and responsibility for planning, directing and controlling the activities of the Company, directly and indirectly, and by definition include the directors of the Company.

The remuneration of the Company's key management personnel for the years ended December 31, 2022 and 2021 is as follows:

	Note	**2022**	2021
Management, geological consulting and director fees	(i)	**$ 579,500**	$ 462,950
Share-based compensation	(ii)	**438,566**	176,281
Total		**$ 1,018,066**	$ 639,231

(i) Management, director and geological consulting fees include those disclosed in the table above.
(ii) Share-based payments are the fair value of options granted and vested to key management.

Key management personnel were not entitled to post-employment, termination or other long-term benefits during the years ended December 31, 2022 and 2021. The above transactions occurred in the normal course of operations and are measured at the exchange amount, which is the amount of consideration established and agreed to by the parties.

11. Capital Management

The Company primarily considers shareholders' equity in the management of its capital. The Company manages its capital structure and makes adjustments to it based on funds available to the Company, in order to support exploration and development of mineral properties. The Board of Directors has not established quantitative capital structure criteria management, but will review on a regular basis the capital structure of the Company to ensure its appropriateness to the stage of development of the business.

The Company's objectives when managing capital are:

- To maintain and safeguard its accumulated capital in order to provide an adequate return to shareholders by maintaining a sufficient level of funds, to support continued evaluation and maintenance of the Company's existing properties, and to acquire, explore and develop other precious metals, base metals and industrial mineral deposits;
- To invest cash on hand in highly liquid and highly rated financial instruments with high credit quality issuers, thereby minimizing the risk and loss of principal; and
- To obtain the necessary financing if and when it is required.

The properties in which the Company currently holds interests are in the exploration stage and the Company is dependent on external financing to explore and take the project to development. In order to carry out planned exploration and development and pay for administrative costs, the Company will spend its existing working capital and attempt to raise additional amounts as needed. Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Company, is reasonable.

(Stated in Canadian Dollars Unless Noted Otherwise)

11. Capital Management - *Continued*

In order to facilitate the management of capital and development of its mineral properties, the Company's management informs the Board of Directors as to the quantum of expenditures for review and approval prior to commencement of work. In addition, the Company may issue new equity, incur additional debt, enter into joint venture agreements or dispose of certain assets. When applicable, the Company's investment policy is to hold cash in interest bearing accounts at high credit quality financial institutions to maximize liquidity. In order to maximize ongoing development efforts, the Company does not pay dividends. The Company expects to continue to raise funds, from time to time, to continue meeting its capital management objectives.

There were no changes in the Company's approach to capital management during the year ended December 31, 2022 compared to the year ended to December 31, 2021. The Company is not subject to externally imposed capital requirements. Further information relating to management of capital is disclosed in Note 1.

12. Income Taxes

a. The income tax provisions differ from the amounts obtained by applying the statutory Canadian and Peruvian income tax rates as follows:

		For the year ended December 31, 2022		For the year ended December 31, 2021
Loss before income taxes	**$**	**(5,771,293)**	$	(7,447,626)
Effective statutory tax rate		**27.00%**		27.00%
Expected tax recovery		**(1,558,249)**		(2,010,859)
Adjustments:				
Share-based compensation		**182,174**		89,371
Share issue costs		**(93,405)**		(71,675)
Other		**3,846,317**		1,597,221
Change in unrecognized deferred tax asset		**(2,376,837)**		395,942
Income tax expense (recovery)	**$**	**-**	$	-

b. The components of the deferred income tax asset (liability) balances are as follows:

		December 31, 2022		December 31, 2021
Deferred income tax asset (liability):				
Non-capital loss carry-forwards	**$**	**3,375,741**	$	5,016,155
Share issue costs		**229,410**		225,766
Other		**696,692**		1,436,759
Unrecognized deferred tax asset		**(4,301,843)**		(6,678,680)
Deferred income tax asset (liability)	**$**	-	$	-

(Stated in Canadian Dollars Unless Noted Otherwise)

12. Income Taxes - *Continued*

The effective income tax rate is the rate that is estimated to be applicable when timing differences reverse. As at December 31, 2022, the future enacted rates are estimated to be 27% in Canada (December 31, 2021 – 27%) and 28% in Peru (December 31, 2021 – 28%).

c. The Company's unrecognized deductible temporary differences and unused tax losses consist of the following:

		December 31, 2022		December 31, 2021
Non-capital loss carry-forwards	**$**	**12,469,108**	$	18,544,715
Share issue costs		**849,667**		836,172
Exploration and evaluation assets		**2,576,062**		5,317,052
Equipment		**4,276**		4,276
Unrecognized deductible temporary differences	**$**	**15,899,113**	$	24,702,215

d. As at December 31, 2022, the Company had non-capital losses of approximately $11,561,000 (December 31, 2021 - $17,636,000) and had resource-related amounts available, subject to certain restrictions, for deduction against future taxable income in Canada. The non-capital losses expire as follows:

Year		**December 31, 2021**
2029	**$**	**181,000**
2030		**334,000**
2031		**460,000**
2032		**1,329,000**
2033		**1,998,000**
2034		**2,720,000**
2035		**432,000**
2036		**761,000**
2037		**1,064,000**
2038		**567,000**
2039		**421,000**
2042		**1,294,000**
Unrecognized deductible temporary differences	**$**	**11,561,000**

The Company's Peruvian subsidiaries also have, as at December 31, 2022, approximately $908,000 (December 31, 2021 - $908,000) in non-capital losses that may be carried forward indefinitely until applied to reduce future years' taxable income, but only up to 50% of taxable income in a given year.

(Stated in Canadian Dollars Unless Noted Otherwise)

13. Financial Instruments

Classification and Measurement

The Company classifies its cash, amounts receivable (excluding sales tax receivable) and reclamation bonds as financial assets measured at amortized costs. Accounts payable and accrued liabilities are classified as other financial liabilities measured at amortized cost.

As of December 31, 2022, the statement of financial position carrying amounts of these financial instruments closely approximate their fair values, except for accounts payable and accrued liabilities, where the fair value may be less than carrying amounts due to liquidity risks *(Note 1).*

The Company classifies financial instruments recognized at fair value in accordance with a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy are described below:

Level 1 – Unadjusted quoted prices in active markets that are accessible at the measurement date for identical, unrestricted assets or liabilities.
Level 2 – Quoted prices in markets that are not active, or inputs that are observable, either directly or indirectly, for substantially the full term of the asset or liability; and
Level 3 – Prices or valuation techniques that require inputs that are both significant to the fair value measurement and unobservable (supported by little or no market activity).

The following provides the valuation method of the Company's financial instruments as at December 31, 2022 and 2021:

	As at December 31, 2022	As at December 31, 2021
Financial assets at amortized cost	**$ 97,930**	$ 4,721,383
Other financial liabilities at amortized cost	**$ 1,038,316**	$ 739,768

Financial Risk Management

The Company's activities expose it to a variety of financial risks including credit risk, liquidity risk and market risk.

Credit Risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. Financial instruments that potentially subject the Company to credit risk consist of cash, reclamation bonds and amounts receivable (excluding sales tax receivable). The carrying amount of financial assets recorded in the consolidated financial statements, net of any allowances for losses, represents the maximum exposure to credit risk. The Company deposits its cash with a high credit quality major Canadian financial institution as determined by ratings agencies. The Company does not invest in asset-backed deposits or investments and does not expect any credit losses. To reduce credit risk, the Company regularly reviews the collectability of its amounts receivable and establishes an allowance based on its best estimate of potentially uncollectible amounts. The Company historically has not had difficulty collecting its amounts receivable.

13. Financial Instruments – *Continued*

Financial Risk Management – *Continued*

Liquidity Risk

Liquidity risk is the risk that an entity will encounter difficulty in raising funds to meet commitments associated with financial instruments. The Company attempts to manage liquidity risk by maintaining a sufficient cash balance. As at December 31, 2022, the Company had cash of $33,180 to settle current liabilities of $1,038,316. Further information relating to liquidity risk is disclosed in Note 1.

Market Risks

The significant market risks to which the Company is exposed are currency and interest rate risks.

The operating results and financial position of the Company are reported in Canadian dollars. As the Company conducts exploration and property examinations primarily in Canada and may from time to time conduct property examination in other countries outside of Canada, some of the Company's transactions are denominated in currencies other than the Canadian dollar. The results of the Company's operations are subject to currency transaction and translation risks. The Company has not entered into any agreements or purchased any foreign currency hedging arrangements to hedge possible currency risks at this time. Management believes the foreign exchange risk derived from currency conversions for property examinations incurred in other countries outside of Canada is not significant and therefore does not hedge its foreign exchange risk.

Interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate due to changes in market interest rates. Cash is not subject to interest rate risk since it does not bear interest.

14. Contingency

The Company is committed to making severance payments amounting to approximately $469,000 to certain officers and directors of the Company in the event that there is a change in control. Change in control is generally defined as follows: the acquisition by any unrelated party between 30% to 50% of the Company's shares, the change of 51% or more of the directors, the sale of all or substantially all of the assets of the Company, and/or a reorganization, merger or other transaction.

15. Segmented Information

The Company conducts its business in a single operating segment: the acquisition, exploration and development of mineral properties. Although the Company has subsidiaries in Peru, it has not conducted any operations and has no assets in Peru since the year ended December 31, 2018. Accordingly, the Company's assets as at December 31, 2022 and 2021 are located in Canada and its net losses for the years ended December 31, 2022 and 2021 are based on a single location which is in Canada.

16. Events After the Reporting Period

(a) On January 30, 2023, the Company entered into an amending agreement with Huakan and Huakan's shareholders to extend the fourth option payment due on February 25, 2023 by 12 months to February 25, 2024, at which time a penalty of $400,000 will also be due as consideration for the extension. Pursuant to the amending agreement, the Company also agreed to complete an updated preliminary economic assessment and an updated mineral resource estimate on the Revel Ridge Project on or before December 31, 2023 and failing which the Company shall pay Huakan the penalty no later than December 31, 2023, and such payment will be deductible from the total option payment due on February 25, 2024.

(b) In February 2023, the Company closed a non-brokered private placement with the issuance of an aggregate 4,000,000 non-flow-through units at $0.10 per unit (a "Unit") for gross proceeds of $400,000. Each Unit is comprised of one common share and one-half (1/2) non-transferrable share purchase warrant with an exercise price of $0.175 per warrant share exercisable for a period of one year. The share purchase warrants attached to the Units are subject to an accelerated expiry date, which comes into effect when the trading price on the TSX.V of the Company's common shares closes at or above $0.25 per share during any 10 consecutive trading day period commencing four months plus one day after the date of issuance. In such an event, the Company will issue a news release announcing such acceleration and the expiry date of the warrants will be 30 days from the date of the news release.

In connection with the closing of the financing, the Company paid in aggregate cash finders' fees of $18,865 and issued in aggregate 188,650 finders' warrants. Each finder's warrant entitles the holder to purchase one common share at a price of $0.075 for a period of one year from the date of issuance and are also subject to the same acceleration clause as the share purchase warrants attached to the Units.

(c) In April 2023, the Company closed a non-brokered private placement with the issuance of an aggregate 4,454,455 flow-through units at $0.11 per unit (a "FT Unit") for gross proceeds of $500,000. Each FT Unit is comprised of one common share and one non-transferrable share purchase warrant with an exercise price of $0.13 per warrant share exercisable for a period of two years. The share purchase warrants attached to the FT Units are subject to an accelerated expiry date, which comes into effect when the trading price on the TSX.V of the Company's common shares closes at or above $0.20 per share during any 10 consecutive trading day period commencing four months plus one day after the date of issuance. In such an event, the Company will issue a news release announcing such acceleration and the expiry date of the warrants will be 30 days from the date of the news release.

In connection with the closing of the financing, the Company paid in aggregate cash finders' fees of $35,820 and issued in aggregate 325,636 finders' warrants. Each finder's warrant entitles the holder to purchase one common share at a price of $0.13 for a period of two years from the date of issuance and are also subject to the same acceleration clause as the share purchase warrants attached to the FT Units.