FINLAY MINERALS LTD.

Financial Statements

December 31, 2023
and
December 31, 2022

(Expressed in Canadian Dollars)

DeVISSER GRAY LLP
CHARTERED PROFESSIONAL ACCOUNTANTS

401-905 West Pender St
Vancouver BC V6C 1L6
www.devissergray.com
t 604.687.5447
f 604.687.6737

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of Finlay Minerals Ltd.

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Finlay Minerals Ltd. (the "Company"), which comprise the statements of financial position as at December 31, 2023 and 2022, and the statements of comprehensive loss, changes in equity and cash flows for the years then ended, and notes to the financial statements, including a summary of material accounting policy information.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2023 and 2022 and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards ("IFRS").

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, 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 financial statements, which indicates that the Company has incurred operating losses since inception, has limited financial resources, no source of operating cash flow, and no assurances that sufficient funding, including adequate financing, will be available to conduct further exploration and development of its mineral property projects. As stated in Note 1, these events or conditions, along with other matters as set forth in Note 1, indicate the existence of a material uncertainty that may cast significant doubt about 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 financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

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 Exploration and evaluation assets.	Our approach to addressing the matter included the following procedures, among others:
Refer to note 2 – Significant accounting judgments, estimates and assumptions, note 2 – Accounting policy for Exploration and evaluation expenditures and note 6 Exploration and evaluation assets Management assesses at each reporting period whether there is an indication that the carrying value of exploration	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 an indication of impairment.

and evaluation assets 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 exploration and evaluation 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.	• 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 exploration and evaluation assets. • Assessed the reasonability of the Company's financial statement disclosure regarding their exploration and evaluation 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 financial statements and our auditor's report thereon.

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

In connection with our audit of the financial statements, our responsibility is to read the other information, and in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

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

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

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or 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 Financial Statements

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The 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 financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

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

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

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

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

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

De Visser Gray LLP

Chartered Professional Accountants

Vancouver, BC, Canada
April 24, 2024

FINLAY MINERALS LTD.
Statements of Financial Position
AS AT DECEMBER 31

Expressed in Canadian Dollars

See accompanying notes to the financial statements

	2023	2022
ASSETS	**$**	**$**
Current Assets		
Cash and cash equivalents	418,052	216,599
GST receivable	2,486	35,695
Marketable Securities (Notes 4 and 6)	222,960	63,846
Prepaid expenses	51,529	29,373
	695,027	345,513
Non-Current Assets		
Reclamation deposits (Note 5)	120,900	107,500
Exploration and evaluation assets (Note 6)	11,095,664	11,178,281
	11,911,591	11,631,294
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current Liabilities		
Accounts payables and accrued liabilities	34,057	33,125
Due to related parties (Note 8)	4,082	26,726
	38,139	59,851
Non-Current Liabilities		
Deferred income taxes (Note 12)	1,693,494	1,707,924
	1,731,633	1,767,775
Shareholders' Equity		
Share capital (Note 9)	12,718,878	12,203,606
Contributed surplus	2,427,132	2,290,782
Investment revaluation reserve	34,865	(24,249)
Deficit	(5,000,917)	(4,606,620)
	10,179,958	9,863,519
	11,911,591	11,631,294

Nature and continuance of operations (Note 1)

Approved by the Board of Directors and authorized for issue on April 24, 2024

"Robert F Brown" , Director

"Alvin Jackson" , Director

FINLAY MINERALS LTD.

Statements of Comprehensive Loss

FOR THE YEARS ENDED DECEMBER 31

Expressed in Canadian dollars

See accompanying notes to the financial statements

	2023 $	2022 $
Operating Costs and Expenses		
Accounting (Note 7)	42,730	35,970
Advertising and promotion	80,192	102,299
Bank charges and interest	3,763	6,769
Consulting	7,156	6,294
Insurance	18,772	18,216
Legal	28,222	130,558
Office and administration	22,799	36,539
Rent	16,224	15,300
Salaries and benefits (Note 7)	71,051	69,834
Stock-option compensation (Note 9)	136,350	9,500
Travel and accommodation	5,195	-
Trust and filing fees	25,601	51,248
	458,055	482,527
Loss before other items	(458,055)	(482,527)
Flow-through recovery (Note 13)	33,333	87,724
Interest Income	16,998	14,418
Dividend income net of withholding tax	206	-
Foreign exchange loss	(1,209)	(1,741)
Loss before income taxes	(408,727)	(382,126)
Deferred income tax recovery (Note 12)	14,430	21,537
Net loss for the year	(394,297)	(360,589)
Other comprehensive income (loss) items that may not be reclassified subsequently to profit or loss:		
Net change in fair value of marketable securities	59,114	(24,249)
Net loss and comprehensive loss for the year	(335,183)	(384,838)
Weighted average number of common shares	133,838,782	126,525,692
Basic and diluted loss per share	0.00	0.00

FINLAY MINERALS LTD.

Statement of Cash Flows

FOR THE YEARS ENDED DECEMBER 31

Expressed in Canadian dollars

See accompanying notes to the financial statements

	2023 $	2022 $
CASH PROVIDED BY (USED FOR):		
Operating Activities		
Net loss for the year	(394,297)	(360,589)
Add (deduct) non-cash items		
Flow-through recovery	(33,333)	(87,724)
Deferred income tax recovery	(14,430)	(21,537)
Stock-option compensation	136,350	9,500
	(305,710)	(460,350)
Changes in non-cash working capital		
GST receivable	33,209	(444)
Prepaid expenses	(22,156)	58,853
Accounts payable and accrued liabilities	523	(1,713)
Due to related parties	3,033	(2,069)
	(291,101)	(405,723)
Investing Activities		
Reclamation deposit	(13,400)	(16,000)
Cash received pursuant to Option Agreement	50,000	111,905
Mineral property costs (net)	(92,651)	(1,366,172)
	(56,051)	(1,270,267)
Financing Activities		
Warrants exercised	5,555	-
Private placements	550,000	-
Share issue costs	(6,950)	-
	548,605	-
INCREASE (DECREASE) IN CASH POSITION	201,453	(1,675,990)
Cash position, beginning of the year	216,599	1,892,589
CASH POSITION, END OF YEAR	418,052	216,599
Cash position includes:		
Cash	*304,218*	*103,517*
Short-term deposits	*13,834*	*13,080*
Term deposit and high interest savings account	*100,000*	*100,002*
	418,052	*216,599*

See Note 14 for supplementary cash flow information

FINLAY MINERALS LTD.
Statements of Changes in Equity
FOR THE YEARS ENDED DECEMBER 31

All values expressed in Canadian dollars
See accompanying notes to the financial statements

	Number of Shares	Share Capital $	Contributed Surplus $	Investment Revaluaton Reserve $	Deficit $	Total Equity $
December 31, 2021	**125,916,788**	**12,063,606**	**2,281,282**	**-**	**(4,246,031)**	**10,098,857**
Shares issued for exploration and evaluation assets	1,750,000	140,000	-	-	-	140,000
Stock-option compensation	-	-	9,500	-	-	9,500
Other comprehensive loss for the year	-	-	-	(24,249)	-	(24,249)
Net loss for the year	-	-	-	-	(360,589)	(360,589)
December 31, 2022	**127,666,788**	**12,203,606**	**2,290,782**	**(24,249)**	**(4,606,620)**	**9,863,519**
Warrants exercised	111,111	5,555	-	-	-	5,555
Private placements	10,333,333	516,667	-	-	-	516,667
Share issue costs	-	(6,950)				(6,950)
Stock-option compensation	-	-	136,350	-	-	136,350
Other comprehensive income for the year	-	-	-	59,114	-	59,114
Net loss for the year	-	-	-	-	(394,297)	(394,297)
December 31, 2023	**138,111,232**	**12,718,878**	**2,427,132**	**34,865**	**(5,000,917)**	**10,179,958**

1) NATURE AND CONTINUANCE OF OPERATIONS

The Company was incorporated under the Business Corporations Act (British Columbia) and its principal business activity is the acquisition and exploration of resource properties. The properties of the Company are without a known economically feasible ore body. The exploration programs undertaken and proposed constitute an exploratory search. There is no assurance that the Company will be successful in its search. The business of exploring for minerals and mining involves a high degree of risk. Few properties that are explored are ultimately developed into producing mines. Major expenses may be required to establish ore reserves, to develop metallurgical processes, and to construct mining and processing facilities at a particular site. It is not possible to ensure that the current exploration programs planned by the Company will result in a profitable commercial mining operation.

Although the Company has taken steps to verify title to resource properties in which it has an interest, in accordance with industry standards for the current stage of exploration of such properties, these procedures do not guarantee the Company's title. Property title may be subject to unregistered prior agreements and non-compliance with regulatory requirements.

These financial statements have been prepared on a going-concern basis, which assumes the Company will continue in operation for the foreseeable future and will be able to realize its assets and discharge its liabilities and commitments in the normal course of business. Several adverse conditions cast substantial doubt on the validity of this assumption. The Company has incurred operating losses since inception with a comprehensive loss for the year ended December 31, 2023 of $335,183, has limited financial resources, no source of operating cash flow, and no assurances that sufficient funding, including adequate financing, will be available to conduct further exploration and development of its mineral property projects.

The application of the going-concern concept is dependent upon the Company's ability to generate future profitable operations and receive continued financial support from its creditors and shareholders. These financial statements do not give effect to any adjustments that might be required should the Company be unable to continue as a going-concern and therefore, be required to realize its assets and discharge its liabilities in other than the normal course of business and at amounts differing from those reflected in the financial statements.

Management plans to continue to pursue equity or debt financing to support operations. Management believes this plan will be sufficient to meet the Company's liabilities and commitments as they become payable over the next twelve months. There can be no assurance that management's plan will be successful. Failure to maintain the support of creditors and obtain additional external equity financing will cause the Company to curtail operations and the Company's ability to continue as a going-concern will be impaired. The outcome of these matters cannot be predicted at this time.

2) MATERIAL ACCOUNTING POLICY INFORMATION

Statement of Compliance

These financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and interpretations of the International Financial Reporting Interpretations Committee ('IFRIC").

Basis of preparation

These financial statements have been prepared on the historical cost basis. The presentation and functional currency of the Company is the Canadian dollar.

2) MATERIAL ACCOUNTING POLICY INFORMATION *(continued)*

Cash and cash equivalents

Cash and cash equivalents are comprised of cash on hand, deposits in banks and highly liquid investments having terms to maturity of 90 days or less when acquired.

Significant accounting judgments, estimates and assumptions

The preparation of the Company's financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities and contingent liabilities at the date of the financial statements and reported amounts of revenues and expenses during the reporting period. Estimates and assumptions are continuously evaluated and are based on management's experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. However, actual outcomes can differ from these estimates. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected.

Critical judgments in applying accounting policies:

The following are critical judgments that management has made in the process of applying accounting policies and that have the most significant effect on the amounts recognized in the financial statements:

- the determination that the Company will continue as a going-concern for the next year;
- the determination of the fair maket value of common shares issued in exchange for exploration and evaluation assets; and
- the determination that there have been no events or changes in circumstances that indicate the carrying amount of exploration and evaluations assets may not be recoverable.

Exploration and evaluation expenditures

Once a license to explore an area has been secured, expenditures on mineral properties are capitalized to exploration and evaluation assets.

Exploration and evaluation expenditures relate to the initial search for deposits with economic potential and to detailed assessments of deposits or other projects that have been identified as having economic potential.

All capitalized exploration and evaluation expenditures are monitored for indications of impairment. Where a potential impairment is indicated, assessments are performed for each area of interest. To the extent that exploration and evaluation expenditures are not expected to be recovered they are charged to operations.

Share Capital

The Company records proceeds from share issuances net of issue costs and any tax effects. Common shares issued for consideration other than cash are valued based on their market value at the date the agreement to issue shares was concluded.

Impairment of non-financial assets

At the end of each reporting year, and when relevant triggering events and circumstances occur, the carrying amounts of the Company's non-financial assets are reviewed to determine whether there is any indication that those assets are impaired. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment, if any. The recoverable amount is the higher of fair value less costs to sell and the 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 between knowledgeable and willing parties. 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. If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount and the impairment loss is recognized in profit or loss for the year.

2) MATERIAL ACCOUNTING POLICY INFORMATION *(continued)*

Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset in prior years. A reversal of an impairment loss is recognized immediately in profit or loss.

Income taxes

The Company uses the statement of financial position 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 and liabilities and their respective tax bases. Deferred tax assets and liabilities are measured using 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.

Flow-through shares

The Company has issued common shares as flow-through shares, whereby the investor may claim the tax deductions arising from the related resource expenditures. When flow-through shares are issued, the sale of the tax deduction is valued (using the residual method) and deferred as a flow-through liability. When resource expenditures are renounced to the investors and the Company has reasonable assurance that the expenditures will be completed, the flow-through liability is reversed, and a deferred income tax liability is recognized.

Previously unrecognized deferred income tax assets may be used to reduce the deferred income tax liability amount recognized, and the Company will recognize a future income tax recovery to this extent.

Share-based payments

The Company's Stock Option Plan allows employees and consultants to acquire shares of the Company. 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 fair value of the share-based payment is measured using the Black-Scholes option pricing model. The fair value of the share-based payment is recognized as an expense or capitalized to exploration and evaluation assets with a corresponding increase in contributed surplus. Consideration received on the exercise of stock options is recorded as share capital and a corresponding amount is transferred to share capital from contributed surplus.

Loss per share

Basic loss per share is calculated by dividing the loss available to common shareholders by the weighted average number of common shares outstanding for the period. Diluted loss per share is calculated by the treasury stock method. Under the treasury stock method, the weighted average number of common shares outstanding for the calculation of diluted loss per share assumes that the proceeds to be received on the exercise of dilutive share options and warrants are used to repurchase common shares at the average market price during the period. Where the effects of including all outstanding options and warrants would be anti-dilutive, no dilution is calculated and the diluted loss per share is presented as the same as basic loss per share.

Reclamation deposits

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. Reclamation deposits are classified as non-current assets.

2) MATERIAL ACCOUNTING POLICY INFORMATION *(continued)*

Mineral Exploration Tax Credit ("METC")

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

Financial instruments

The Company recognizes financial assets and liabilities on the statement of financial position when it becomes a party to the contractual provisions of the instrument.

Financial assets

Cash and cash equivalents are classified as subsequently measured at amortized cost.

Investments in Cascadia Minerals Ltd. (formerly ATAC Resources Ltd.) and Hecla Mining Company are irrevocably classified, at the Company's election, as subsequently measured at fair value through other comprehensive income. Investment transactions are recognized on the trade date with transaction costs included in the underlying balance. Fair values are determined by reference to quoted market prices at the statement of financial position date.

Reclamation deposits are classified as subsequently measured at amortized cost.

Financial liabilities

Trade payables are non-interest bearing if paid when due and are recognized at face amount, except when fair value is materially different. Accounts payable and accrued liabilities are subsequently measured at amortized cost.

Due to related parties is subsequently measured at amortized cost.

3) NEW ACCOUNTING STANDARDS AND RECENT PRONOUNCEMENTS

The following new IFRS pronouncements were adopted by the Company as of January 31, 2023 and did not have a material impact on the financial statements.

Amendments to IAS 1 – Classification of Liabilities as Current or Non-current

The amendments to IAS 1 affect only the presentation of liabilities as current or non-current in the statements of financial position and not the amount or timing of recognition of any asset, liability, income, or expenses, or the information disclosed about those items.

The amendments clarify that the classification of liabilities as current or non-current is based on rights that are in existence at the end of the reporting period. They specify that classification is unaffected by expectations about whether an entity will exercise its right to defer settlement of a liability and that rights are in existence if covenants are complied with at the end of the reporting period. The amendments introduce a definition of "settlement" to make clear that settlement refers to the transfer to the counterparty of cash, equity instruments, other assets, or services.

Amendments to IAS 1 – Presentation of Financial Statements and IFRS Practice Statement 2 Making Materiality Judgments – Disclosure of Accounting Policies

The amendments change the requirements in IAS 1 with regard to disclosure of accounting policies. The amendments replace all instances of the term 'significant accounting policies' with 'material accounting policy information'. Accounting policy information is material if, when considered together with other information included in an entity's financial statements, it can reasonably be expected to influence decisions that the primary users of general-purpose financial statements make on the basis of those financial statements.

The supporting paragraphs in IAS 1 are also amended to clarify that accounting policy information that relates to immaterial transactions, other events or conditions, is immaterial and need not be disclosed. Accounting policy information may be material because of the nature of the related transactions, other events, or conditions, even if the amounts are immaterial. However, not all accounting policy information relating to material transactions, other events or conditions is itself material.

The IASB's amendments also developed guidance and examples to explain and demonstrate the application of the 'four-step materiality process' described in IFRS Practice Statement 2.

Expressed in Canadian dollars

4) MARKETABLE SECURITIES

On July 10, 2023, ATAC Resources Ltd. announced the completion of its merger with Hecla Mining Company and the spin-out of the new exploration company, Cascadia Minerals Ltd. As a result of this transaction, the Company's 851,285 ATAC Resources Ltd. shares were converted to 14,131 Hecla Mining Company shares and 85,128 Cascadia Mineral shares. On December 8, 2023, The Company was issued a further 264,690 Cascadia Minerals Ltd. shares pursuant to the second year share issuance obligations relating to the PIL Property Option Agreement. The Company now holds a total of 349,818 shares of Cascadia Minerals Ltd. The shares of these corporations are traded on the TSX Venture Exchange.

	2023	2022
	$	$
Marketable securities -- fair value	222,960	63,846
Marketable securities -- cost	188,095	88,095

See Note 5.

5) RECLAMATION BONDS

The Company's reclamation bonds relate to the following properties:

	2023	2022
	$	$
Silver Hope	35,500	35,500
PIL	67,000	67,000
ATTY	18,400	5,000
	120,900	107,500

6) EXPLORATION AND EVALUATION ASSETS

Omineca Mining Division
British Columbia

Silver Hope Claims

The Company has a 100% interest in 45 mineral tenures, eight of which are subject to a 1½% Net Smelter Returns royalty ("NSR"), and were acquired in 2006 by the issuance of two million common shares. One half of the NSR (3/4%) is purchasable prior to a production decision for $1 million dollars.

6) EXPLORATION AND EVALUATION ASSETS (*continued)*

PIL-Gold Claims

The Company has a 100% interest in 39 mineral tenures (formerly 376 mineral claim units) of which 23 mineral claims were acquired from a private company controlled by a director of the Company with consideration for the issuance to that private company of nine million common shares (post subdivision) and a 3% NSR. The Company is also obligated to issue a further two million shares to this private company when the property is put into commercial production and may also, prior to that date, purchase a 1½ % NSR (½ of the 3% NSR) for $2 million dollars.

On February 21, 2022, and subsequently amended on February 28, 2022, the Company entered into a Property Option Agreement with Cascadia Minerals Ltd. ("Cascadia") (formerly ATAC Resources Ltd.) whereby Cascadia has the option to earn a 70% interest in the Company's wholly-owned PIL Property. Pursuant to the Property Option Agreement, Cascadia may exercise the option and acquire a 70% interest in the property by making cash and share payments having an aggregate cash equivalent value of $1,900,000 ($161,905 cash, 349,818 shares of Cascadia and 14,131 shares of Hecla received to date) and incurring an aggregate of $12,000,000 in exploration expenditures, in staged amounts, on or before December 31, 2026. Following the exercise of the option, Cascadia and the Company will hold interests in the property of 70% and 30%, respectively, and a joint venture will be formed.

Upon exercise of the option and formation of the joint venture, the Company will transfer the Buy Back Right to the joint venture in consideration for Cascadia assuming the obligation to fully fund the $2,000,000 Buy Back Right as long as Cascadia's interest in the joint venture exceeds 50%.

On June 27, 2023, the Company signed a third amending agreement to the PIL Option Agreement with Cascadia modifying the second and third year additional expenditure requirements from $900,000 in 2023 and $1,200,000 in 2024 respectively, to $400,000 in 2023 and $1,700,000 in 2024. Cascadia has exceeded the exploration expenditure requirements for 2022 and 2023 and has spent $976,279.

As at April 24, 2024, the Property Option Agreement with Cascadia remains in full effect.

ATTY Claims

The Company has a 100% interest in 15 mineral tenures which are all in good standing until 2031 and 2032.

On March 1, 2018, in connection with entering into the Option Agreement (the "OA"), the Company and Electrum Resource Corp. (the "RH") entered into an amending agreement to amend the purchase agreement between the Company and the RH dated as of July 29, 1999 (the "PA") so that (i) certain clauses only apply to the ATTY claims and not the PIL claims; and (ii) to provide for a separate royalty agreement between the Company and the RH relating to the PIL claims. The PA was amended as follows:

- As additional consideration for the original purchase, the Company will issue 500,000 shares of the Company to the RH immediately following an ATTY Project Production Decision (as defined in the OA); and
- Prior to an ATTY Project Production Decision (as defined in the OA), the Company may, at its sole discretion, purchase one half (1.5%) of the NSR from RH by paying $1 million.

On August 26, 2022, the Company acquired the ATG Property, comprised of 3 tenures adjacent and contiguous to the ATTY Claims, from the RH for consideration consisting of 1,750,000 common shares of the Company with a fair value of $140,000. As a result of the ATG Property purchase, the NSR now applies over the ATG Property and the pre-existing ATTY Claims and, pursuant to the terms of the Purchase Agreement, the Buy-Back Right has been amended such that the Company retains the right to buy back one-half of the NSR (1.5%) for an aggregate payment to the RH in the amount of $1,500,000. On November 17, 2022, the Company received Exchange acceptance of the ATG Purchase Transaction. The RH and the Company are related by way of common directors.

Expressed in Canadian dollars

6) EXPLORATION AND EVALUATION ASSETS *(continued)*

	December 31 2021 $	Net Additions $	December 31 2022 $	Net Reduction $	December 31 2023 $
BRITISH COLUMBIA					
Silver Hope Claims					
Acquisition	166,873	-	166,873	-	166,873
Assay	280,145	151,209	431,354	49,343	480,697
Camp and travel	326,610	348,875	675,485	17,943	693,428
Drilling	1,682,114	355,650	2,037,764	-	2,037,764
Equipment rental	74,239	60,946	135,185	12,791	147,976
Field office	26,017	12,201	38,218	-	38,218
Geological	797,301	262,668	1,059,969	181,726	1,241,695
Geophysical	917,213	-	917,213	70,880	988,093
Road construction	45,239	79,436	124,675	-	124,675
Tenure management	51,617	10,197	61,814	-	61,814
BCMETC refund	(67,479)	(67,434)	(134,913)	(226,588)	(361,501)
	4,299,889	1,213,748	5,513,637	106,095	5,619,732
PIL Claims					
Acquisition	28,536	-	28,536	-	28,536
Assay	262,918	-	262,918	-	262,918
Camp and travel	889,224	1,593	890,817	-	890,817
Drilling	1,466,687	-	1,466,687	-	1,466,687
Equipment rental	110,607	-	110,607	-	110,607
Field office	105,081	-	105,081	-	105,081
Geological	1,010,249	8,438	1,018,687	-	1,018,687
Geophysical	527,360	-	527,360	-	527,360
Road construction	402,273	-	402,273	-	402,273
Tenure management	35,215	-	35,215	-	35,215
BCMETC refund	(94,188)	-	(94,188)	-	(94,188)
Recovery	-	(200,000)	(200,000)	(150,000)	(350,000)
	4,743,962	(189,969)	4,553,993	(150,000)	4,403,993
ATTY Claims					
Acquisition	540	140,000	140,540	-	140,540
Assay	41,405	11,462	52,867	-	52,867
Camp and travel	342,258	43,582	385,840	-	385,840
Equipment rental	28,420	2,305	30,725	-	30,725
Field office	12,674	418	13,092	-	13,092
Geological	67,627	45,627	113,254	1,274	114,528
Geophysical	489,198	-	489,198	-	489,198
Tenure management	20,135	-	20,135	-	20,135
BCMETC refund	-	-	-	(39,986)	(39,986)
Recovery	(125,000)	-	(125,000)	-	(125,000)
Royalty buyback payment	(10,000)	-	(10,000)	-	(10,000)
	867,257	243,394	1,110,651	(38,712)	1,071,939
Total exploration and evaluation expenditures	9,911,108	1,267,173	11,178,281	(82,617)	11,095,664

Expressed in Canadian dollars

7) RELATED PARTY TRANSACTIONS

Key management personnel are those persons having authority and responsibility for planning, directing, and controlling the activities of the Company, directly or indirectly. Key management personnel include the Company's executive officers and Board of Director members.

	2023 $	2022 $
Key management personnel compensation:		
Mineral property geological consulting	22,014	301,342
Stock-option compensation	136,350	-
Wages and benefits, and other compensation	84,013	84,465
Accounting	12,000	-

All related party transactions are 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 related parties.

8) DUE TO RELATED PARTIES

At December 31, 2023, the Company owes $4,082 (2022 - $20,769) to three officers of the Company. At December 31, 2023, the Company owes $nil (2022 - $5,957) to a company related to an officer of the Company. The amounts are unsecured, do not bear interest and have no fixed terms of repayment.

9) SHARE CAPITAL

a) The authorized share capital of the Company consists of: an unlimited number of common shares.
100,000,000 Class A preference shares
100,000,000 Class B preference shares

On August 21, 2022, the Company issued 1,750,000 common shares to Electrum Resource Corporation pursuant to the purchase agreement for the ATG Property.

On May 29, 2023, the Company issued a total of 10,333,333 common shares pursuant to a non-brokered private placement financing. The share issuances were comprised of (i) 3,333,333 flow-through units ("FT Units") at a price of $0.06 per FT Unit (the "FT Unit Price"), with each FT Unit comprising one common share of the Company which qualifies as a "flow-through share" within the meaning of the Income Tax Act (Canada) and one-half of a non-flow-through warrant (each whole warrant a "Unit Warrant"), and (ii) 7,000,000 non-flow through units ("NFT Units") at a price of $0.05 per NFT Unit (the "NFT Unit Price"), with each NFT Unit comprising one non-flow-through common share of the Company and one-half of a Unit Warrant. Each whole Unit Warrant entitles the holder thereof to acquire one additional non-flow-through common share of the Company (a "Warrant Share") at an exercise price of $0.10 per Warrant Share for a period of twenty-four months from the closing of the Private Placement. The Company paid cash share issue costs of $6,950; no finders fees were paid.

See Note 13.

On June 27, 2023, the Company issued 111,111 common shares pursuant to the exercise of 111,111 warrants at an exercise price of $0.05.

Expressed in Canadian dollars

9) SHARE CAPITAL *(continued)*

	2023		2022	
	Number of Shares	$	Number of Shares	$
Opening balance	127,666,788	12,203,606	125,916,788	12,063,606
Issued for:				
Private Placements	10,333,333	516,667	-	-
Shares issued for exploration and evaluation	-	-	1,750,000	140,000
Warrants exercised	111,111	5,555	-	-
Share issue costs	-	(6,950)	-	-
Ending Balance	138,111,232	12,718,878	127,666,788	12,203,606

b) Share purchase options

The Company has a stock option plan (the "Plan") for directors, officers, employees, and consultants. The Plan provides for the issuance of incentive options to acquire up to a total of 10% of the issued and outstanding common shares of the Company. The exercise price of each option shall not be less than the minimum prescribed amount allowed under the TSX. The options can be granted for a maximum term of 5 years with vesting provisions determined by the Company. The Plan was amended in 2022 in order to meet Exchange requirements under the new TSX-V Policy 4.4 - Security Based Compensation. Accordingly, the new Plan has a provision that disinterested shareholder approval will be obtained for any extension of the term of a stock option granted to an insider.

The Plan was approved at the June 23, 2023 Annual General and Special meeting.

On August 21, 2023, the Company issued 5,050,000 stock options to directors and officers of the Company. The stock options are exercisable at a price of $0.05 per share for a period of five years, expiring on August 21, 2028, are subject to the terms of the Plan, and vested as of the date of the grant; the stock options and any common shares issued upon exercise of the stock options are subject to a four-month resale restriction expiring on December 22, 2023. The grant of the 5,050,000 stock options realized a stock-option compensation expense of $136,350. For further information regarding the variables used to calculate this stock option expense, refer to Note 8 (e).

The following is a summary of the changes in the Company's outstanding stock options:

	2023		2022	
	Number of Options	Weighted Average Exercise Price $	Number of Options	Weighted Average Exercise Price $
Balance, beginning of the year	5,350,000	0.13	6,100,000	0.13
Expired	-	-	(850,000)	0.10
Issued	5,050,000	0.05	100,000	0.08
Balance, end of the year	10,400,000	0.09	5,350,000	0.13
Exercisable, end of the year	10,400,000	0.09	5,350,000	0.13
Weighted average years to expiry		3.55		3.53

Expressed in Canadian dollars

9) SHARE CAPITAL *(continued)*

c) Share purchase warrants

The continuity of share purchase warrants is as follows:

	2023		2022	
	Number of Warrants	Weighted Average Exercise Price $	Number of Warrants	Weighted Average Exercise Price $
Balance, beginning of the year	42,325,131	0.11	42,325,131	0.11
Expired	(26,565,637)	0.05	-	-
Issued	5,166,666	0.10	-	-
Exercised	(111,111)	0.05	-	-
Balance, end of the year	20,815,049	0.18	42,325,131	0.11
Weighted average years to expiry		1.31		0.68

Outstanding warrant details:

Number of Warrants $	Warrant Expiry Date	Warrant Exercise Price $
13,125,000	December 18, 2024	0.20
5,166,666	May 29, 2025	0.10
2,523,383	November 18, 2026	0.20
20,815,049		

d) Compensation Options

The continuity of the Compensation Options is as follows:

	2023		2022	
	Number of Options	Weighted Average Exercise Price $	Number of Options	Weighted Average Exercise Price $
Balance, beginning of the year	1,511,323	0.10	1,511,323	0.10
Expired	(1,511,323)	(0.10)	-	-
Balance, end of the year	-	-	1,511,323	0.10
Weighted average years to expiry		-		0.52

Expressed in Canadian dollars

9) SHARE CAPITAL *(continued)*

e) Contributed surplus

Contributed surplus records the fair value of share-based payments, compensation options and agent warrants until such time that the options and warrants are excercised, at which time the corresponding amount will be transferred to share capital.

The fair value of the stock options granted during the years ended December 31, 2023 and 2022 was estimated as at the date of issuance using the Black-Scholes option-pricing model applying the following assumptions:

	2023	**2022**
	$	**$**
Dividends	nil	nil
Volatility	149.64%	168.39%
Risk-free interest rate	4.14%	3.38%
Expected life	5 years	5 years
Expected rate of forfeiture	0%	0%

10) CAPITAL MANAGEMENT

The Company's objectives for the management of capital are to safeguard the Company's ability to continue as a going-concern, including the preservation of capital, and to achieve reasonable returns on invested cash after satisfying the objective of preserving capital.

The Company considers its cash and cash equivalents to be its manageable capital. The Company's policy is to maintain sufficient cash and deposit balances to cover operating and exploration costs over a reasonable future period. The Company accesses capital markets as necessary and may also acquire additional funds where advantageous circumstances arise.

The Company currently has no externally-imposed capital requirements except to maintain sufficient cash and deposit balances to meet exploration commitments.

11) FINANCIAL INSTRUMENT RISKS

The Company's financial instruments are exposed to the following risks:

Credit Risk

The Company's primary exposure to credit risk is the risk of illiquidity of cash and cash equivalents, amounting to $418,052 at December 31, 2023 (2022 - $216,599). As the Company's policy is to limit cash holdings to instruments issued by major Canadian banks, or investments of equivalent or better quality, the credit risk is considered by management to be negligible.

Liquidity Risk

Liquidity risk is the risk that the Company will not be able to pay financial instrument liabilities as they come due. The Company's liquidity risk from financial instruments is its need to meet accounts payable and accrued liabilities and related party balance obligations. The Company maintained sufficient cash and cash equivalent balances to meet these needs at December 31, 2023.

Expressed in Canadian dollars

11) FINANCIAL INSTRUMENT RISKS *(continued)*

Interest Rate Risk

The Company has cash balances, a term deposit and a high interest savings account. The Company's current policy is to invest excess cash in investment-grade short-term deposit certificates issued by its banking insititutions. The Company periodically monitors the investments it makes and is satisfied with the credit ratings of its banks.

Fair Value of Financial Instruments

The fair value of the Company's financial assets and liabilities approximates the carrying amount. Financial instruments measured at fair value are classified into one of three levels in the fair value hierarchy according to the relative reliability of the inputs used to estimate the fair values. The three levels of the fair value hierarchy are:

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

The fair value classification of the company's financial instruments as at December 31, 2023 and 2022 is as follows:

		2023	**2022**
	Fair value level	**Fair value through other comprehensive income $**	**Fair value through other comprehensive income $**
Financial assets:			
Investment in ATAC Resources Ltd.	**1**	-	63,846
Investment in Cascadia Minerals Ltd.	**1**	132,931	-
Investment in Hecla Mining Company.	**1**	90,029	-

During the years ended December 31, 2023 and 2022, there were no transfers between level 1, level 2, and level 3 classified assets and liabilities.

Expressed in Canadian dollars

12) INCOME TAXES

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

	2023 $	2022 $
Net loss for the year before tax	(408,727)	(382,126)
Expected income tax recovery	(110,356)	(103,174)
Net adjustment for deductible and non-deductible amounts	41,926	(45,859)
True-up of prior year amounts	-	(1,312)
Effect of flow-through amounts	54,000	128,808
Total income tax recovery	(14,430)	(21,537)

The significant components of the Company's deferred income tax liabilities are as follows:

	2023 $	2022 $
Deferred income tax liabilities:		
Exploration and evaluation assets carrying amounts in excess of tax pools	(9,565,582)	(9,365,582)
Non-capital loss carry forwards and share issue costs	3,326,811	3,014,256
Investments	(34,865)	24,249
Capital loss carry forwards	1,433	1,433
Net deferred tax liabilities	(6,272,203)	(6,325,644)

Subject to certain restrictions, the Company has exploration and evaluation expenditures at December 31, 2023 of approximately $1,530,082 (2022 - $1,812,699) available to reduce taxable income in future years. The Company also has non-capital losses available for possible deduction against future years' taxable income of approximately $3,237,000 (2022 - $2,885,000). The Company has not recognized any future benefit for these tax losses, credits and resource deductions, as it is not considered likely that they will be utilized. If unused, these non-capital losses will expire as follows:

	$
2026	243,000
2027	173,000
2028	133,000
2029	79,000
2030	141,000
2031	212,000
2032	154,000
2033	121,000
2034	113,000
2035	70,000
2036	73,000
2037	112,000
2038	110,000
2039	127,000
2040	111,000
2041	406,000
2042	507,000
2043	352,000
	3,237,000

Expressed in Canadian dollars

13) LIABILITY AND INCOME TAX EFFECT ON FLOW-THROUGH SHARES

Funds raised through the issuance of flow-through shares are expected to be expended on qualified Canadian mineral exploration expenditures, as defined pursuant to Canadian income tax legislation. The flow-through gross proceeds less the qualified expenditures made to date represent the funds received from flow-through share issuances that have not been spent and are held by the Company for such expenditures.

Pursuant to the private placement financing which closed on May 29, 2023, the Company issued 3,333,333 units on a flow-through basis for gross proceeds of $200,000 and recognized a flow-through liability of $33,333.

As at December 31, 2023, the Company had spent all of the $200,000 flow-through funds and recognized a flow-through recovery of $33,333 for the year ended December 31, 2023.

14) SUPPLEMENTARY CASH FLOW INFORMATION

	2023 $	2022 $
Exploration and evaluation assets included in accounts payable and accrued liabilities	13,543	13,134
Exploration and evaluation assets included in due to related parties	-	25,677

See Notes 6 and 8.