WESTHAVEN GOLD CORP.
(An Exploration Stage Company)

Financial Statements
December 31, 2023 and 2022
(Expressed in Canadian Dollars)

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INDEPENDENT AUDITORS' REPORT

TO THE SHAREHOLDERS OF WESTHAVEN GOLD CORP.

Opinion

We have audited the financial statements of Westhaven Gold Corp. (the "Company"), which comprise:

- the statements of financial position as at December 31, 2023 and 2022;
- the statements of loss and comprehensive loss for the years then ended;
- the statements of changes in shareholders' equity for the years then ended;
- the statements of cash flows for the years then ended; and
- the notes to the financial statements, including 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 audits in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditors' 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 other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is in our audits 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 incurred a net loss of $2,635,194 for the year ended December 31, 2023 and, as of that date, has an accumulated deficit of $11,733,595. As stated in Note 1, these events or conditions, along with other matters as set forth in Note 1, indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements for the year ended December 31, 2023. 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.

Except for the matter described in the *Material Uncertainty Related to Going Concern* section, we have determined that there are no key audit matters to communicate in our auditors' report.

Other Information

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

SMYTHE LLP | **smythecpa.com**

VANCOUVER
1700–475 Howe St
Vancouver, BC V6C 2B3
T: 604 687 1231
F: 604 688 4675

LANGLEY
600–19933 88 Ave
Langley, BC V2Y 4K5
T: 604 282 3600
F: 604 357 1376

NANAIMO
201–1825 Bowen Rd
Nanaimo, BC V9S 1H1
T: 250 755 2111
F: 250 984 0886

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 identified above 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.

We obtained Management's Discussion and Analysis prior to the date of this auditors' 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 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.

Auditors' 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 auditors' 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.

SMYTHE LLP | **smythecpa.com**

VANCOUVER
1700–475 Howe St
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T: 604 687 1231
F: 604 688 4675

LANGLEY
600–19933 88 Ave
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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 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 auditors' 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 auditors' 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 auditors' report is Hervé Leong-Chung.

Smythe LLP

Chartered Professional Accountants

Vancouver, British Columbia
April 16, 2024

SMYTHE LLP | **smythecpa.com**

VANCOUVER
1700–475 Howe St
Vancouver, BC V6C 2B3
T: 604 687 1231
F: 604 688 4675

LANGLEY
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WESTHAVEN GOLD CORP.
(An Exploration Stage Company)
Statements of Financial Position
(Expressed in Canadian Dollars)

	December 31, 2023	December 31, 2022
Assets		
Current		
Cash and cash equivalents (note 3)	$ 1,223,184	$ 3,810,775
Short-term investments (note 3)	-	4,000,000
Other receivables (note 9)	118,645	217,466
BCMETC receivable (notes 7)	420,000	2,150,000
Prepaid expenses	16,801	-
	1,778,630	10,178,241
Reclamation Deposits (note 7)	135,000	100,000
Property and Equipment (note 5)	269,010	186,244
Right-of-Use Assets (note 6)	166,381	179,892
Mineral Properties (note 7)	30,596,239	23,940,813
	$ 32,945,260	$ 34,585,190
Liabilities		
Current		
Accounts payable and accrued liabilities (note 9)	$ 331,220	$ 521,798
Current portion of lease liability (note 6)	120,099	68,108
Current portion of equipment loan (note 5)	28,445	27,620
Flow-through share liability (notes 8 and 12)	-	486,992
	479,764	1,104,518
Non-current Portion of Lease Liability (note 6)	51,739	112,523
Non-current Portion of Equipment Loan (note 5)	62,058	90,504
Deferred Income Tax Liability (note 10)	769,947	-
	1,363,508	1,307,545
Shareholders' Equity		
Capital Stock (note 8)	38,452,515	38,179,713
Reserves (note 8)	4,862,832	6,617,543
Deficit	(11,733,595)	(11,519,611)
	31,581,752	33,277,645
	$ 32,945,260	$ 34,585,190

These financial statements are signed on behalf of the Board of Directors by:

"Gareth Thomas" (signed) *"Victor Tanaka" (signed)*

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

WESTHAVEN GOLD CORP.
(An Exploration Stage Company)
Statements of Loss and Comprehensive Loss
(Expressed in Canadian Dollars)

Years Ended December 31,	**2023**	**2022**
Expenses		
Salary and benefits (note 9)	$ 817,075	$ 744,597
Advertising and promotion	647,266	725,279
Share-based payments (notes 8(d) and 9)	478,125	-
Professional fees	263,437	167,453
Travel	86,473	81,572
Rent (note 9)	72,920	75,220
Regulatory and filing fees	51,329	40,546
General and administrative (note 9)	36,185	43,300
Interest and bank charges (notes 5 and 6)	29,418	19,250
Amortization (note 5)	27,856	11,715
Insurance	26,088	26,029
	(2,536,172)	(1,934,961)
Premium on flow-through shares (note 12)	486,992	601,639
Interest income	183,933	81,658
Gain on sale of equipment	-	2,312
Loss Before Deferred Income Tax	(1,865,247)	(1,249,352)
Deferred Income Tax Expense (note 10)	(769,947)	-
Net Loss and Comprehensive Loss for Year	$ (2,635,194)	$ (1,249,352)
Basic and Diluted Loss Per Share	$ (0.02)	$ (0.01)
Weighted Average Number of Common Shares Outstanding	132,570,333	131,703,584

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

WESTHAVEN GOLD CORP.
(An Exploration Stage Company)
Statements of Changes in Shareholders' Equity
(Expressed in Canadian Dollars)

	Capital Stock		Reserves				
	Common Shares	**Amount**	**Warrants**	**Options**	**Total Reserves**	**Deficit**	**Total Shareholders' Equity**
Balance, December 31, 2021	126,200,909	$ 33,289,924	$ 1,496,495	$ 5,196,400	$ 6,692,895	$ (10,270,259)	$ 29,712,560
Flow-through shares issued	9,739,847	3,798,540	-	-	-	-	3,798,540
Non flow-through shares issued	2,500,000	1,000,000	-	-	-	-	1,000,000
Exercise of options	1,050,000	180,352	-	(75,352)	(75,352)	-	105,000
Share issue costs	-	(89,103)	-	-	-		(89,103)
Net loss for the year	-	-	-	-	-	(1,249,352)	(1,249,352)
Balance, December 31, 2022	139,490,756	$ 38,179,713	$ 1,496,495	$ 5,121,048	$ 6,617,543	$ (11,519,611)	$ 33,277,645
Exercise of options	1,095,589	272,802	-	(119,419)	(119,419)	-	153,383
Share-based payments	-	-	-	785,918	785,918	-	785,918
Expiration of options	-	-	-	(2,421,210)	(2,421,210)	2,421,210	-
Net loss for the year	-	-	-	-	-	(2,635,194)	(2,635,194)
Balance, December 31, 2023	140,586,345	$ 38,452,515	$ 1,496,495	$ 3,366,337	$ 4,862,832	$ (11,733,595)	$ 31,581,752

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

WESTHAVEN GOLD CORP.
(An Exploration Stage Company)
Statements of Cash Flows
(Expressed in Canadian Dollars)

Years Ended December 31,		2023		2022
Operating Activities				
Net loss for year	$	(2,635,194)	$	(1,249,352)
Items not involving cash				
Premium on flow-through shares		(486,992)		(601,639)
Share-based payments		478,125		-
Amortization		27,856		11,715
Accrued interest		20,523		14,300
Gain on sale of equipment		-		(2,312)
Deferred income tax		769,947		-
		(1,825,735)		(1,827.288)
Changes in non-cash working capital				
Other receivables		98,821		(124,328)
Prepaid expenses		(16,801)		1,966
Accounts payable and accrued liabilities		46,909		(66,168)
Cash Used in Operating Activities		(1,696,806)		(2,015,818)
Financing Activities				
Exercise of options		153,383		105,000
Repayment of lease obligations		(116,000)		(86,150)
Repayment of loan		(27,621)		(21,803)
Equipment loan		-		122,103
Non-flow through shares issued		-		1,000,000
Flow-through shares issued		-		4,285,532
Share issue costs		-		(89,103)
Cash Provided by Financing Activities		9,762		5,315,579
Investing Activities				
Expenditures on mineral properties, net of BCMETC		(4,708,465)		(8,421,277)
Short-term investments		4,000,000		(4,000,000)
Expenditures on property and equipment		(157,082)		(142,892)
Expenditures on reclamation deposits		(35,000)		-
Net smelter return royalty proceeds		-		9,249,930
Sale of equipment		-		5,577
Cash Used in Investing Activities		(900,547)		(3,308,662)
Outflow of Cash and Cash Equivalents		(2,587,591)		(8,901)
Cash and Cash Equivalents, Beginning of the Year		3,810,775		3,819,676
Cash and Cash Equivalents, End of the Year	**$**	**1,223,184**	**$**	**3,810,775**
Supplemental Cash Flow Information				
Mineral properties included in accounts payable	$	218,166	$	455,653
BCMETC receivable included in mineral properties	$	420,000	$	2,150,000
Share-based payments included in mineral properties	$	307,793	$	-
Amortization included in mineral properties	$	146,655	$	114,267
Right-of-use assets and lease liabilities recognized	$	86,684	$	215,798
Interest paid	$	3,407	$	4,950
Taxes paid	$	-	$	-

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

1. NATURE OF OPERATIONS AND GOING CONCERN

Westhaven Gold Corp. (the "Company") is an exploration stage company incorporated under the *Business Corporations Act* of British Columbia and commenced operations on May 5, 2010. The Company is engaged in the acquisition and exploration of mineral properties in Canada.

The head office and records office of the Company is located at 1056 - 409 Granville Street, Vancouver, British Columbia, Canada, V6C 1T2.

These financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") on a going concern basis, which assumes the realization of assets and settlement of liabilities in the normal course of business.

The Company has sustained recurring losses and negative cash flows from operations. During the year ended December 31, 2023, the Company incurred a net loss of $2,635,194 (2022 - $1,249,352) and, as of that date, had an accumulated deficit of $11,733,595 (2022 - $11,519,611). The Company has ongoing requirements for capital investment for its mineral property interests. The Company will need to raise substantial additional capital through equity financing to accomplish its business plan over the next several years. There can be no assurance as to the availability or terms upon which such financing might be available.

The business of mineral exploration involves a high degree of risk and there is no assurance that current exploration projects will result in future profitable mining operations. The Company has no source of revenue, and has significant cash requirements to meet its administrative overhead, pay its liabilities, and maintain its mineral interests. The recoverability of amounts shown for mineral property interests is dependent on several factors. These include the discovery of economically recoverable reserves, the ability of the Company to obtain the necessary financing to complete the exploration and development of these mineral property interests, and establish future profitable production, or realize proceeds from the disposition of mineral interests. The carrying value of the Company's mineral property interests does not reflect current or future values.

These matters indicate the existence of material uncertainties that may cast significant doubt about the Company's ability to continue as a going concern. These financial statements do not include any adjustments relating to the recoverability of assets and classification of assets and liabilities that might be necessary should the Company be unable to continue as a going concern. Such adjustments could be material.

2. BASIS OF PRESENTATION

(a) Statement of compliance

These financial statements are prepared in accordance with IFRS, as issued by the International Accounting Standards Board ("IASB"). These financial statements have been prepared on a historical cost basis, except for certain financial instruments carried at fair value. Also, the financial statements have been prepared using the accrual basis of accounting, except for cash flow information.

The Company's functional and presentation currency is the Canadian dollar.

(b) Approval of the financial statements

The financial statements of the Company as at December 31, 2023 and 2022 and for the years then ended were approved and authorized for issue by the Board of Directors on April 16, 2024.

(c) Use of judgments and estimates

The preparation of these financial statements requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, revenues and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances and which form the basis of making judgments about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised, if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

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

Critical accounting estimates

Critical accounting estimates are estimates and assumptions made by management that may result in a material adjustment to the carrying amounts of assets and liabilities within the next financial year and include, but are not limited to, the following:

<u>Share-based payments</u>

The value of share-based payments is subject to the limitations of the Black-Scholes option pricing model that incorporates market data and involves uncertainty in estimates used by management in the assumptions. Because the Black-Scholes option pricing model requires the input of highly subjective assumptions, including the volatility of share prices, changes in subjective input assumptions can materially affect the fair value estimate.

2. BASIS OF PRESENTATION (Continued)

(c) Use of judgments and estimates (Continued)

Critical accounting estimates (Continued)

Estimate of deferred tax liability

The Company estimates the expected manner and timing of the realization or settlement of the carrying value of its assets and liabilities and applies the tax rates that are enacted or substantively enacted on the estimated dates of realization or settlement.

Right-of-use assets and lease liability

The Company uses estimation in determining the incremental borrowing rate used to measure the lease liability, specific to the asset, underlying currency, and geographic location. Where the rate implicit in the lease is not readily determinable, the discount rate of the lease obligations is estimated using a discount rate similar to the Company's specific borrowing rate. This rate represents the rate that the Company would incur to obtain the funds necessary to purchase the asset of a similar value, with similar payment terms and security in a similar environment.

Critical accounting judgments

Information about critical judgments in applying accounting policies that have the most significant effect on the amounts recognized in the financial statements include, but are not limited to, the following:

Recoverability of mineral properties

Assets or cash-generating units are evaluated at each reporting date to determine whether there are any indicators of impairments. The Company considers both internal and external sources of information when making the assessment of whether there are indications of impairment for the Company's minerals properties.

Management uses several criteria in its assessments of economic recoverability and probability of future economic benefit including geologic and metallurgic information, economic assessments/studies, accessible facilities, and existing permits.

Going concern

The assessment of the Company's ability to continue as a going concern and to raise sufficient funds to pay for its ongoing operating expenditures, fund ongoing exploration activities and meet its liabilities for the ensuing year as they fall due involves judgment based on historical experience and other factors including expectation of future events that are believed to be reasonable under the circumstances.

(Expressed in Canadian Dollars)

2. BASIS OF PRESENTATION (Continued)

(c) Use of judgments and estimates (Continued)

Critical accounting judgments (Continued)

Mining exploration tax credits and flow-through expenditures

The Company is entitled to refundable tax credits on qualified mining exploration expenses incurred in the province of British Columbia. Management's judgment is applied in determining whether the mining exploration expenses are eligible for claiming such credits. Those benefits are recognized when the Company estimates that it has reasonable assurance that the tax credits will be realized. Upon review of the mining exploration tax credit claim by the Canada Revenue Agency, any adjustments to the estimate made by the Company are recorded in the period of the tax assessment.

The Company is also required to spend proceeds received from the issuance of flow-through shares on qualifying resource expenditures. Management's judgment is applied in determining whether qualifying expenditures have been incurred. Differences in judgment between management and regulatory authorities could materially decrease mining exploration tax credits or increase the flow-through share premium liability and flow-through expenditure commitment.

Right-of-use assets and lease liability

The Company applies judgment in determining whether the contract contains an identified asset, whether they have the right to control the asset, and the lease term. The lease term is based on considering facts and circumstances, both qualitative and quantitative, that can create an economic incentive to exercise renewal options. Management considers all facts and circumstances that create an economic incentive to exercise an extension option, or not to exercise a termination option.

3. MATERIAL ACCOUNTING POLICIES

(a) Cash and cash equivalents

Cash and cash equivalents are comprised of cash on hand and a guaranteed investment certificate ("GIC"). The breakdown of cash and cash equivalents at December 31, 2023 and 2022 is as follows:

	2023	2022
Cash	$ 223,184	$ 810,775
GIC	1,000,000	3,000,000
Total Cash and Cash Equivalents	$ 1,223,184	$ 3,810,775

The Company may also hold non-redeemable GICs which have a term longer than three months from the date of acquisition, which are classified as short-term investments. At December 31, 2023, the Company had $nil (2022 - $4,000,000, interest rate of 4.00% per annum) of short-term investments.

3. MATERIAL ACCOUNTING POLICIES (Continued)

(b) Financial instruments

(i) Financial assets

Initial recognition and measurement

A financial asset is measured initially at fair value plus, for an item not at fair value through profit or loss, transaction costs that are directly attributable to its acquisition or issue. On initial recognition, a financial asset is classified as measured at amortized cost, fair value through profit or loss, or fair value through other comprehensive income.

Subsequent measurement

The subsequent measurement of financial assets depends on their classification as follows:

Financial assets measured at amortized cost

A financial asset is subsequently measured at amortized cost, using the effective interest method and net of any impairment allowance, if:

- The asset is held within a business whose objective is to hold assets in order to collect contractual cash flows; and
- The contractual terms of the financial asset give rise, on specified dates, to cash flows that are solely payments of principal and interest.

The Company classifies other receivables (net GST) and reclamation deposits as measured at amortized cost.

Financial assets measured at fair value through other comprehensive income (“FVTOCI”)

A financial asset measured at fair value through other comprehensive income is measured at fair value with changes in fair value included in other comprehensive income. Accumulated gains or losses recognized through other comprehensive income remain within accumulated other comprehensive income when the financial instrument is derecognized or its fair value substantially decreases.

There are no financial assets classified as measured at FVTOCI.

Financial assets at fair value through profit or loss

Financial assets measured at fair value through profit or loss are carried in the statement of financial position at fair value with changes in fair value therein, recognized in profit or loss. The Company classifies cash and cash equivalents and short-term investments as fair value through profit or loss.

3. MATERIAL ACCOUNTING POLICIES (Continued)

(b) Financial instruments (Continued)

(ii) Derecognition

A financial asset or, where applicable, a part of a financial asset or part of a group of similar financial assets is derecognized when:

- The contractual rights to receive cash flows from the asset have expired; or
- The Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Company has transferred substantially all the risks and rewards of the asset, or (b) the Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

(iii) Financial liabilities

Financial liabilities are recognized when the Company becomes a party to the contractual provisions of the financial instrument. A financial liability is derecognized when it is extinguished, discharged, cancelled or when it expires. Financial liabilities are classified as either financial liabilities at fair value through profit or loss or financial liabilities subsequently measured at amortized cost. All interest-related charges are reported in profit or loss within interest expense, if applicable.

The Company classifies accounts payable and accrued liabilities, lease liability and the equipment loan as measured at amortized cost. There are no financial liabilities classified as measured at fair value through profit or loss.

(iv) Fair value hierarchy

Fair value measurements of financial instruments are required to be classified using a fair value hierarchy that reflects the significance of inputs used in making the measurements. The levels of the fair value hierarchy are defined as follows:

Level 1 - Quoted prices (unadjusted) in active markets for identical assets or liabilities.
Level 2 - Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.
Level 3 - Inputs for assets or liabilities that are not based on observable market data.

The Company's financial instruments classified as level 1 in the fair value hierarchy are cash and cash equivalents and short-term investments. The carrying value of other receivables (net GST), reclamation deposits and accounts payable and accrued liabilities approximate their fair values due to their short term to maturity. The equipment loan is carried at fair value interest rates therefore it approximates fair value. The Company's financial instruments classified as level 2 in the fair value hierarchy are lease liabilities.

3. MATERIAL ACCOUNTING POLICIES (Continued)

(c) Property and equipment

Property and equipment are carried at cost less accumulated amortization. Amortization is calculated using the declining-balance and straight-line methods applying the following annual rates:

Computer equipment and software	30%
Furniture and equipment	20%
Vehicles	30%
Leasehold improvements	Straight-line over lease term

(d) Mineral properties

Once a license to explore an area has been secured, expenditures on exploration and evaluation activities are capitalized to exploration and classified as a component of mineral properties.

Such expenditures include, but are not limited to, exploration license expenditures, leasehold property acquisition costs, evaluation costs including drilling costs directly attributable to a property, and directly attributable general and administrative costs. From time to time the Company may acquire or dispose of a mineral property pursuant to the terms of an option agreement. As the options are exercisable entirely at the discretion of the optionee, the amounts payable or receivable are not recorded. Option payments are recorded as property costs or recoveries when the payments are made or received. Proceeds received on the sale of net smelter returns (“NSRs”) are recorded as an offset to the cost of the associated mineral properties. After costs are recovered, the balance of the payments received is recorded as a gain on option, NSR or disposition of mineral property.

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

(e) Impairment of non-current assets

At the end of each reporting period, the Company’s assets are reviewed to determine whether there is any indication that those assets may be impaired. If 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 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 period. For an asset that does not generate largely independent cash flows, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

3. MATERIAL ACCOUNTING POLICIES (Continued)

(e) Impairment of non-current assets (Continued)

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

(f) Provision for closure and reclamation

The Company recognizes liabilities for legal or constructive obligations associated with the retirement of mineral properties and equipment. The net present value of future rehabilitation costs is capitalized to the related asset along with a corresponding increase in the rehabilitation provision in the period incurred. Discount rates using a pre-tax rate that reflect the time value of money are used to calculate the net present value.

The Company's estimates of reclamation costs could change as a result of changes in regulatory requirements, discount rates and assumptions regarding the amount and timing of the future expenditures. These changes are recorded directly to the related assets with a corresponding entry to the rehabilitation provision. The increase in the provision due to the passage of time is recognized as interest expense.

(g) Income taxes

Income tax expense consisting of current and deferred tax expense is recognized in the statement of loss and comprehensive loss. 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 regard to previous years.

Deferred tax assets and liabilities and the related deferred income tax expense or recovery are recognized for deferred tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax basis.

Deferred tax assets and liabilities are measured using the enacted or substantively enacted tax rates expected to apply when the asset is realized or the liability settled. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in income in the period that substantive enactment occurs.

A deferred tax asset is recognized to the extent that it is probable that future taxable profits will be available against which the asset can be utilized. To the extent that the Company does not consider it probable that a deferred tax asset will be recovered, the deferred tax asset is not recognized. Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Company intends to settle its current tax assets and liabilities on a net basis.

3. MATERIAL ACCOUNTING POLICIES (Continued)

(h) Share-based payments

The Company grants share options to acquire common shares of the Company to directors, officers, employees, and consultants. The fair value of share-based payments to employees is measured at grant date using the Black-Scholes option pricing model, and is recognized over the vesting period for employees using the graded vesting method. Fair value of share-based payments for non-employees is recognized and measured at the date the goods or services are received based on the fair value of the goods or services received. If it is determined that the fair value of goods and services received cannot be reliably measured, the share-based payment is measured at the fair value of the equity instruments issued using the Black-Scholes option pricing model.

For both employees and non-employees, the fair value of share-based payments is recognized as either an expense or as mineral property interests with a corresponding increase in option reserves. The amount recognized as expense is adjusted to reflect the number of share options expected to vest. Consideration received on the exercise of stock options is recorded in capital stock and the related share-based payment in option reserves is transferred to capital stock. For those unexercised options and share purchase warrants that expired, the recorded value is transferred to deficit.

The fair value of awards is calculated using the Black-Scholes option pricing model, which considers the following factors:

- Exercise price
- Expected life
- Expected volatility
- Forfeiture rate
- Current market price of underlying shares
- Risk-free interest rate
- Dividend yield

(i) Earnings or loss per share

Earnings or loss per share is calculated using the weighted average number of common shares outstanding during the year. The Company uses the treasury stock method for calculating diluted earnings per share. Under this method, the dilutive effect on earnings per share is calculated on the use of the proceeds that could be obtained upon exercise of options, warrants and similar instruments. It assumes that the proceeds of such exercise would be used to purchase common shares at the average market price during the year. However, the calculation of diluted loss per share excludes the effects of various conversions and exercise of options and warrants that would be anti-dilutive.

Shares held in escrow, other than where their release is subject to the passage of time, are not included in the calculation of the weighted average number of common shares outstanding.

3. MATERIAL ACCOUNTING POLICIES (Continued)

(j) Flow-through shares

At the time of closing a financing involving flow-through shares, the Company allocates the gross proceeds using the residual method and allocates the funds received as follows:

- Capital stock – the market value of the common shares;
- Warrant reserve – if warrants are being issued, up to the amount calculated using the Black-Scholes option pricing model; and
- Flow-through share liability – the residual amount being the estimated premium, if any, investors pay for the flow-through feature, recorded as a liability.

Thereafter, as qualifying resource expenditures are incurred, these costs are capitalized to exploration and evaluation assets and the flow-through share liability is amortized to the statement of loss and comprehensive loss.

At the end of each reporting period, the Company reviews its tax position and records an adjustment to its deferred tax expense/liability accounts for taxable temporary differences, including those arising from the transfer of tax benefits to investors through flow-through shares. For this adjustment, the Company considers the tax benefits (of qualifying resource expenditures already incurred) to have been effectively transferred, if it has incurred those expenditures at any time (before or after the end of the reporting period).

The Company may also be subject to a Part XII.6 tax on flow-through proceeds renounced under the look-back rule, in accordance with Government of Canada flow-through regulations. When applicable, this tax is accrued and recorded to profit or loss.

(k) Unit offerings

Proceeds received on the issuance of units, consisting of common shares and warrants, are allocated first to common shares based on the market value of the common shares at the time the units are priced, and any excess is allocated to warrants.

(l) Mining exploration tax credits

The Company recognizes mining exploration tax credits in the period in which the related exploration expenses were incurred and collectability is reasonably assured. The mining exploration tax credits are capitalized to offset the cost of mineral properties.

(m) Leases

At inception, the Company assesses whether a contract contains an embedded lease. A contract contains a lease when the contract conveys a right to control the use of an identified asset for a period of time in exchange for consideration.

3. MATERIAL ACCOUNTING POLICIES (Continued)

(m) Leases (Continued)

The Company, as lessee, is required to recognize a right-of-use asset (“ROU asset”), representing its right to use the underlying asset, and a lease liability, representing its obligation to make lease payments. The Company may elect to not apply IFRS 16 *Leases* (“IFRS 16”) to leases with a term of less than 12 months or to low value assets, which is made on an asset-by-asset basis.

The Company recognizes a ROU asset and a lease liability at the commencement of the lease. The ROU asset is initially measured based on the present value of lease payments, plus initial direct cost, less any incentives received. It is subsequently measured at cost less accumulated amortization, impairment losses, and adjusted for certain remeasurements of the lease liability. The ROU asset is amortized from the commencement date over the shorter of the lease term or the useful life of the underlying as set. The ROU asset is subject to testing for impairment if there is an indicator of impairment.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by the interest rate implicit in the lease, or if that rate cannot be readily determined, the incremental borrowing rate. The incremental borrowing rate is the rate which the operation would have to pay to borrow over a similar term and with similar security, the funds necessary to obtain an asset of similar value to the ROU asset in a similar economic environment.

Lease payments included in the measurement of the lease liability are comprised of:

- Fixed payments, including in-substance fixed payments;
- Variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- Amounts expected to be payable under a residual value guarantee;
- The exercise price under a purchase option that the Company is reasonably certain to exercise;
- Lease payments in an optional renewal period if the Company is reasonably certain to exercise an extension option; and
- Penalties for early termination of a lease unless the Company is reasonably certain not to terminate early.

The lease liability is subsequently increased by the interest cost on the lease liability and decreased by lease payments made. It is remeasured when there is a change in future lease payments arising from a change in an index or a rate, a change in the estimate of the amount expected to be payable under a residual value guarantee, or as appropriate, changes in the assessment of whether a purchase or extension option is reasonably certain to be exercised or a termination option is reasonably certain not to be exercised.

Variable lease payments that do not depend on an index or a rate not included in the initial measurement of the ROU asset and lease liability are recognized as an expense in profit or loss the in the period in which they are incurred.

4. RISK MANAGEMENT AND FINANCIAL INSTRUMENTS

The Company's risk exposure and the impact on the Company's financial instruments are summarized below.

(a) Credit risk

Credit risk is the risk of financial loss to the Company if a customer or a counterparty to a financial instrument fails to meet its contractual obligations. The Company manages credit risk, in respect of cash and cash equivalents and short-term investments, by ensuring that these financial assets are placed with a major Canadian financial institution with strong investment-grade ratings. Concentration of credit risk and maximum exposure thereto exists with respect to the Company's cash and cash equivalents and short-term investments, as amounts are held with a single major Canadian financial institution.

(b) Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquid funds to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation.

At December 31, 2023, the Company had cash and cash equivalents in the amount of $1,223,184 (2022 - $3,810,775) and short-term investments of $nil (2022 - $4,000,000) available to offset current liabilities of $479,764 (2022 - $617,526). All of the third-party liabilities presented as accounts payable and accrued liabilities are due within 90 days of December 31, 2023. The current portions of the lease liability and equipment loan are due within a year. The amount of the Company's remaining undiscounted contractual maturities for the lease liability and equipment loan is approximately $282,090 (2022 - $340,118) which are due between one to five years (note 12).

(c) Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in market prices. Market risk consists of interest rate risk, foreign currency risk, and other price risk.

The Company is not exposed to significant market risk.

(Expressed in Canadian Dollars)

5. PROPERTY AND EQUIPMENT

Cost		**Computer Equipment and Software**		**Furniture and Equipment**		**Vehicles**		**Leasehold Improvements**		**Total**
As at December 31, 2021	$	49,193	$	57,037	$	50,957	$	48,393	$	205,580
Additions during the year		26,365		-		116,527		-		142,892
Disposals during the year		-		-		(7,840)		-		(7,840)
As at December 31, 2022		75,558		57,037		159,644		48,393		340,632
Additions during the year		104,450		52,632		-		-		157,082
Disposals during the year		-		-		-		-		(48,393)
As at December 31, 2023	$	180,008	$	109,669	$	159,644	$	-	$	449,321
Accumulated Amortization										
As at December 31, 2021	$	24,477	$	25,951	$	15,383	$	36,160	$	101,971
Charge for the year		11,370		6,217		27,172		12,233		56,992
Disposals during the year		-		-		(4,575)		-		(4,575)
As at December 31, 2022		35,847		32,168		37,980		48,393		154,388
Charge for the year		27,580		10,237		36,499		-		74,316
Disposals during the year		-		-		-		(48,393)		(48,393)
As at December 31, 2023	$	63,427	$	42,405	$	74,479	$	-	$	180,311
Carrying Value										
As at December 31, 2022	$	39,711	$	24,869	$	121,664	$	-	$	186,244
As at December 31, 2023	$	116,581	$	67,264	$	85,165	$	-	$	269,010

5. PROPERTY AND EQUIPMENT (Continued)

During the year ended December 31, 2021, the Company entered into a loan agreement for the purchase of equipment for $18,246 payable over four years with an interest rate of 0%. The current portion of the equipment loan at December 31, 2023 is $4,379 (2022 - $4,379). The loan is secured by the equipment purchased.

During the year ended December 31, 2022, the Company entered into a loan agreement for the purchase of equipment totaling $122,103 payable over five years with an interest rate of 3.49%. The current portion of the equipment loan at December 31, 2023 is $24,066 (2022 - $23,241). The loan is secured by the equipment purchased.

During the year ended December 31, 2023, $46,460 (2022 - $45,277) of amortization of property and equipment was capitalized to the Company's mineral properties.

6. RIGHT-OF-USE ASSETS AND LEASE LIABILITY

During the year ended December 31, 2022, the Company renewed two lease agreements for a term of three years for storage facilities related to the Company's Shovelnose Gold Property in Merritt, British Columbia. These lease liabilities were measured at the present value of the remaining lease payments and discounted using an incremental borrowing rate of 10% per annum. Upon entering into the lease agreements, the Company recognized $215,798 for a ROU asset and $215,798 for a lease liability.

During the year ended December 31, 2023, the Company entered into a lease agreement for a term of two years for facilities related to the Company's Shovelnose Gold Property in Merritt, British Columbia. The lease liability was measured at the present value of the remaining lease payments and discounted using an incremental borrowing rate of 10% per annum. Upon entering into the lease agreements, the Company recognized $86,684 for a ROU asset and $86,684 for a lease liability.

(Expressed in Canadian Dollars)

6. RIGHT-OF-USE ASSETS AND LEASE LIABILITY (Continued)

Right-of-use assets		
Value of right-of-use asset as at December 31, 2021	$	33,084
Additions		215,798
Amortization		(68,990)
Value of right-of-use assets as at December 31, 2022	**$**	**179,892**
Additions		86,684
Amortization		(100,195)
Value of right-of-use assets as at December 31, 2023		**$166,381**

Lease liability		
Lease liability recognized as at December 31, 2021	$	39,180
Additions		215,798
Lease payments		(86,150)
Lease interest		11,803
Lease liability recognized as at December 31, 2022		**180,631**
Additions		86,684
Lease payments		(116,000)
Lease interest		20,523
Lease liability recognized as at December 31, 2023	**$**	**171,838**
Current portion	$	120,099
Non-current portion		51,739
	$	**171,838**

During the year ended December 31, 2023, $100,195 (2022 - $68,990) of amortization of ROU assets was capitalized to the Company’s mineral properties.

(Expressed in Canadian Dollars)

7. MINERAL PROPERTIES

Amounts capitalized as mineral property costs are as follows:

	Shovelnose Gold Property	Prospect Valley Property	Skoonka Creek Property	Skoonka North Property	Total
Balance, December 31, 2021	$ 23,229,980	$ 752,021	$ 279,760	$ 105,051	$ 24,366,812
Deferred exploration costs					
Acquisition costs	142,958	4,277	5,969	3,078	156,282
Geological and assays	1,723,079	-	379,188	36,428	2,138,695
Drilling	6,579,672	-	529,148	-	7,108,820
Lab fees	1,398,580	-	57,287	-	1,455,867
Amortization	114,267	-	-	-	114,267
Total additions during the year	9,958,556	4,277	971,592	39,506	10,973,931
BCMETC (mining tax credits)	(2,150,000)	-	-	-	(2,150,000)
NSR (Net Smelter Royalty)	(9,249,930)	-	-	-	(9,249,930)
Net change during the year	(1,441,374)	4,277	971,592	39,506	(425,999)
Balance, December 31, 2022	**21,788,606**	**756,298**	**1,251,352**	**144,557**	**23,940,813**
Deferred exploration costs					
Acquisition costs	411,780	4,734	15,408	24,032	455,954
Geological and assays	1,566,543	105,848	55,043	255,955	1,983,389
Drilling	3,319,576	-	-	-	3,319,576
Lab fees	791,600	2,327	28,398	39,734	862,059
Share-based payments	307,793	-	-	-	307,793
Amortization	146,655	-	-	-	146,655
Total additions during the year	6,543,947	112,909	98,849	319,721	7,075,426
BCMETC (mining tax credits)	(420,000)	-	-	-	(420,000)
Net change during the year	6,123,947	112,909	98,849	319,721	6,655,426
Balance, December 31, 2023	**$ 27,912,553**	**$ 869,207**	**$ 1,350,201**	**$ 464,278**	**$ 30,596,239**

(a) Shovelnose Gold Property, British Columbia, Canada

In January 2011, the Company signed an option agreement (the “Shovelnose Agreement”) with Cornish Metals Inc. (formerly Strongbow Exploration Inc.) (“Cornish”) whereby the Company can earn up to a 70% interest in the Shovelnose Gold Property, a mineral claim near Merritt, British Columbia, staked by Cornish in 2005 and 2008. A director of the Company is also a director of Cornish.

Under the terms of the Shovelnose Agreement, the Company would earn an initial 51% interest in the Shovelnose Gold Property by issuing a total of 300,000 common shares (issued) to Cornish and incurring $1,500,000 ($750,000 incurred) in exploration expenditures on the property.

7. MINERAL PROPERTIES (Continued)

(a) Shovelnose Gold Property, British Columbia, Canada (Continued)

On September 1, 2015, the Company entered into a new purchase agreement with Cornish to acquire 100% of the Shovelnose Gold Property replacing the January 2011 agreement. Under the terms of the new agreement, the Company acquired a 100% interest in the property by issuing 2,000,000 common shares (issued). In addition, Cornish was granted a 2% net smelter returns royalty ("NSR") on the property. The Company retains the right to reduce the NSR to 1% by paying Cornish $500,000 at any time prior to the commencement of commercial production.

The Company has a reclamation deposit of $75,000 (2022 - $40,000) held with the Ministry of Finance relating to exploration activities completed on the Shovelnose Gold Property.

(b) Prospect Valley Gold Property, British Columbia, Canada

On September 21, 2015, the Company entered into an option and purchase agreement with Green Battery Minerals Inc. ("Green Battery") to acquire a 70% interest in the Prospect Valley Gold Property near Merritt. The Company paid $20,000 to Green Battery upon signing as per the terms of the agreement. On October 22, 2015, the Company exercised the option by making a second and final payment of $80,000 and issued 500,000 common shares at a price of $0.065 per share.

On February 16, 2016, the Company acquired the remaining 30% interest in the property for a cash payment of $40,000 and the issue of 500,000 common shares at a price of $0.07 per share.

The Company has a reclamation deposit of $35,000 (2022 - $35,000) held with the Ministry of Finance relating to exploration activities completed on the Prospect Valley property.

(c) Skoonka Creek, British Columbia, Canada

On May 24, 2017, the Company signed a purchase agreement with Cornish and Almadex Minerals Ltd. ("Almadex"), to acquire 100% interest in the Skoonka Creek gold property, located within the prospective Spences Bridge Gold Belt, British Columbia. Under the terms of the agreement, the Company issued 2,000,000 common shares at a price of $0.09 per share. Almadex retains its original NSR of 2% from future production.

The Company has a reclamation deposit of $25,000 (2022 - $25,000) held with the Ministry of Finance relating to exploration activities completed on the Skoonka Creek property.

(d) Skoonka North Gold Property, British Columbia, Canada

In May 2018, the Company staked an additional gold mineral property, Skoonka North, within the Spences Bridge Gold Belt, British Columbia.

7. MINERAL PROPERTIES (Continued)

(e) Net Smelter Return Royalty

On November 16, 2018, the Company was granted a 2.5% NSR (the "Talisker Royalty") by Sable Resources Ltd. ("Sable"). The Talisker Royalty applies to any properties of Sable or its affiliates within 5km of Westhaven's properties in the Spences Bridge Gold Belt. On October 6, 2022, the Company sold the Talisker Royalty to Franco-Nevada Corporation ("Franco-Nevada") for US$750,000.

On October 6, 2022, the Company also completed the grant and sale of a 2% NSR to Franco-Nevada for US$6,000,000. The NSR applies to all of the Company's claims across the Spences Bridge Gold Belt. The Company has an option to buy-down 0.5% of the NSR for US$3,000,000 for a period of five years from the closing of the transaction.

The total proceeds of the NSR transactions above amounted to $9,249,930 (US$6,750,000). Given the stage of the mineral property compared to the Company's other projects, management recorded the entire proceeds as a recovery in the Shovelnose Gold Property.

Realization

The Company's investment in and expenditures on the mineral property interests comprise a substantial portion of the Company's assets. Realization of the Company's investment in the assets is dependent on establishing legal ownership of the property interests, on the attainment of successful commercial production or from the proceeds of its disposal. The recoverability of the amounts shown for the mineral property interests is dependent upon the existence of economically recoverable reserves, the ability of the Company to obtain necessary financing to complete the development of the property interests, and future profitable production or proceeds from the disposition thereof.

Title and environmental

Although the Company has taken steps to verify the title to mineral properties in which it has or had a right to acquire an interest in accordance with industry standards for the current stage of exploration of such properties, these procedures do not guarantee title (whether of the Company or of any underlying vendor(s) from whom the Company may be acquiring its interest). Title to mineral properties may be subject to unregistered prior agreements or transfers, and may also be affected by undetected defects or the rights of indigenous peoples.

Environmental legislation is becoming increasingly stringent and costs and expenses of regulatory compliance are increasing. The impact of new and future environmental legislation on the Company's operations may cause additional expenses and restrictions. If the restrictions adversely affect the scope of exploration and development on the mineral properties, the potential for production on the property may be diminished or negated.

(Expressed in Canadian Dollars)

8. CAPITAL STOCK

(a) Authorized

Unlimited number of common shares without par value.

(b) Issued and outstanding

On October 6, 2022, in connection with the grant and sale of the NSR to Franco-Nevada, the Company issued to Franco-Nevada 2,500,000 shares at a fair value price of $0.40 per share for gross proceeds of $1,000,000.

On July 29, 2022, the Company closed a non-brokered private placement. The Company issued 9,739,847 flow-through shares at a price of $0.44 per share for gross proceeds of $4,285,532. The Company used the residual method to calculate the fair value of the tax deduction attached to the flow-through common shares and recorded a flow-through liability of $486,992. The Company paid cash finder's fees of $59,197 and other costs of $29,906 in connection with the share issue.

On March 3, 2021, the Company closed a bought deal financing (the "Offering") with Raymond James Ltd. (the "Underwriter"). Pursuant to the Offering, the Company issued 21,378,500 units of the Company, including 2,788,500 units issued in connection with the exercise in full of the over-allotment option granted to the Underwriter. The units were issued at $0.70 per unit for gross proceeds of $14,964,950. Each unit consists of one common share and one-half common share purchase warrant. Each whole warrant will entitle the holder to purchase one common share of the Company at an exercise price of $1.00 per share for a period of two years. $1,496,495 of the gross proceeds were allocated to the warrants. The Company paid cash share issuance costs of $1,170,279 in connection with the offering.

(c) Warrants

The following summarizes the Company's warrants as at December 31, 2023 and 2022, and changes during the years:

	December 31, 2023		**December 31, 2022**	
	Number of Warrants	Weighted Average Exercise Price	Number of Warrants	Weighted Average Exercise Price
Outstanding and exercisable, beginning of the year	10,689,250	$1.00	10,689,250	$1.00
Expired	(10,689,250)	$1.00	-	-
Outstanding and exercisable, end of the year	-	-	10,689,250	$1.00

(Expressed in Canadian Dollars)

8. CAPITAL STOCK (Continued)

(c) Warrants (Continued)

As at December 31, 2022, the Company had warrants outstanding as follows:

Expiry Date	Exercise Price	Outstanding	Weighted Average Remaining Contractual Life (Years)
March 3, 2023	$1.00	10,689,250	0.17
		10,689,250	

These warrants expired unexercised on March 3, 2023.

As at December 31, 2023, the Company had no outstanding warrants.

(d) Stock options

The Company adopted a stock option plan whereby the number of options granted to one person shall not exceed 10% of the outstanding shares at the time of granting the options. If employment with the Company is terminated, other than through death, options not exercised will expire within 90 days after the termination date.

During the year ended December 31, 2023, the Company issued 1,095,589 shares on the exercise of stock options for total proceeds of $153,383. In relation to this exercise, $119,419 was transferred from options reserve to capital stock. The weighted average share price on the date of exercise was $0.14.

During the year ended December 31, 2023, the Company transferred $2,421,210 from options reserve to deficit on the expiration of 2,900,000 options.

On March 20, 2023, the Company granted 3,945,000 stock options at an exercise price of $0.35 per share. The options vested March 20, 2023, and expire March 20, 2028. Share-based payments of $478,125 were charged to the statement of loss and comprehensive loss and share-based payments of $307,793 were capitalized to mineral properties.

During the year ended December 31, 2022, the Company issued 1,050,000 shares on the exercise of stock options for total proceeds of $105,000. In relation to this exercise, $75,352 was transferred from options reserve to capital stock. The weighted average share price on the date of exercise was $0.50.

(Expressed in Canadian Dollars)

8. CAPITAL STOCK (Continued)

(d) Stock options (Continued)

The following summarizes the Company's stock options as at December 31, 2023 and 2022, and changes during the years.

	December 31, 2023		**December 31, 2022**	
	Number of Options	Weighted Average Exercise Price	Number of Options	Weighted Average Exercise Price
Outstanding and exercisable, beginning of year	8,895,589	$0.82	9,945,589	$0.74
Exercised	(1,095,589)	$0.14	(1,050,000)	$0.10
Granted	3,945,000	$0.35	-	-
Expired	(2,900,000)	$1.20	-	-
Outstanding and exercisable, end of year	8,845,000	$0.67	8,895,589	$0.82

As at December 31, 2023 the Company had options outstanding and exercisable as follows:

Expiry Date	Exercise Price	Outstanding/ Exercisable	Weighted Average Remaining Contractual Life (Years)
July 8, 2024	$0.70	200,000	0.52
December 23, 2024	$0.85	1,250,000	0.98
May 20, 2025	$0.80	475,000	1.39
August 10, 2025	$0.95	260,000	1.61
April 22, 2026	$0.70	2,315,000	2.31
November 29, 2026	$0.50	400,000	2.92
March 20, 2028	$0.35	3,945,000	4.22
		8,845,000	2.89

(Expressed in Canadian Dollars)

8. CAPITAL STOCK (Continued)

(d) Stock options (Continued)

As at December 31, 2022, the Company had options outstanding and exercisable as follows:

Expiry Date	Exercise Price	Outstanding/ Exercisable	Weighted Average Remaining Contractual Life (Years)
March 21, 2023	$0.14	1,095,589	0.22
November 14, 2023	$1.20	2,900,000	0.87
July 8, 2024	$0.70	200,000	1.52
December 23, 2024	$0.85	1,250,000	1.98
May 20, 2025	$0.80	475,000	2.39
August 10, 2025	$0.95	260,000	2.61
April 22, 2026	$0.70	2,315,000	3.31
November 29, 2026	$0.50	400,000	3.92
		8,895,589	1.86

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

	December 31, 2023
Expected life (years)	5
Interest rate	2.96%
Volatility	86%
Dividend yield	0%
Forfeiture rate	0%
Market value of common shares at grant date	$0.30
Fair value	$0.20

Volatility has been calculated based on the historical volatility of the Company. Interest rates represent rates from the Bank of Canada on bonds with a similar term. The dividend yield represents the expected dividends to be paid by the Company.

(Expressed in Canadian Dollars)

9. RELATED PARTY TRANSACTIONS

The Company entered into the following transactions with related parties in addition to those discussed elsewhere in the financial statements.

Key management compensation

During the years ended December 31, 2023 and 2022, short-term employee benefits for key management compensation and directors' fees were incurred as follows:

			2023		2022
Gareth Thomas (CEO)	Salary and Bonus	$	257,024	$	230,000
Shaun Pollard (CFO)	Salary and Bonus		257,024		230,000
Grenville Thomas (Director)	Fees[1]		11,589		-
Victor Tanaka (Director)	Fees[1]		13,058		9,000
Hannah McDonald (Director)	Fees[1]		13,058		9,000
Paul McRae (Director)	Fees[1]		13,058		9,000
Total key management compensation		$	564,811	$	487,000

(1) Included in Salaries and Benefits in the statement of loss.

Share-based payment expense allocated to key management and directors during the year ended December 31, 2023 was $398,438 (2022 - $nil).

In addition to the above costs, the Company paid $72,920 (2022 - $72,920) of rent and office expenditures to Anglo Celtic Exploration Ltd. ("Anglo"). Anglo is a company controlled by Grenville Thomas, a director of the Company, and Gareth Thomas, CEO.

At December 31, 2023, $28,093 (2022 - $14,635) in respect of expense reimbursements and fees were due to key management and included in accounts payable and accrued liabilities. The amounts are non-interest bearing and subject to normal trade terms. At December 31, 2023, $17,259 (2022 - $nil) included in other receivable was due from key management.

(Expressed in Canadian Dollars)

10. INCOME TAXES

Income tax expense differs from the amounts that would be computed by applying the Canadian statutory income tax rate of 27% (2022 - 27%) to income before income taxes.

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

	2023	2022
Loss before income tax	$ (1,865,247)	$ (1,249,352)
Statutory income tax rate	27%	27%
Income tax recovery at Canadian statutory rate	(503,617)	(337,325)
Temporary differences	1,267,338	(59,309)
Non-deductible amounts	(1,157)	2,700
Unused tax losses and tax offsets	7,383	393,934
Total income tax expense	$ 769,947	$ -

The significant components of deferred tax assets and liabilities recognized as of December 31 are as follows:

	2023	2022
Deferred income tax asset from non-capital losses	$ 688,726	$ -
Deferred income tax asset from property and equipment	6,046	-
Deferred income tax asset from share issuance costs	158,178	180,058
Deferred income tax asset from non-refundable investment tax credits	52,259	-
Deferred income tax asset from lease liability	46,396	-
Deferred income tax liability from resource properties	(1,676,629)	-
Deferred income tax liability from flow-through shares	-	(131,488)
Deferred income tax liability from right-of-use assets	(44,923)	(48,570)
Net deferred income tax liabilities	$ (769,947)	$ -

The significant components of the Company's unrecognized deferred income tax assets as at December 31 are as follows:

	2023	2022
Mineral properties	$ -	$ 389,740
Property and equipment	-	205,575
Share issuance costs	-	323,261
Non-refundable investment tax credits	-	193,550
Lease liability	-	180,631
Unrecognized deductible temporary differences	$ -	$ 1,292,757

10. INCOME TAXES (Continued)

The Company recognizes tax benefits on losses or other deductible amounts where it is probable the Company will generate taxable income to utilize its deferred tax assets.

The Company is eligible for British Columbia mining exploration tax credits (“BCMETC”), based on qualified mineral exploration expenditures incurred for determining the existence, location, and extent or quality of a mineral resource in the province of British Columbia. The tax credit is calculated as 30% (for the area in which the Company operates) of qualified mineral exploration expenditures incurred to the extent such expenditures are not renounced or committed with respect to issued flow-through shares, if any. The filing for the BCMETC is subject to an assessment process, which may include an audit by the taxation authorities. The amount ultimately recoverable may be different from the amount claimed.

During the year ended December 31, 2023, the Company received an aggregate refund of $2,049,781 (2022 - $2,158,678) related to BCMETC previously filed claims attributable to qualified mining exploration expenses incurred on its mineral properties. At December 31, 2023, $420,000 (2022 - $2,150,000) has been accrued for BCMETC receivable related to qualified expenditures incurred during the year.

At December 31, 2023, the Company has $769,947 (2022 - $nil) of income tax losses.

11. CAPITAL MANAGEMENT

The Company considers its capital structure to consist of shareholders’ equity. The Company manages its capital structure and makes adjustments to it based on the funds available to the Company, in order to support the acquisition, exploration and development of mineral properties.

The Board of Directors does not establish quantitative return on capital criteria for management, but rather relies on the expertise of the Company's management to sustain future development of the business. The properties in which the Company currently has an interest are in the exploration stage; as such, the Company is dependent on external financing to fund its activities. In order to carry out the planned exploration and pay for administrative costs, the Company will spend its existing working capital and raise additional amounts as needed. The Company will continue to assess new properties and seek to acquire an interest in additional properties if it feels there is sufficient geologic or economic potential and if it has adequate financial resources to do so.

Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Company, is reasonable.

There were no changes in the Company's approach to capital management during the year ended December 31, 2023. The Company is not subject to externally imposed capital requirements.

(Expressed in Canadian Dollars)

12. COMMITMENTS

On May 14, 2023, the Company entered into a two-year lease for building space associated with the Shovelnose project.

During the year ended December 31, 2022, the Company entered into three one-year leases for building space associated with the Shovelnose project. Given the lease terms do not exceed one year, the Company elected to not apply IFRS 16 to these leases.

On December 12, 2019, the Company entered into a three-year lease for building space associated with the Shovelnose project. On September 14, 2022, the lease was extended for an additional three years.

On September 2, 2020, the Company entered a two-year lease for building space. On September 1, 2022, this lease was extended for an additional three years.

Under the terms of the leases noted above, the Company is committed to the following annual lease payments plus additional occupancy costs:

2024	$ 163,028
2025	$ 83,188
2026	$ 26,649
2027	$ 9,225

During the year ended December 31, 2022, the Company entered into a loan to purchase equipment. The Company is committed to payments of $1,025 bi-weekly until May 13, 2027.

During the year ended December 31, 2021, the Company entered into a loan to purchase equipment. The Company is committed to payments of $365 per month until June 30, 2025.

On July 29, 2022, the Company issued flow-through shares which required the Company to incur qualifying exploration expenditures of $4,285,532 by December 31, 2023. As at December 31, 2023, the Company had incurred qualifying expenditures in full satisfaction of the obligation. As a result of satisfying the flow-through obligation, the premium on flow-through shares of $486,992 (2022 - $601,639) was recognized in income.

13. SEGMENTED REPORTING

The Company is organized into business units based on mineral properties and has one reportable operating segment, being that of acquisition and exploration and evaluation activities. The Company's long-term assets are in Canada.

14. SUBSEQUENT EVENTS

On January 29, 2024, the Company granted 1,000,000 stock options to a director. The options have an exercise price of $0.17 per share and a five-year term.

On March 28, 2024, the Company granted 3,850,000 stock options to directors, officers, and consultants. The options have an exercise price of $0.25 per share and a five-year term.

On March 28, 2024, the Company completed a non-brokered private placement and issued 7,926,182 flow-through at a price of $0.23 per share for gross proceeds of $1,823,022. The Company paid cash finders' fees of $107,188 in connection with the share issue.