# ARIZONA METALS CORP.

# CONSOLIDATED FINANCIAL STATEMENTS

# YEARS ENDED DECEMBER 31, 2023 AND 2022

# (EXPRESSED IN CANADIAN DOLLARS)

## Independent Auditor's Report

To the Shareholders of Arizona Metals Corp.

### Opinion

We have audited the consolidated financial statements of Arizona Metals Corp. and its subsidiaries (the "Company"), which comprise the consolidated statements of financial position as at December 31, 2023 and 2022, and the consolidated statements of loss and comprehensive loss, consolidated statements of changes in equity and consolidated statements of 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 consolidated financial position of the Company as at December 31, 2023 and 2022, and its consolidated financial performance and its consolidated 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. We have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Key audit matters

Key audit matters are those matters that, in our professional judgement, 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.

We have determined that there were no key audit matters to communicate in our report.

### Other information

Management is responsible for the other information. The other information comprises Management's Discussion and Analysis.

Our opinion on the 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.

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

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

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRS, 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 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 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 judgement 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 risks of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

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

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

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- 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 of the audit resulting in this independent auditor's report is Soheil Talebi.

**McGovern Hurley LLP**

McGovern Hurley LLP

**Chartered Professional Accountants**
**Licensed Public Accountants**

Toronto, Ontario
April 2, 2024

# Arizona Metals Corp.
**Consolidated Statements of Financial Position**
**(Expressed in Canadian Dollars)**

| As at December 31, | 2023 | 2022 |
|---|---|---|
| **ASSETS** | | |
| **Current assets** | | |
| Cash | **$ 550,399** | $ 6,958,183 |
| Investments | **29,546,734** | 45,227,200 |
| Sales tax recoverable | **35,975** | 79,647 |
| Prepaid expenses | **388,076** | 671,866 |
| **Total current assets** | **30,521,184** | 52,936,896 |
| **Non-current assets** | | |
| Deposits | **544,948** | - |
| Property and equipment (note 5) | **198,360** | 50,596 |
| Reclamation bond (note 10) | **295,028** | 295,028 |
| **Total assets** | **$ 31,559,520** | $ 53,282,520 |
| **LIABILITIES AND SHAREHOLDERS' EQUITY** | | |
| **Current liabilities** | | |
| Accounts payable and accrued liabilities (notes 4 and 12) | **$ 1,534,729** | $ 607,757 |
| **Total liabilities** | **1,534,729** | 607,757 |
| **Shareholders' equity** | | |
| Share capital (note 6) | **107,538,079** | 107,274,620 |
| Reserves (notes 7, 8 and 9) | **6,363,279** | 4,928,679 |
| Deficit | **(83,876,567)** | (59,528,536) |
| **Total shareholders' equity** | **30,024,791** | 52,674,763 |
| **Total liabilities and shareholders' equity** | **$ 31,559,520** | $ 53,282,520 |

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

Nature of operations and going concern (note 1)
Commitments and contingencies (notes 10 and 13)
Subsequent events (note 14)

**Approved on behalf of the Board:**

(Signed) "Paul Reid" Director

(Signed) "Marc Pais" Director

# Arizona Metals Corp.
**Consolidated Statements of Loss and Comprehensive Loss**
**(Expressed in Canadian Dollars)**

| **Year ended December 31,** | **2023** | **2022** |
|---|---|---|
| **Operating expenses** | | |
| Salaries and benefits (note 12) | **$ 2,295,256** | $ 1,878,174 |
| Exploration and evaluation expenditures (note 10) | **20,549,168** | 18,111,186 |
| Office and general | **611,372** | 555,519 |
| Professional fees (note 12) | **330,899** | 327,745 |
| Business development | **431,821** | 458,027 |
| Share-based payments (notes 7, 9 and 12) | **1,554,909** | 2,933,827 |
| Filing fees | **331,754** | 457,155 |
| Depreciation (note 5) | **62,574** | 20,315 |
| **Operating loss before the following item** | **(26,167,753)** | (24,741,948) |
| Interest income | **1,819,722** | 227,200 |
| **Net loss and comprehensive loss for the year** | **$ (24,348,031)** | $ (24,514,748) |
| | | |
| **Basic and diluted net loss per share** | **$ (0.21)** | $ (0.22) |
| **Weighted average number of common shares outstanding** | **116,098,513** | 111,646,785 |

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

## Arizona Metals Corp.

**Consolidated Statements of Changes in Equity**
**(Expressed in Canadian Dollars)**

| | Share capital | | | | |
|---|---|---|---|---|---|
| | **Shares** | **Amount** | **Reserves** | **Deficit** | **Total** |
| **Balance, December 31, 2021** | **104,976,960** | **$ 86,332,796** | **$ 5,191,031** | **$ (35,316,103)** | **$ 56,207,724** |
| Stock options exercised (note 7) | 970,000 | 1,097,470 | (470,470) | - | 627,000 |
| Warrants exercised (note 8) | 10,062,844 | 19,844,354 | (2,423,394) | - | 17,420,960 |
| Warrants expired (note 8) | - | - | (302,315) | 302,315 | - |
| Share-based payments | - | - | 2,933,827 | - | 2,933,827 |
| Net loss for the year | - | - | - | (24,514,748) | (24,514,748) |
| **Balance, December 31, 2022** | **116,009,804** | **$107,274,620** | **$ 4,928,679** | **$ (59,528,536)** | **$ 52,674,763** |
| Stock options exercised (note 7) | 482,500 | 263,459 | (120,309) | - | 143,150 |
| Share-based payments | - | - | 1,554,909 | - | 1,554,909 |
| Net loss for the year | - | - | - | (24,348,031) | (24,348,031) |
| **Balance, December 31, 2023** | **116,492,304** | **$107,538,079** | **$ 6,363,279** | **$ (83,876,567)** | **$ 30,024,791** |

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

## Arizona Metals Corp.
**Consolidated Statements of Cash Flows**
**(Expressed in Canadian Dollars)**

| Year ended December 31, | 2023 | 2022 |
|---|---|---|
| **Operating activities** | | |
| Net loss for the year | **$ (24,348,031)** | $ (24,514,748) |
| Adjustments for: | | |
| Share-based payments | **1,554,909** | 2,933,827 |
| Depreciation | **62,574** | 20,315 |
| Accrued interest | **(397,652)** | - |
| Changes in non-cash working capital items: | | |
| Sales tax recoverable | **43,672** | 493,074 |
| Prepaid expenses and deposits | **(261,158)** | 23,882 |
| Accounts payable and accrued liabilities | **926,972** | (462,022) |
| **Net cash used in operating activities** | **(22,418,714)** | (21,505,672) |
| **Investing activities** | | |
| Reclamation bond | **-** | (60,449) |
| Purchase of property and equipment | **(210,338)** | (70,911) |
| Purchase of investments | **(85,227,257)** | (75,350,049) |
| Redemption of investments | **101,305,375** | 30,122,849 |
| **Net cash provided by (used in) investing activities** | **15,867,780** | (45,358,560) |
| **Financing activities** | | |
| Proceeds from exercise of stock options | **143,150** | 627,000 |
| Proceeds from exercise of warrants | **-** | 17,420,960 |
| **Net cash provided by financing activities** | **143,150** | 18,047,960 |
| **Net change in cash** | **(6,407,784)** | (48,816,272) |
| **Cash, beginning of year** | **6,958,183** | 55,774,455 |
| **Cash, end of year** | **$ 550,399** | $ 6,958,183 |
| | | |
| **Supplemental information** | | |
| Interest received | **$ 1,422,070** | $ 227,200 |

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

## 1. Nature of operations and going concern

Arizona Metals Corp. ("AMC" or the "Company") was incorporated under the Canada Business Corporations Act on June 28, 2017. The Company's head office, principal address and registered and records office is located at 66 Wellington Street West, Suite 4100, Toronto, Ontario, Canada, M5K 1B7. The Company completed its Initial Public Offering on March 6, 2018 and was classified as a Capital Pool Company ("CPC") as defined by the TSX Venture Exchange ("TSX-V").

On August 1, 2019, the Company completed a reverse take-over transaction ("RTO") with Croesus Gold Corp. ("Croesus"), which changed to Arizona Metals Holdings Corp. subsequent to RTO, wherein the Company acquired 100% of the issued and outstanding common shares of Croesus. As a result of the share exchange, Croesus is considered to have control. While the Company is the legal acquirer, the accounting acquirer is Croesus and these financial statements are consolidated and presented with Croesus as the continuing entity. Concurrent with the RTO, the Company changed its name to Arizona Metals Corp. and began trading on the TSX-V under the symbol "AMC". On August 6, 2020, the Company began trading on the OTCQB under the ticker "AZMCF" and moved to the OTCQX in January 2021. On October 13, 2022, the Company's common shares were delisted from the TSX-V upon graduation to the TSX.

AMC is a Canadian exploration company focused on precious metal exploration in the United States. At the date of these consolidated financial statements, the Company does not have any operating mines, nor has it earned any income from production.

Although the Company has taken steps to verify title to the properties on which it is conducting its exploration activities, these procedures do not guarantee the Company's title. Property title may be subject to government licensing requirements or regulations, unregistered prior agreements, social licensing requirements, aboriginal land claims and non-compliance with regulatory and environmental requirements. The Company's property interests may also be subject to increases in taxes and royalties, renegotiation of contracts, currency exchange fluctuations and restrictions, and political uncertainty.

AMC is at an early stage of exploration and as is common with many exploration companies, it raises financing for its exploration and acquisition activities in discrete tranches. The Company has current assets in excess of current liabilities of $28,986,455 at December 31, 2023 (December 31, 2022 - $52,329,139). For the year ended December 31, 2023, the Company had a net loss of $24,348,031 (year ended December 31, 2022 - $24,514,748), and had cash outflows from operations of $22,418,714 (year ended December 31, 2022 - $21,505,672).

These consolidated financial statements have been prepared on a going concern basis, which contemplates the realization of assets and settlement of liabilities in the normal course of business as they become due. The Company believes that it will have sufficient capital to operate over the next twelve months.

Longer term, the Company may pursue opportunities to raise additional capital through equity markets; however, there can be no assurance it will be able to raise funds in the future. The ultimate ability of the Company to remain a going concern and complete exploration and development of properties, if properties are proven successful, is dependent upon successfully raising additional capital.

## 2. Significant accounting policies

### *Statement of compliance*

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board ("IASB") and interpretations issued by the International Financial Reporting Interpretations Committee ("IFRIC"), effective for the Company's reporting for the year ended December 31, 2023.

These consolidated financial statements were approved and authorized for issuance by the Board of Directors on April 2, 2024.

### *Basis of presentation*

These consolidated financial statements have been prepared on a historical cost basis, with the exception of financial instruments classified at fair value through profit or loss. In addition, these consolidated financial statements have been prepared using the accrual basis of accounting except for cash flow information.

### *Functional and presentation currency*

These consolidated financial statements have been prepared in Canadian dollars, which is the Company's functional and presentation currency. The functional currency of its subsidiaries is the Canadian dollar.

### *Basis of consolidation*

These consolidated financial statements incorporate the financial statements of the Company and its wholly-owned subsidiaries.

The following companies have been consolidated within the consolidated financial statements:

| Company | Registered | Principal activity |
|---|---|---|
| Arizona Metals Corp. | Canada | Parent company |
| Arizona Metals Holdings Corp. (i) | Canada | Holding company |
| Croesus Gold USA Corp. (i) | Arizona, USA | Exploration company |
| Kay Mine USA Corp. (i) | Arizona, USA | Exploration company |

(i) 100% owned, directly or indirectly, by Arizona Metals Corp.

Subsidiaries are consolidated from the date of acquisition, being the date on which the Company obtains control, and continues to be consolidated until the date that such control ceases. Control is achieved when an investor has power over an investee to direct its activities, exposure to variable returns from an investee, and the ability to use the power to affect the investor's returns.

The results of subsidiaries acquired or disposed of during the years presented are included in the consolidated statements of comprehensive loss from the effective date of control and up to the effective date of disposal or loss of control, as appropriate. All intercompany transactions, balances, income and expenses are eliminated upon consolidation.

## 2. Significant accounting policies (continued)

***Financial instruments***

Recognition and initial measurement

The Company recognizes a financial asset or financial liability on the consolidated statement of financial position when it becomes party to the contractual provisions of the financial instrument. Financial assets are initially measured at fair value, and are derecognized either when the Company has transferred substantially all the risks and rewards of ownership of the financial asset, or when cash flows expire. Financial liabilities are initially measured at fair value and are derecognized when the obligation specified in the contract is discharged, cancelled or expired.

A write-off of a financial asset (or a portion thereof) constitutes a derecognition event. Write-off occurs when the Company has no reasonable expectations of recovering the contractual cash flows on a financial asset.

Classification and measurement

The Company determines the classification of its financial instruments at initial recognition. Financial assets are classified according to the following measurement categories:

i) amortized cost; or
ii) those to be measured subsequently at fair value, either through profit or loss (“FVTPL”) or through other comprehensive income (“FVTOCI”).

The classification and measurement of financial assets after initial recognition at fair value depends on the business model for managing the financial asset and the contractual terms of the cash flows. Financial assets that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal outstanding, are generally measured at amortized cost at each subsequent reporting period. All other financial assets are measured at their fair values at each subsequent reporting period, with any changes recorded through profit or loss or through other comprehensive income (which designation is made as an irrevocable election at the time of recognition).

After initial recognition at fair value, financial liabilities are classified and measured at either:

iii) amortized cost; or
iv) FVTPL, if the Company has made an irrevocable election at the time of recognition, or when required (for items such as instruments held for trading or derivatives).

The Company reclassifies financial assets when and only when its business model for managing those assets changes. Financial liabilities are not reclassified.

Transaction costs that are directly attributable to the acquisition or issuance of a financial asset or financial liability subsequently measured at amortized cost or FVTOCI are included in the fair value of the instrument on initial recognition. Transaction costs for financial assets and financial liabilities classified at fair value through profit or loss are expensed in profit or loss.

The Company’s financial assets consist of cash, investments, sales tax recoverable, and reclamation bond which are classified and subsequently measured at amortized cost.

The Company’s financial liabilities consist of accounts payable and accrued liabilities, which are classified and measured at amortized cost using the effective interest method. Interest expense is reported in net loss.

**2. Significant accounting policies (continued)**

***Financial instruments (continued)***

Impairment of financial assets

The Company assesses all information available, including on a forward-looking basis the expected credit losses associated with any financial assets carried at amortized cost. The impairment methodology applied depends on whether there has been a significant increase in credit risk. To assess whether there is a significant increase in credit risk, the Company compares the risk of a default occurring on the asset as at the reporting date with the risk of default as at the date of initial recognition based on all information available, and reasonable and supportive forward-looking information.

Financial instruments recorded at fair value

Financial instruments recorded at fair value on the consolidated statements of financial position are classified using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

- Level 1 - valuation based on quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2 - valuation techniques based on inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- Level 3 - valuation techniques using inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The carrying value of the Company's financial instruments approximates fair value due to their short-term maturity.

***Cash***

Cash includes cash on hand and cash held with a Canadian chartered bank.

**Investments**

Investments are guaranteed investment certificates with maturity dates of less than a year.

***Exploration and evaluation expenditures***

The Company expenses exploration and evaluation expenditures as incurred on mineral properties not commercially viable and financially feasible. Exploration and evaluation expenditures include acquisition costs of mineral properties, property option payments and evaluation activities. Once a project has been established as commercially viable and technically feasible, related development expenditures are capitalized. This includes costs incurred in preparing the site for mining operations. Capitalization ceases when the mine is capable of commercial production, with the exception of development costs that give rise to a future benefit. Exploration and evaluation expenditures are capitalized if the Company can demonstrate that these expenditures meet the criteria of an identifiable intangible or tangible asset. To date, no such exploration and evaluation expenditures have been identified and capitalized.

Mineral property assets are amortized upon upon commencement of commercial production either on a unit-of-production basis over measured and indicated resources included in the mine plan or the life of the mine.

**2. Significant accounting policies (continued)**

***Property and equipment***

Equipment is carried at cost, less accumulated depreciation and accumulated impairment losses. The assets' residual values, useful lives and methods of depreciation are reviewed at each reporting period and adjusted prospectively if appropriate. Depreciation methods are as follows:

- Equipment 30% declining balance
- Vehicles 30% declining balance

Equipment is derecognized upon disposal, when held for sale or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on disposal of the asset, determined as the difference between the net disposal proceeds and the carrying amount of the asset, is recognized in consolidated statements of loss.

When parts of an item of equipment have different useful lives, the components are accounted for as separate items of equipment. Gains and losses on disposal of an item are determined by comparing the proceeds from disposal with the carrying amount of the item and recognized in consolidated statements of loss and comprehensive loss.

***Income taxes***

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

Current tax expense is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at year end, adjusted for amendments to tax payable with regards to previous years. Deferred tax is recognized in respect of taxable temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognized for the following temporary differences: the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss, and differences relating to investments in subsidiaries and joint ventures to the extent that it is probable that they will not reverse in the foreseeable future. In addition, deferred tax is not recognized for taxable temporary differences arising on the initial recognition of goodwill. Deferred tax is measured at the tax rates that are expected to be applied to taxable temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date. Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realized simultaneously.

A deferred tax asset is recognized for unused tax losses, tax credits and deductible temporary differences, to the extent that it is probable that future taxable profits will be available against which they can be utilized. 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.

**2. Significant accounting policies (continued)**

***Share-based payments***

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

The fair value is measured at the grant date and recognized over the period during which the options vest. The fair value of the options granted is measured using the Black-Scholes option pricing model, taking into account the terms and conditions upon which the options were granted. RSUs are valued at the share price prevailing at the time of grant. At each reporting date, the amount recognized as an expense is adjusted to reflect the actual number of share options and RSUs that are expected to vest.

Equity-settled share-based payment transactions with parties other than employees are measured at the fair value of the goods or services received, except where that fair value cannot be estimated reliably, in which case they are measured at the fair value of the equity instruments granted, measured at the date the entity obtains the goods or the counterparty renders the service.

The grant date fair values of share-based payments that are unexercised upon expiry is removed from reserves and transferred to accumulated deficit.

***Decommissioning provision***

A legal or constructive obligation to incur restoration, rehabilitation and environmental costs may arise when environmental disturbance is caused by the Company's exploration and evaluation activities. Discount rates using a pretax rate that reflects the risk and the time value of money are used to calculate the net present value. These costs are charged against profit or loss as exploration and evaluation expenditures and the related liability is adjusted for each period for the unwinding of the discount rate and for changes to the current market-based discount rate, amount or timing of the underlying cash flows needed to settle the obligation.

The Company has no restoration, rehabilitation and environment costs as the disturbance to date has been minimal.

***Provision***

Provisions are recognized when the Company has a present obligation (legal or constructive) that has arisen as a result of a past event and it is probable that a future outflow of resources will be required to settle the obligation, provided that a reliable estimate can be made of the amount of the obligation.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risk specific to the obligation.

***Related party transactions***

Parties are considered to be related if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions. Parties are also considered to be related if they are subject to common control or common significant influence. Related parties may be individuals or corporate entities. A transaction is considered to be a related party transaction when there is a transfer of resources or obligations between related parties.

**2. Significant accounting policies (continued)**

***Foreign currency transactions***

Transactions in foreign currencies are translated into the functional currency at the exchange rates at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are translated into the functional currency at the exchange rate at the reporting date. Non-monetary assets and liabilities that are measured at fair value in a foreign currency are translated into the functional currency at the exchange rate when the fair value was determined. Foreign currency differences are recognised in consolidated statement of loss.

***Impairment of non-financial assets***

All non-financial assets are reviewed at the end of each reporting period to determine whether the carrying amount may not be recoverable. If evidence of impairment is identified, the asset is tested for impairment.

For purposes of impairment testing, if a non-financial asset does not generate cash inflows that are largely independent of the cash inflows from other assets or groups of assets, it is grouped with other assets to create a cash-generating unit (CGU), which is the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or groups of assets.

The recoverable amount of a non-financial asset or a CGU is the higher of its fair value less costs to sell and its value in use. Value in use is determined on the basis of profit or loss projections over its useful life using management's forecast tools (for the three first years) and an estimate over the subsequent years based on long-term market trends for the asset or CGU involved. The calculation takes into account net cash flows to be received on disposal of the asset or CGU at the end of its useful life based on the growth and profitability profile of each asset or CGU.

An impairment loss recognized in prior periods for a non-financial asset or a CGU is reversed when there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognized.

***Critical accounting estimates and judgments***

The preparation of the consolidated financial statements using accounting policies consistent with IFRS requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities. The preparation of the consolidated financial statements also requires management to exercise judgment in the process of applying the accounting policies.

Critical accounting estimates

(a) Share-based payments

Management determines costs for share-based payments using market-based valuation techniques. The fair value of the market-based and performance-based share awards are estimated at the date of grant using generally accepted valuation techniques. Assumptions are made and judgment used in applying valuation techniques. These assumptions and judgments include estimating the future volatility of the stock price, expected dividend yield, future employee turnover rates and future employee stock option exercise behaviours and corporate performance. Such judgments and assumptions are inherently uncertain. Changes in these assumptions affect the fair value estimates.

**2. Significant accounting policies (continued)**

***Critical accounting estimates and judgments (continued)***

(b) Income, value added, withholding and other taxes

The Company is subject to income, value added, withholding and other taxes. Significant judgment is required in determining the Company's provisions for taxes. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The Company recognizes liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. The determination of the Company's income, value added, withholding and other tax liabilities requires interpretation of complex laws and regulations. The Company's interpretation of taxation law as applied to transactions and activities may not coincide with the interpretation of the tax authorities. All tax related filings are subject to government audit and potential reassessment subsequent to the financial statement reporting period. Where the final tax outcome of these matters is different from the amounts that were initially recorded. Such differences will impact the tax related accruals and deferred income tax provisions in the period in which such determination is made.

(c) Decommissioning provision

Decommissioning, restoration and similar liabilities are estimated based on the Company's interpretation of current regulatory requirements and constructive obligations and are measured at fair value.

(d) Commitments and contingencies

See note 13.

Critical judgments in applying accounting policies

(a) Going concern

The assessment of the Company's ability to continue as a going concern involves judgment regarding future funding available for its operations and working capital requirements as discussed in note 1.

(b) Impairment of property and equipment

At each statement of financial position date or whenever there are indications of impairment losses, the Company reviews the carrying amounts of its property and equipment to determine whether there is any indication that such property and equipment have suffered an impairment loss. If any such indication exists, the recoverable amount of the equipment is estimated in order to determine the extent of the impairment loss (if any). There were no indications of impairment losses assessed by the Company in the years ended December 31, 2023 and 2022 and as a result, no impairment losses were recorded.

***Loss per share***

Basic loss per share is computed by dividing the loss for the period available to common shareholders by the weighted average number of shares outstanding during the years. Diluted loss per share is computed similarly to basic loss per share except that the weighted average shares outstanding are increased to include additional shares for the assumed exercise of stock options and warrants, if dilutive. The number of additional shares is calculated by assuming that outstanding stock options and warrants were exercised and that the proceeds from such exercises were used to acquire common stock at the average market price during the years. Options and warrants are anti-dilutive and, therefore, have not been taken into account in the loss per share calculations.

## 2. Significant accounting policies (continued)

***Changes in accounting policies***

During the year ended December 31, 2023, the Company adopted a number of amendments and improvements of existing standards. These included amendments to IAS 1 - Presentation of Financial Statements and IAS 8 - Accounting Policies, Changes in Accounting Estimates and Errors. These new standards and changes did not have any material impact on the Company's consolidated financial statements.

***New accounting pronouncements***

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

## 3. Capital risk management

The Company includes equity, comprising issued share capital, reserves and deficit, in the definition of capital, which as at December 31, 2023, totaled $30,024,791 (December 31, 2022 - $52,674,763).

The Company's primary objective with respect to its capital management is to ensure that it has sufficient cash resources to fund its exploration commitments. To secure the additional capital necessary to continue with the exploration of mineral properties, the Company may attempt to raise additional funds through the issuance of debt or equity. The Company is not subject to any capital requirements imposed by a lending institution.

The Company monitors its capital structure and makes adjustments according to market conditions in an effort to meet its objectives given the current outlook of the business and industry in general. The Company may manage its capital structure by issuing new shares and adjusting spending. The capital structure is reviewed by management and the Board of Directors on an ongoing basis.

There were no changes in the Company's process, policies and approach to capital management during the years ended December 31, 2023 and 2022.

The Company is not subject to any capital requirements imposed by a lending institution or regulatory body, other than of the TSX which requires adequate working capital or financial resources such that, in the opinion of TSX, the listed issuer will be able to continue as a going concern. TSX will consider, among other things, the listed issuer's ability to meet its obligations as they come due, as well as its working capital position, quick asset position, total assets, capitalization, cash flow and earnings as well as accountants' or auditors' disclosures in the consolidated financial statements regarding the listed issuer's ability to continue as a going concern.

## 4. Financial instruments

The Company's activities expose it to a variety of financial risks: credit risk, liquidity risk and market risk (including interest rate risk, foreign currency risk and price risk).

*(i) Credit risk*

Credit risk is the risk of loss associated with a counterparty's inability to fulfill its payment obligations. The Company's credit risk is primarily attributable to cash, investments, sales tax recoverable and reclamation bond. Cash is held with a Canadian chartered bank, from which management believes the risk of loss to be minimal.

Sales tax recoverable are receivable from government authorities in Canada. Reclamation bond is held with relevant government authorities in United States. Management believes that the credit risk with respect to these amounts receivable is minimal.

*(ii) Liquidity risk*

Liquidity risk is the risk that the Company will not have sufficient cash resources to meet its financial obligations as they come due. The Company's liquidity and operating results may be adversely affected if its access to the capital market is hindered, whether as a result of a downturn in stock market conditions generally or matters specific to the Company. The Company generates cash flow primarily from its financing activities. As at December 31, 2023, the Company had cash of $550,399 and investments of $29,546,734 (December 31, 2022 - cash of $6,958,183 and investments of $45,227,200) to settle current liabilities of $1,534,729 (December 31, 2022 - $607,757). All of the Company's financial liabilities have contractual maturities of less than 90 days and are subject to normal trade terms. The Company regularly evaluates its cash position to ensure preservation and security of capital as well as liquidity.

The Company obtained its financing through private placements and public offerings. Negative trends in the general equity market and the fall in commodity prices can adversely impact the Company's ability to obtain financing at favourable terms. If the Company cannot obtain the necessary financing to fund its operating and exploration activities, the Company might not be able to continue as a going concern entity.

There can be no assurance that additional financing, if and when required, will be available or on terms acceptable to the Company.

*(iii) Market risk*

Market risk is the risk of loss that may arise from changes in market factors such as interest rates and foreign exchange rates.

(a) Interest rate risk

The Company has cash balances. The Company's current policy is to invest surplus cash in high yield savings accounts with a Canadian chartered bank with which it keeps its bank accounts. The Company periodically monitors the investments it makes and is satisfied with the creditworthiness of its Canadian chartered bank.

(b) Foreign currency risk

The Company's functional and presentation currency is the Canadian dollar and major purchases are transacted in Canadian dollars. As a result, the Company is not exposed to foreign currency risk.

**(Expressed in Canadian Dollars)**

## 5. Property and equipment

| **Cost** | **Equipment** | **Vehicles** | **Total** |
|---|---|---|---|
| Balance, December 31, 2021 | $ - | $ - | $ - |
| Additions | 12,766 | 58,145 | 70,911 |
| Balance, December 31, 2022 | $ 12,766 | $ 58,145 | $ 70,911 |
| Additions | 110,009 | 100,329 | 210,338 |
| Balance, December 31, 2023 | $ 122,775 | $ 158,474 | $ 281,249 |

| **Accumulated Depreciation** | **Equipment** | **Vehicles** | **Total** |
|---|---|---|---|
| Balance, December 31, 2021 | $ - | $ - | $ - |
| Depreciation for the year | 2,871 | 17,444 | 20,315 |
| Balance, December 31, 2022 | 2,871 | 17,444 | 20,315 |
| Depreciation for the year | 20,265 | 42,309 | 62,574 |
| Balance, December 31, 2023 | $ 23,136 | $ 59,753 | $ 82,889 |

| **Carrying Value** | **Equipment** | **Vehicles** | **Total** |
|---|---|---|---|
| Balance, December 31, 2022 | $ 9,895 | $ 40,701 | $ 50,596 |
| Balance, December 31, 2023 | $ 99,639 | $ 98,721 | $ 198,360 |

## 6. Share capital

a) Authorized share capital

The authorized share capital consisted of unlimited number of common shares. The common shares do not have a par value. All issued shares are fully paid.

b) Common shares issued

| | **Number of common shares** | **Amount** |
|---|---|---|
| **Balance, December 31, 2021** | **104,976,960** | **$ 86,332,796** |
| Stock options exercised | 970,000 | 1,097,470 |
| Warrants exercised | 10,062,844 | 19,844,354 |
| **Balance, December 31, 2022** | **116,009,804** | **$ 107,274,620** |
| Stock options exercised | 482,500 | 263,459 |
| **Balance, December 31, 2023** | **116,492,304** | **$ 107,538,079** |

**(Expressed in Canadian Dollars)**

## 7. Stock options

The Company has adopted an incentive stock option plan which provides that the board of directors of the Company may from time to time, in its discretion, grant to the directors, officers, employees and consultants to the Company, non-transferable stock options to purchase common shares, provided that the number of common shares reserved for issuance will not exceed 10% of the Company's issued and outstanding common shares. The board of directors has discretion to the number, vesting period and expiry date of each option award.

The Company's stock options outstanding are as follows:

| | Number of stock options | Weighted average exercise price |
|---|---|---|
| Balance, December 31, 2021 | 6,852,000 | $ 0.40 |
| Issued (i)(ii) | 775,000 | 5.95 |
| Exercised | (970,000) | 0.64 |
| Balance, December 31, 2022 | 6,657,000 | $ 1.01 |
| Issued (iii)(iv)(v) | 414,500 | 4.09 |
| Exercised | (482,500) | 0.30 |
| Balance, December 31, 2023 | 6,589,000 | $ 1.26 |

During the year ended December 31, 2023, the Company recognized share-based payments expense of $1,111,917 (2022 - $2,933,827) related to the stock options granted and vested.

(i) On January 31, 2022, the Company granted 450,000 stock options to a consultant and an employee of the Company with exercise price of $5.38 per share, expiring in 5 years. The options vest 1/3 on grant date, 1/3 on the one year anniversary of the grant date, and 1/3 on the two year anniversary of the grant date. The stock options were assigned a grant date value of $1,775,575 as estimated by using the Black-Scholes valuation model with the following assumptions: share price of $5.60, expected dividend yield of 0%, expected volatility of 90%, risk-free rate of return of 1.64%, and an expected maturity of 5 years.

(ii) On March 28, 2022, the Company granted 325,000 stock options to directors of the Company with exercise price of $6.75 per share, expiring in 5 years. The options vested immediately. The stock options were assigned a grant date value of $1,484,966 as estimated by using the Black-Scholes valuation model with the following assumptions: share price of $6.57, expected dividend yield of 0%, expected volatility of 89%, risk-free rate of return of 2.46%, and an expected maturity of 5 years.

(iii) On April 21, 2023, the Company granted 349,500 stock options to directors and consultants of the Company with exercise price of $4.25 per share, expiring in 5 years. The options vest 1/3 on grant date, 1/3 on the one year anniversary of the grant date, and 1/3 on the two year anniversary of the grant date. The stock options were assigned a grant date value of $991,558 as estimated by using the Black-Scholes valuation model with the following assumptions: share price of $4.22, expected dividend yield of 0%, expected volatility of 83%, risk-free rate of return of 3.10%, and an expected maturity of 5 years.

(iv) On June 5, 2023, the Company granted 25,000 stock options to a consultant of the Company with exercise price of $3.39 per share, expiring in 5 years. The options vest 1/2 on 3 month anniversary of the grant date and 1/2 on the one year anniversary of the grant date. The stock options were assigned a grant date value of $57,616 as estimated by using the Black-Scholes valuation model with the following assumptions: share price of $3.38, expected dividend yield of 0%, expected volatility of 84%, risk-free rate of return of 3.52%, and an expected maturity of 5 years.

**(Expressed in Canadian Dollars)**

## 7. Stock options (continued)

(v) On July 6, 2023, the Company granted 40,000 stock options to directors of the Company with exercise price of $3.10 per share, expiring in 5 years. The options vest 1/3 on grant date, 1/3 on the one year anniversary of the grant date, and 1/3 on the two year anniversary of the grant date. The stock options were assigned a grant date value of $80,936 as estimated by using the Black-Scholes valuation model with the following assumptions: share price of $2.98, expected dividend yield of 0%, expected volatility of 84%, risk-free rate of return of 3.91%, and an expected maturity of 5 years.

The following table reflects the stock options issued and outstanding as of December 31, 2023:

| Fair value on grant date ($) | Weighted average remaining contractual life (years) | Number of options outstanding | Exercisable options | Weighted average exercise price ($) | Expiry date |
|---|---|---|---|---|---|
| 350,174 | 0.24 | 1,349,500 | 1,349,500 | 0.30 | March 27, 2024 |
| 117,852 | 0.88 | 350,000 | 350,000 | 0.40 | November 15, 2024 |
| 708,702 | 1.43 | 1,300,000 | 1,300,000 | 0.66 | June 4, 2025 |
| 84,538 | 2.11 | 100,000 | 100,000 | 1.00 | February 8, 2026 |
| 627,386 | 2.38 | 2,300,000 | 2,300,000 | 0.20 | May 19, 2026 |
| 1,775,575 | 3.09 | 450,000 | 300,000 | 5.38 | January 31, 2027 |
| 1,484,966 | 3.24 | 325,000 | 325,000 | 6.75 | March 28, 2027 |
| 991,558 | 4.31 | 349,500 | 116,500 | 4.25 | April 21, 2028 |
| 57,616 | 4.43 | 25,000 | 12,500 | 3.39 | June 5, 2028 |
| 80,936 | 4.52 | 40,000 | 13,333 | 3.10 | July 6, 2028 |
| 6,279,303 | 1.88 | 6,589,000 | 6,166,833 | 1.26 | |

## 8. Warrants

The Company's warrants outstanding are as follows:

| | Number of warrants | Weighted average exercise price |
|---|---|---|
| Balance, December 31, 2021 | 10,025,969 | $ 1.74 |
| Issued | 262,720 | 3.00 |
| Exercised | (10,062,844) | 1.73 |
| Expired | (225,845) | 3.75 |
| Balance, December 31, 2022 and December 31, 2023 | - | $ - |

As at December 31, 2023, there were no warrants issued and outstanding.

**(Expressed in Canadian Dollars)**

## 9. Restricted share units

The restricted share units ("RSUs") plan is a compensation program designed to reward eligible participants for their services rendered to the Company. RSUs are awarded at the discretion of the board of directors, with each unit representing the right to receive payment equivalent to the value of one common share of the Company, subject to specified conditions and restrictions. These conditions often include continued employment or engagement with the Company.

Unless otherwise set forth in the RSU Agreement, RSUs vest 1/3 on the one year anniversary of the grant date, 1/3 on the two year anniversary of the grant date, and 1/3 on the third year anniversary of the grant date. The Company has discretion to settle the vested RSUs in the form of common shares, their cash equivalent, or a combination thereof. The RSU plan aims to align the interests of participants with the long-term performance and success of the Company while providing a mechanism for incentivizing and retaining key talent.

The Company's RSUs outstanding are as follows:

| | Number of RSUs |
|---|---|
| Balance, December 31, 2021 and December 31, 2022 | - |
| Granted (i)(ii) | 262,500 |
| Balance, December 31, 2023 | 262,500 |

During the year ended December 31, 2023, the Company recognized share-based payments expense of $442,992 (2022 - $nil) related to the RSUs granted.

(i) On April 21, 2023, the Company granted 232,500 RSUs to directors and consultants of the Company under the terms of the Company's RSU Plan. The RSUs vest 1/3 on the one year anniversary of the grant date, 1/3 on the two year anniversary of the grant date, and 1/3 on the third year anniversary of the grant date. The RSUs were assigned a grant date value of $981,150 based on the prevailing market price on the grant date. No RSUs vested during the year ended December 31, 2023.

(ii) On July 6, 2023, the Company granted 30,000 RSUs to directors of the Company under the terms of the Company's RSU Plan. The RSUs vest 1/3 on the one year anniversary of the grant date, 1/3 on the two year anniversary of the grant date, and 1/3 on the third year anniversary of the grant date. The RSUs were assigned a grant date value of $89,400 based on the prevailing market price on the grant date. No RSUs vested during the year ended December 31, 2023.

**(Expressed in Canadian Dollars)**

## 10. Exploration and evaluation expenditures

| Year ended December 31, | 2023 | 2022 |
|---|---|---|
| **Sugarloaf Peak Gold Project** | | |
| Concession fees and taxes | **$ 47,823** | $ 46,357 |
| Consulting | **139,285** | 46,520 |
| | **187,108** | 92,877 |
| **Kay Mine** | | |
| Acquisition cost | **3,422,174** | - |
| Concession fees and taxes | **31,533** | 13,304 |
| Legal fees | **166,544** | 141,930 |
| Consulting | **682,251** | 2,460,764 |
| Camp costs | **158,634** | 214,915 |
| Drilling | **14,815,109** | 14,658,885 |
| Assays | **1,084,941** | 528,511 |
| Storage | **874** | - |
| | **20,362,060** | 18,018,309 |
| **Total exploration and evaluation expenditures** | **$ 20,549,168** | $ 18,111,186 |

**Sugarloaf Peak Gold Project**

On December 16, 2014, Croesus entered into an option agreement with Riverside Resources Inc. ("Riverside") effective December 16, 2014, as amended December 18, 2015 and March 21, 2016 (the "Sugarloaf Option Agreement") whereby Riverside granted to Croesus the irrevocable and exclusive right and option (the "Option") to purchase and acquire 100% of Riverside's right, title and interest (of any nature or kind whatsoever) in and to the Sugarloaf Peak Gold Project, which was fully exercised.

The Sugarloaf Gold Peak Project is subject to a 2% net smelter return royalty due to Riverside and a 1.5% royalty to Arizona Gold Holdings, LLC. AMC has the right to repurchase 0.5% of the royalty granted to Riverside for $2,000,000 until the commencement of production on the Sugarloaf Peak Gold Project. In addition, AMC retains the right to require Riverside to repurchase 1% of the 1.5% royalty held by Arizona Gold Holdings, LLC for US$1,000,000, which repurchase amount would be funded by AMC.

At December 31, 2023, the Company has provided aggregate of $54,652 (December 31, 2022 - $54,652) in deposits as security against potential future reclamation work related to the Sugarloaf Peak Gold Project.

**Kay Mine**

On November 15, 2018, Croesus entered into an acquisition agreement ("Acquisition Agreement") with Silver Spruce Resources Inc. ("Silver Spruce") to acquire 100% interest in certain patented and unpatented mining claims in Yavapai County, Arizona, USA, known collectively as the "Kay Mine Claims". The purchase price includes:

(a) Cash consideration of $50,000 (paid); and

(b) the assumption by the Company of a loan on the closing date with a principal amount of US$450,000, accruing interest at a rate of 12% per annum. The Company repaid the full amount of the loan and the accrued interest on March 12, 2019 in the amount of $652,165.

**(Expressed in Canadian Dollars)**

## 10. Exploration and evaluation expenditures (continued)

In May 2019, the Company entered into an agreement with Silver Spruce to amend the ongoing terms of the Acquisition Agreement (“Extension Agreement”). Under the Extension Agreement, Croesus made additional payments to Silver Spruce of $200,000 on May 9, 2019 and $150,000 on June 27, 2019, satisfying all of the Company’s obligations under the Acquisition Agreement and Extension Agreement.

In January 2021, the Company entered into a purchase option and sale agreement to acquire 100% of six parcels of patented land totaling 107 acres, located 900 metres northeast of its Kay Mine VMS Project. The purchase price was $2,853,057 (US$2,250,000) and the purchase was completed in May 2021.

In August 2023, the Company entered into a purchase and sale agreement with an arm's length party to acquire 100% of a private land parcel, located northeast of its Kay Mine Project. The property includes the surface, mineral, and water rights, among other rights and benefits. The purchase price was $3,422,174 (US$2,500,000) and the purchase was completed in December 2023.

At December 31, 2023, the Company has provided aggregate of $240,376 (December 31, 2022 - $240,376) in deposits as security against potential future reclamation work related to the Kay Mine.

## 11. Income tax

### Provision for income taxes

The reconciliation of the combined Canadian federal and provincial statutory income tax rate of 26.5% to the effective tax rate is as follows:

| Year ended December 31, | 2023 | 2022 |
|---|---|---|
| Loss before income tax | **$ (24,348,031)** | $ (24,514,748) |
| Expected income tax recovery based on statutory rate | **(6,452,000)** | (6,496,000) |
| Adjustment to expected income tax recovery: | | |
| Share-based payments | **412,000** | 777,000 |
| Change in benefit of tax assets not recognized | **6,040,000** | 5,719,000 |
| Deferred income tax provision (recovery) | **$ -** | $ - |

### Deferred income tax

Deferred taxes are a result of temporary differences that arise due to the differences between the income tax values and the carrying amount of assets and liabilities.

| Unrecognized deferred tax assets as at December 31, | 2023 | 2022 |
|---|---|---|
| Deferred income tax assets have not been recognized in respect of the following deductible temporary differences: | | |
| Non-capital loss carry-forwards | **$ 15,440,000** | $ 10,469,000 |
| Share issue costs | **2,160,000** | 3,394,000 |
| Mineral property costs | **65,292,000** | 44,743,000 |
| Other temporary differences | **83,000** | 20,000 |
| Total | **$ 82,975,000** | $ 58,626,000 |

**(Expressed in Canadian Dollars)**

### 11. Income tax (continued)

As at December 31, 2023, the Company has unclaimed non-capital losses that expire as follows:

| | | |
|---|---|---|
| Expires: | 2039 | $ 1,004,000 |
| | 2040 | 1,322,000 |
| | 2041 | 3,473,000 |
| | 2042 | 6,227,000 |
| | 2043 | 3,414,000 |
| | | $ 15,440,000 |

As at December 31, 2023, the Company has unclaimed exploration and development expenses of $65,292,000 (2022 - $44,743,000).

### 12. Related party transactions

Related parties include the Board of Directors, close family members and enterprises which are controlled by these individuals as well as certain persons performing similar functions.

(a) Remuneration of directors and key management personnel of the Company was as follows:

| Year ended December 31, | 2023 | 2022 |
|---|---|---|
| Salaries and benefits | **$ 2,142,292** | $ 1,549,846 |
| Share-based payments | **1,001,679** | 1,484,966 |
| Professional fees | **50,711** | 51,329 |
| Legal fees | **165,891** | 166,139 |
| | **$ 3,360,573** | $ 3,252,280 |

As at December 31, 2023, $350,000 (December 31, 2022 - $2,522) was owed to officers and directors of the Company and this amount was included in accounts payable and accrued liabilities. The amount owing is unsecured, non-interest bearing with no fixed terms of repayment.

(b) Included in professional fees is $50,711 (2022 - $51,329) paid to Marrelli Support Services Inc. ("MSSI") for an employee of MSSI to act as the Chief Financial Officer ("CFO") of the Company and provide bookkeeping services.

(c) A director of the Company is a partner in a law firm that provides services on a recurrent basis to the Company. During the year ended December 31, 2023, the Company incurred legal fees of $165,891 (2022 - $166,139) included in professional fees to this law firm.

## 13. Commitments and contingencies

***Environmental contingencies***

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

***Management contracts***

The Company is party to certain employment contracts. These contracts require that additional payments of approximately $3,200,000 be made upon the occurrence of a change of control or $1,600,000 upon termination without cause. As a triggering event has not taken place, the contingent payments have not been reflected in these consolidated financial statements. The minimum amount due in one year pursuant to these contracts is $800,000.

## 14. Subsequent events

On January 25, 2024, the Company granted the following:

- 1,000,000 stock options to directors, consultants and employees of the Company with an exercise price of $2.10 per share, expiring in 5 years. The options vest 1/2 immediately, 1/4 on January 25, 2025, and 1/4 on January 25, 2026;

- 522,000 RSUs to officers and consultants of the Company. The RSUs vest 1/3 on the one year anniversary of the grant date, 1/3 on the two year anniversary of the grant date, and 1/3 on the third year anniversary of the grant date; and

- 152,000 deferred share units ("DSUs") to directors of the Company. The DSUs vest 1/3 on the one year anniversary of the grant date, 1/3 on the two year anniversary of the grant date, and 1/3 on the third year anniversary of the grant date.

Subsequent to December 31, 2023, a total of 2,349,500 stock options with exercise prices ranging from $0.20 to $0.30 were exercised for aggregate gross proceeds of $604,850.