

# **Westhaven Gold Corp.**

**(An Exploration Stage Company)**

## **MANAGEMENT'S DISCUSSION & ANALYSIS**

**Year ended December 31, 2023**

**Dated as of April 16, 2024**

**For the year ended December 31, 2023**

Dated April 16, 2024

This Management's Discussion and Analysis ("MD&A") for Westhaven Gold Corp. (the "Company" or "Westhaven") has been prepared by management and reviewed and approved by the Audit Committee. The following discussion of performance, financial condition and future prospects should be read in conjunction with the audited financial statements of the Company and notes thereto, for the years ended December 31, 2023, and December 31, 2022. The information provided herein supplements but does not form part of the financial statements. This discussion covers the year and the subsequent period up to the date of issue of this MD&A. Unless otherwise noted, all dollar amounts are stated in Canadian dollars. Additional information relevant to the Company's activities can be found on SEDAR at [www.sedar.com](http://www.sedar.com).

The financial statements for the year ended December 31, 2023, have been prepared in accordance with IFRS as issued by the International Accounting Standards Board ("IASB").

For the purposes of preparing this MD&A, management, in conjunction with the Board of Directors, considers the materiality of information. Information is considered material if: (i) such information results in, or would reasonably be expected to result in, a significant change in the market price or value of focused common shares; or (ii) there is a substantial likelihood that a reasonable investor would consider it important in making an investment decision; or (iii) if it would significantly alter the total mix of information available to investors. Management, in conjunction with the Board of Directors, evaluates materiality with reference to all relevant circumstances, including potential market sensitivity.

**Forward-looking Statements**

Certain sections of this MD&A may contain forward-looking statements. Such forward-looking statements involve a number of known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of the Company to be materially different from actual future results. The risks, uncertainties and other factors that could influence actual results are described in the "Risks and Uncertainties" section of this report. The forward-looking statements contained herein are based on information available as of April 16, 2024.

## **Westhaven Overview**

Westhaven is focused on grassroots exploration with a view to discovering the next generation of economic gold deposits.

The Company is advancing its Shovelnose, Skoonka, Skoonka North and Prospect Valley gold-silver properties, all are in the Spences Bridge Gold Belt (the "SBGB"), in British Columbia, Canada.

The SBGB projects overview:

- Large land package (37,000 hectares (ha)) on underexplored gold belt.*
- District-scale potential.*
- 100% ownership of claims.*
- Low-cost exploration.*
- Close proximity to power and rail.*
- Road accessible and close to major highways.*
- Close proximity to producing mines and expertise.*

## **Company Overview**

Westhaven is a junior exploration company that is focused on the acquisition, exploration, and development of resource properties.

To date the Company has not generated significant revenues and is considered to be in the exploration stage. Continued operations of the Company are dependent on the Company's ability to complete equity financings or generate profitable operations in the future.

The Company is entitled to refundable tax credits on qualified 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.

On November 3, 2023, Westhaven received a \$2,049,781 Mineral Exploration Tax Credit (METC) refund.

On July 29, 2022, Westhaven completed a non-brokered private placement. The Company issued a total of 9,739,847 common shares that qualify as "flow-through shares" of the Company for the purposes of the *Income Tax Act* (Canada) (the "Flow-Through Common Shares") at a price of \$0.44 per Flow-Through Common Share for aggregate gross proceeds of \$4,285,533. 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.

Westhaven finished 2023 with cash, equivalents, and short-term investments of \$1,223,184 vs \$7,810,775 in 2022.

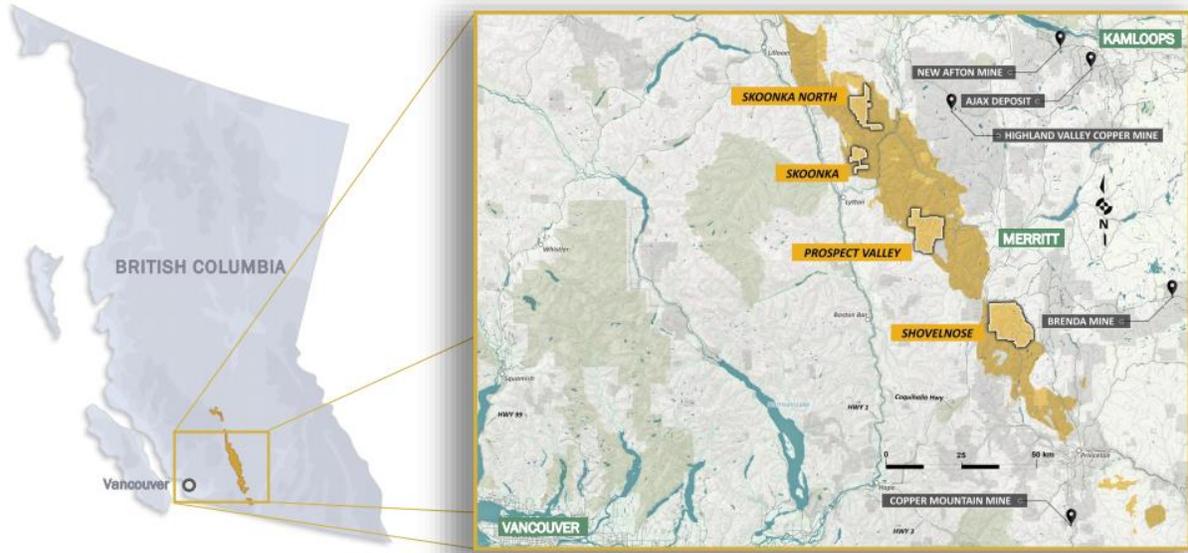
Westhaven completed 17,226 metres (m) of drilling in 2023 vs 41,481 m of diamond drilling in 2022. Based on qualified mining exploration expenses incurred in 2023, Westhaven has filed for a \$420,000 Mineral Exploration Tax Credit in 2024. The majority of the 2023 eligible exploration expenses were allocated to retiring the outstanding flow-through obligation of \$4,285,533.

Westhaven held the Annual General Meeting of Shareholders on September 22, 2023. The shareholders approved all motions put forth including the re-appointment of Smythe LLP, Chartered Professional Accountants, as the Company's independent auditors, and the confirmation of the Company's Share Incentive Plan.

The shareholders re-elected David Grenville Thomas, Gareth Thomas, Hannah McDonald, Victor Tanaka and Paul McRae to the Company's Board of Directors.

### Spences Bridge Gold Belt

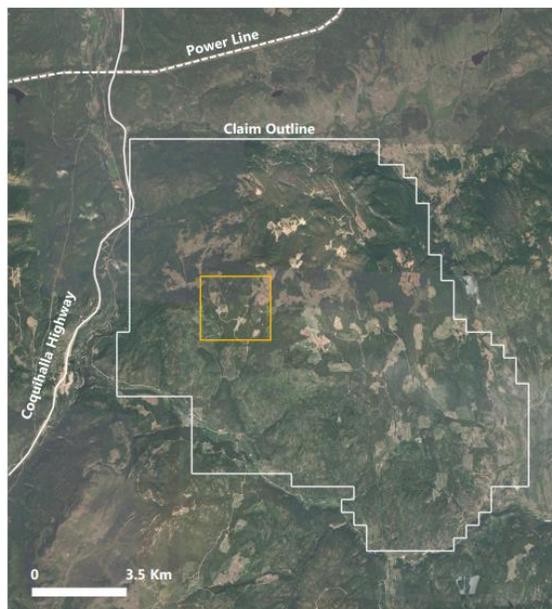
The SBGB is 110 kilometres (km) northwest-trending belt of intermediate to felsic volcanic rocks dominated by the Cretaceous Spences Bridge group. Exploration in the belt only began in 2001 when prospector Edward Balon, P.Geo, technical advisor to Westhaven, began by following up on a Regional Geochemical Survey (RGS) anomalies. These relatively underexplored volcanic rocks are highly prospective for epithermal style gold mineralization. In the mid-19th century, coarse placer gold was discovered near the mouth of the Nicoamen and Fraser rivers. This discovery sparked a gold rush that attracted an estimated 20,000 prospectors to the area.



Westhaven owns a 100%-interest in 4 properties covering over 37,503ha within the prospective SBGB, which is situated within a geological setting like those which host other significant epithermal gold-silver systems.

## 2023 Exploration Activities

### Shovelnose Gold Property



**2.5-hour drive from Vancouver**



**30-minute drive from Merritt**



**5km from the Coquihalla Highway**



**Powerline on property**



**Heavily logged, with forestry roads in place**



**Year-round exploration**

The Shovelnose gold property is located near the southern end of the SBGB, approximately 30km south of Merritt, British Columbia. The property is accessible by the Coquihalla Highway (BC Provincial Highway #5) at the Coldwater exit, then by a series of logging roads to the northern and southern portions of the property. The property currently consists of 32 contiguous mineral claims encompassing 17,625ha.

The Shovelnose gold property has a strategic advantage with regards to location as the property is situated off a major highway, in close proximity to power, rail, large producing mines, and within commuting distance from the city of Merritt, which translates into low cost, year-round exploration.

Highlights from 2023 include:

- Westhaven announced on July 18, 2023, the first Preliminary Economic Assessment (“PEA”) for the Shovelnose Gold Property.

The technical report completed by P&E Mining Consultants Inc., was filed on SEDAR on August 31, 2023, and can also be found on Westhaven’s website via the following link:

[https://westhavengold.com/\\_resources/reports/South-Zone-Preliminary-Economic-Assessment.pdf?v=0401](https://westhavengold.com/_resources/reports/South-Zone-Preliminary-Economic-Assessment.pdf?v=0401)

Preliminary Economic Assessment Highlights:

\*Base case parameters of US\$1,800 per ounce gold, US\$22 per ounce silver and CDN\$/US\$ exchange rate of \$0.76. All costs are in Canadian dollars unless otherwise specified.

- Robust financial metrics.
  - Pre-tax Internal Rate of Return (“IRR”) of 41.4%; After-tax IRR of 32.3%.
  - Low All-In Sustaining Cost (“AISC”) of \$989/ounce (“oz”) (US\$752/oz) gold equivalent (“AuEq”).
  - Low Cash Cost of \$804 oz/AuEq (US\$ 611/oz AuEq).
  - Pre-tax Net Present Value (“NPV”6%) of \$359 million (M) and After-tax NPV of \$222M.
  - Payback period from start of production year 1 of 2.4 years pre-tax and 2.6 years after-tax.
  - After-tax (NPV 6%) increases to \$268.4M and After-tax IRR increases to 37.2% using spot prices of US\$1,950 gold and US\$24 silver.
- Low capital-intensive development and operating costs.
  - Total Preproduction Capital of \$149.6M.
  - Total Life of Mine (“LOM”) Capital Costs of \$247M.
  - Average operating cost of \$132/ tonne processed.
  - 94% of total mining is cost effective longitudinal and traverse longhole stoping, with only 6% of total mining requiring cut and fill stoping.
- 9.5-year mine life and ability to expand processing to accommodate satellite discoveries.
  - Production rate of 1,000 tonnes per day (“tpd”).
  - Total payable metals of 534,000 oz gold (“Au”) and 2,715, 000 oz silver (“Ag”).
  - Average annual production of 56,100 oz Au peaking in year 7 at 68,000 oz Au.
  - Total mineralized rock production of 1,452,000 tonnes at 5.37 g/t Au and 28.62 g/t Ag.
  - Metallurgical recoveries of 91.5% Au and 92.9% Ag.
- Community/stakeholder benefits.
  - Total projected income taxes paid of \$136M.
  - Total projected British Columbia mineral taxes paid of \$79M.
  - More than 130 well-paying local full time jobs created during life of mine.
  - Additional employment during construction phase.
  - Indirect spin-off benefits during both construction and mine operations.
- Completed 17,226 m of drilling which resulted in identifying and/or advancing gold zones of interest including the MIK, Hydrothermal Breccia 2, and SE FMN. Discoveries made during prior years including the Franz, FMN and Alpine zones were further advanced via drilling, metallurgy and/or surface sampling towards being included in future property wide mineral resource updates.

- Drilling at the MIK, 200m southwest of the Vein Zone 1 trend, was initially following up a 2011 drill hole. Additional step out drilling in the same area (eleven holes) has outlined a north trending moderately west dipping near-surface veinlet zone up to 30m wide that returned up to 17.81 g/t Au over 3.68m (hole SN23-360). The zone has been traced over a strike length of 180m and remains open to the north and south. Follow-up drilling will initially focus on step-outs to the south where the mineralization is strengthening in terms of width.
- Westhaven used handheld percussion drilling equipment to complete a series of short (~30cm deep) drill holes along predefined survey controlled traverse lines defining a 1m x 3.5m sampling grid. The average gold grade from all 127 sites is 7.96 g/t and the average silver grade is 23.7 g/t. Seventeen samples returned over 10 g/t Au up to 191 g/t Au (silver values for the same 17 samples ranged from 43 to 226 g/t).
- Collected 1,407 rock samples which resulted in several new areas of interest.
- A new outcrop was discovered late in 2023, located between the Line 6 and MIK zones. An 80 metre, semi continuous outcrop with bands of quartz veining has been outlined. Rock samples collected near this area have returned up to 0.79 g/t Au and 168 g/t silver. This area is to the southeast of where mineralized float boulders grading up to 52.9 g/t Au were recently found.

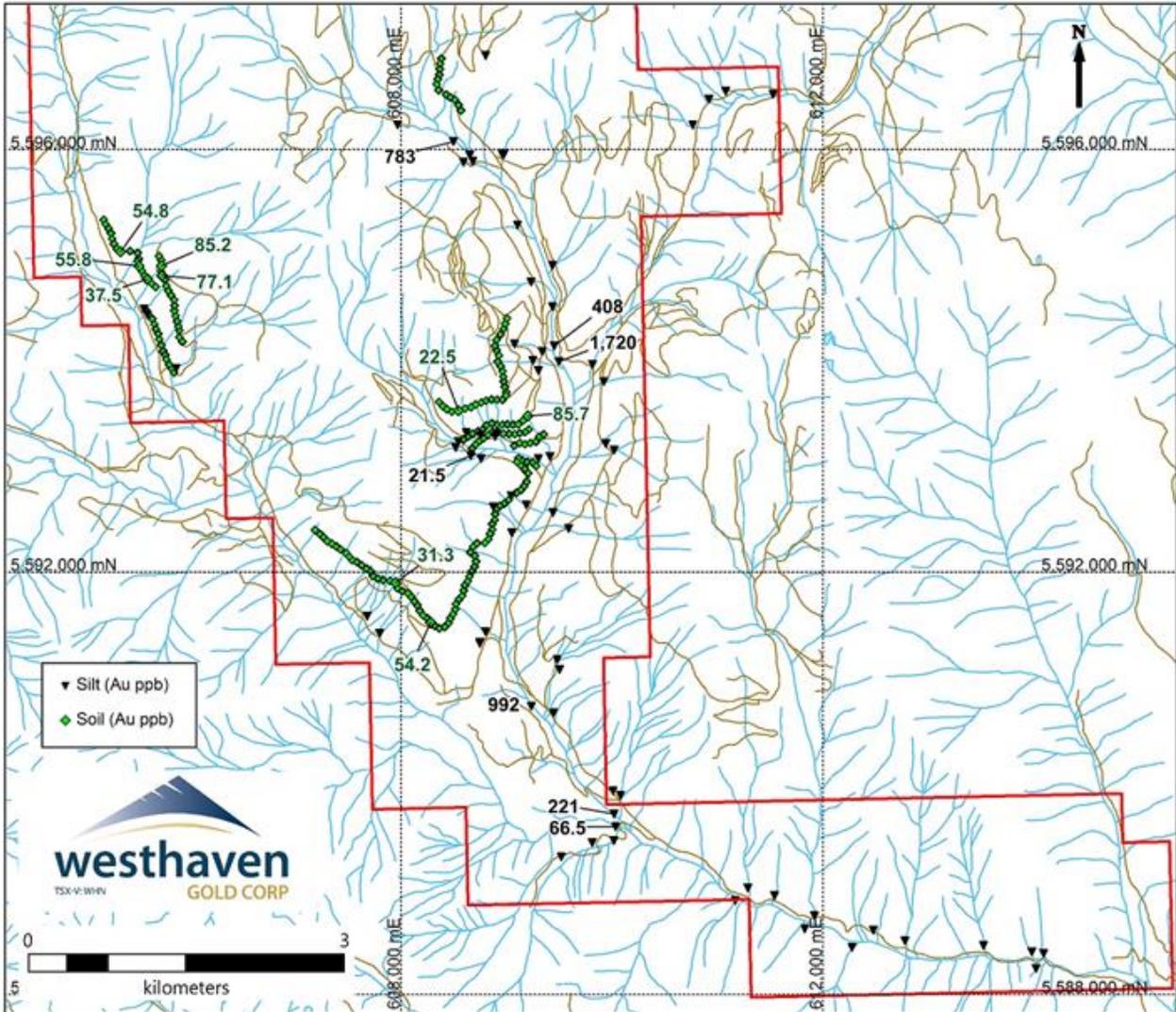
On February 1, 2024, Westhaven announced it had received a 650-drill hole permit which allows for 650 surface drill sites, trenching, geophysical surveys, and exploration access construction.

On March 20, 2024, Westhaven announced it had initiated a diamond drilling campaign which will consist of approximately 4000 m of diamond drilling, primarily within and along the highly prospective, 4 km long, Vein Zone One trend, host to the South Zone resource and two additional high-grade gold discoveries: FMN and Franz.

### Skoonka North Property

Westhaven undertook two iterations of exploration work at its 100% owned 6,167-hectare Skoonka North gold property in 2023. The Skoonka North gold property is situated northwest of the community of Spences Bridge in south-central British Columbia, within the Kamloops Mining Division. The claims have seen limited exploration work and have yet to be drill tested.

Both programs resulted in the collection of 523 soils, 155 stream silts and 186 rocks for geochemical analysis.



Highlights:

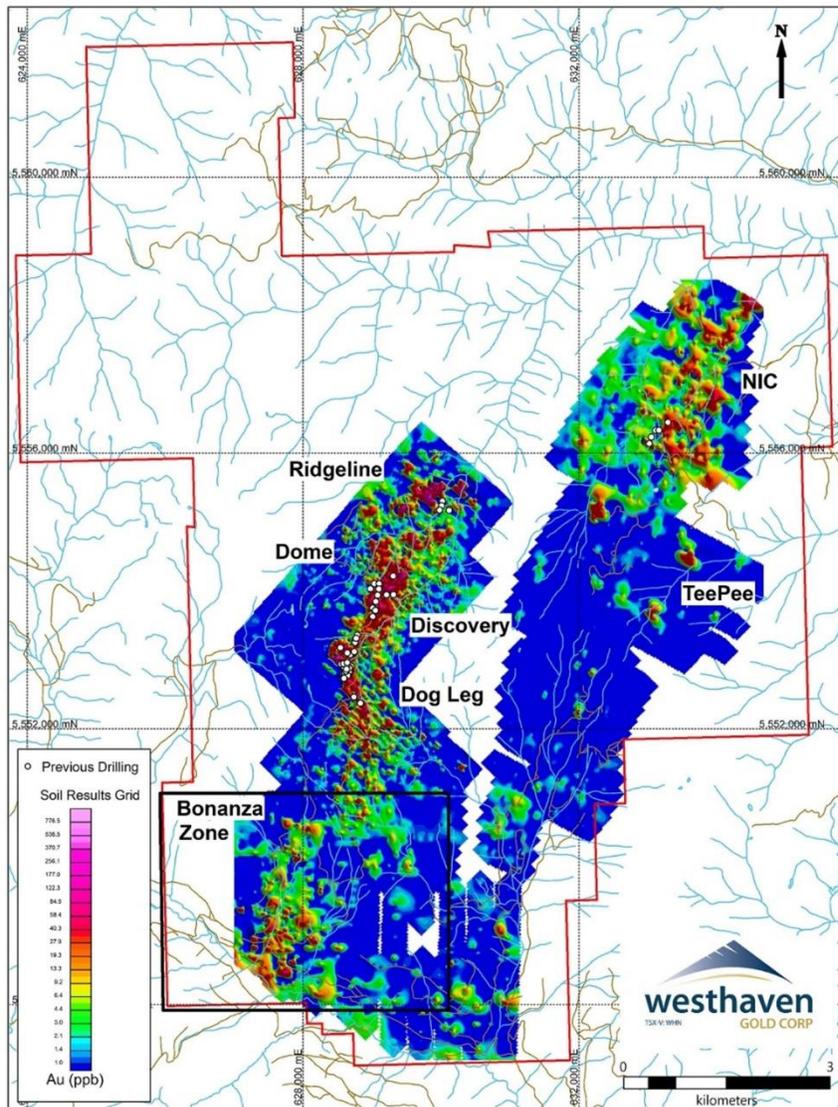
- 1,720 parts per billion (ppb) Au silt sample: the highest ever assayed by Westhaven on the Spences Bridge Gold Belt (SBGB)
- 992 ppb Au silt sample
- 783 ppb Au silt sample
- 403 ppb Au silt sample.

Soil and silt sampling targeted previously unsampled areas, and specific areas of interest identified from past programs. Rock samples were collected during the geochemical work but do not represent a focused prospecting program, though veining and alteration were encountered. Stream silt sampling was the primary focus of this program as we collected and analyzed 5 size fractions at each sample site. The highest gold values received to date include 1,720 ppb Au and 992 ppb Au coarse size fraction analysis.

In 2024, Westhaven intends to initiate additional mapping, prospecting, sampling and geophysical programs to develop and prioritize potential drill targets.

### Prospect Valley Gold Property

Westhaven previously collected ground magnetic data over the 3x4 km Bonanza Zone and, in 2023, undertook a LiDAR survey and a surface rock sampling program at its 10,927-hectare property located approximately 25 km west of Merritt, British Columbia. Sampling targeted specific stream channels within the Bonanza Area looking for new exposures created by flooding associated with the November 2021 excess rainfall event. Results of this work confirmed historical reports of high-grade quartz vein and quartz breccia float samples with assays of up to 3.21 g/t gold. Gold-in-soil anomalies associated with other mineralized zones on the property extend into the Bonanza Area.



### **Property Ownership and Commitments**

On November 16, 2018, the Company was granted a 2.5% Net Smelter Royalty (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.

### **Shovelnose 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.

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 upon completion of the new agreement). In addition, Cornish was granted a 2% NSR on the property. The Company will retain the right to reduce the NSR to 1% by paying Cornish \$500,000 at any time prior to the commencement of commercial production.

On May 8, 2019, Cornish transferred ownership of the 2% NSR to Osisko Gold Royalties Ltd. “Osisko” in exchange for the settlement of a debt owing to Osisko of \$1.5 million. The terms and rights under the NSR now held by Osisko remain unchanged. The Osisko NSR is in addition to the 2% NSR held by Franco-Nevada.

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.

### **Prospect Valley 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 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. The common shares have a hold period of five years.

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.

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.

### **Skoonka Creek Property, 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 SBGB, British Columbia. Under the terms of the agreement the Company issued 2,000,000 common shares (issued on May 30, 2017) 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.

### **Skoonka North Property, British Columbia, Canada**

In May 2018, the Company staked an additional gold mineral property, Skoonka North, within the SBGB, British Columbia for total acquisition costs of \$10,793.

### **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.

**Selected Annual Financial Information**

The following selected financial data is derived from the audited financial statements prepared in accordance with IFRS.

	Year Ended December 31, 2023	Year Ended December 31, 2022	Year Ended December 31, 2021
Total Revenue (Interest):	\$183,933	\$81,658	\$24,322
Loss Before Other Items:	(\$2,536,172)	(\$1,934,961)	(\$2,451,418)
Premium on flow- through shares:	\$486,992	\$601,639	\$378,947
Net Income/(Loss):	(\$1,865,247)	(\$1,249,352)	(\$2,049,316)
Deferred Income Tax Expense	(\$769,947)	\$0	\$0
Net Income/(Loss)	(\$2,635,194)	(\$1,249,352)	(\$2,049,316)
Net Income/(Loss) per Common Share, Basic and Diluted:	(\$0.02)	(\$0.01)	(\$0.02)
Total Assets:	\$32,945,260	\$34,585,190	\$30,558,285
Total Long-Term Liabilities:	\$883,744	\$690,019	\$612,587
Dividends Paid/Payable:	\$0	\$0	\$0

**Results of Operations**

The Company is in the business of mineral resources exploration and does not generate any revenues from operations, with the exception of interest earned on its cash investments.

The Company recorded a net loss of \$2,635,194 for the year ended December 31, 2023, vs \$1,249,352 for the year ended 2022.

Significant non-cash expenses experienced in 2023 but not experienced in 2022 include a deferred income tax expense of \$769,194 and a share-based payment expense of \$478,125 related to an options grant in 2023. The deferred tax expense arose from differences between the carrying amount of eligible expenditures capitalized as an asset and its tax base.

Adjusting for non-cash expenses, Westhaven's net loss for 2023 was \$1,387,122 vs \$1,249,352 for 2022.

In 2023, Westhaven experienced salary and benefits of \$817,075 (2022-\$744,597); Professional fees of \$263,437 (2022-\$167,453); Travel costs of \$86,473 (2022-\$81,572); Regulatory and filing fees of \$51,329 (2022-\$40,546); and General and administrative fees of \$36,185 (2022-\$43,300).

Advertising and promotions spend fell from \$725,279 in 2022 to \$647,266 in 2023. The Company continues to undertake activities to create awareness of the Company and its properties. Such campaigns can assist in reducing the Company's cost of capital as well as attracting new investors.

**Mineral Properties**

Amounts capitalized as mineral property costs are as follows:

	<b>Shovelnose Gold Property</b>	<b>Prospect Valley Property</b>	<b>Skoonka Creek Property</b>	<b>Skoonka North Property</b>	<b>Total</b>
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)
<b>Balance, December 31, 2022</b>	<b>21,788,606</b>	<b>756,298</b>	<b>1,251,352</b>	<b>144,557</b>	<b>23,940,813</b>
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
<b>Balance, December 31, 2023</b>	<b>\$ 27,912,553</b>	<b>\$ 869,207</b>	<b>\$ 1,350,201</b>	<b>\$464,278</b>	<b>\$ 30,596,239</b>

Westhaven benefits from the British Columbia METC which is a permanent incentive to support investment in mining. The METC is a refundable British Columbia income tax credit for eligible individuals and corporations conducting grassroots mineral exploration in British Columbia and is worth 30 per cent of qualified mining exploration expenditures. In 2023, Westhaven received a METC of \$2,049,718 vs \$2,161,933 received in 2022. Based on qualifying expenditures incurred in 2023, Westhaven has filed for a \$420,000 METC refund in 2024.

**Summary of Quarterly Results**

	3 Months Ending December 31, 2023	3 Months Ending September 30, 2023	3 Months Ending June 30, 2023	3 Months Ending March 31, 2023	3 Months Ending December 31, 2022	3 Months Ending September 30, 2022	3 Months Ending June 30, 2022	3 Months Ending March 31, 2022
Interest Income	\$63,862	\$24,731	\$43,816	\$51,523	\$68,333	\$5,401	\$4,438	\$3,486
Loss before other Items:	(\$602,897)	(\$397,354)	(\$430,388)	(\$1,105,533)	(\$374,956)	(\$547,353)	(\$534,784)	(\$477,868)
Premium on flow-through shares	\$486,992	-	-	-	\$601,639	-	-	-
Net Income/(Loss) Before Deferred Income Tax	(\$52,042)	(\$372,623)	(\$386,572)	(\$1,054,010)	\$297,327	(\$541,951)	(\$530,346)	(\$474,382)
Deferred Income Tax Expense	(\$769,947)	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Net Loss	(\$821,989)	(\$372,623)	(\$386,572)	(\$1,054,010)	\$297,327	(\$541,951)	(\$530,346)	(\$474,382)
Income (Loss) per Common Share, Basic and Diluted	(\$0.01)	(\$0.01)	(\$0.01)	(\$0.01)	(\$0.01)	(\$0.01)	(\$0.01)	(\$0.01)
Dividends Paid/Payable:	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0

**Results of Operations**

For the 3-month period ended December 31, 2023, the Company recorded a comprehensive net loss of \$804,015 vs a net gain of \$297,327 in 2022 for the same period.

The 2023 net loss adjusted to reflect non-cash items such as the \$486,992 Premium on flow-through shares and the deferred income tax expense of \$769,947 is \$539,035 vs a loss of \$306,623 in 2022. Interest income of \$63,862 was realized in Q4 2023 vs \$68,333 was realized in Q4 2022.

Salaries and benefits for Q4 2023 were \$183,318 (2022-\$176,360). Although the Company's advertising expense decreased for the year ending 2023 vs 2022, advertising in Q4 2023 increased to \$249,855 vs \$82,358 in Q4 2022. Travel costs decreased in Q4 to \$2,602 (2022- \$26,967). This is largely the result of decreased conference attendance due to a greater focus on online advertising. Professional fees increased to \$96,243 (2022-\$40,634); Rent remained flat at \$18,230; General and administrative costs fell to \$7,247 (2022-\$16,677).

**Off-Balance Sheet Arrangements**

There were no off-balance sheet arrangements during the year ended December 31, 2023.

**Proposed Transactions**

There are no proposed transactions as of the date of this MD&A.

### 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 <sup>(1)</sup>	11,589	-
Victor Tanaka (Director)	Fees <sup>(1)</sup>	13,058	9,000
Hannah McDonald (Director)	Fees <sup>(1)</sup>	13,058	9,000
Paul McRae (Director)	Fees <sup>(1)</sup>	13,058	9,000
<b>Total key management compensation</b>		<b>\$ 564,811</b>	<b>\$ 487,000</b>

<sup>(1)</sup> 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 were due from key management. Subsequent to year end, the outstanding accounts payable and accounts receivable balances have been settled.

## **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.

## **Liquidity and Capital Resources**

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.

## **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 3,900,000 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 shares 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.

### **Changes in Accounting Policies**

There were no changes in accounting policies during the year ended December 31, 2023.

### **Financial Instruments and Risk Management**

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, 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, 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.

## **Capital Stock as of April 16, 2024**

### **Shares Outstanding:**

- 148,512,527

### **Options:**

- 200,000 Exercisable at \$0.70 until July 8, 2024
- 1,150,000 Exercisable at \$0.85 until December 23, 2024
- 425,000 Exercisable at \$0.80 until May 20, 2025
- 200,000 Exercisable at \$0.95 until August 10, 2025
- 2,185,000 Exercisable at \$0.70 until April 22, 2026
- 400,000 Exercisable at \$0.50 until November 29, 2026
- 3,875,000 Exercisable at \$0.35 until March 20, 2028
- 1,000,000 Exercisable at \$0.17 until January 29, 2029
- 3,900,000 Exercisable at \$0.25 until March 28, 2029

### **Fully Diluted:**

- 161,847,527

Directors and Officers own ~25% of the outstanding shares.

## **Risks and Uncertainties**

The Company's principal activity is mineral exploration. Companies in the industry are subject to many and varied kinds of risks, including but not limited to, environmental, metal prices, political and economical. Although the Company has taken steps to verify the title to mineral properties in which it has an interest, in accordance with industry standards for the current stage of exploration of such properties, these procedures do not guarantee the Company's title. Property title may be subject to unregistered prior agreements or transfers and title may be affected by undetected defects. The Company has no significant source of operating cash flow and no revenues from operations. None of the Company's mineral properties currently have reserves. The Company has limited financial resources. Substantial expenditures are required to be made by the Company to establish ore reserves. The property interests owned by the Company are in the exploration stages only, are without known bodies of commercial mineralization and have no ongoing mining operations.

Mineral exploration involves a high degree of risk and few properties, which are explored, are ultimately developed into producing mines. Exploration of the Company's mineral properties may not result in any discoveries of commercial bodies of mineralization. If the Company's efforts do not result in any discovery of commercial mineralization, the Company will be forced to look for other exploration projects or cease operations. The Company is subject to the laws and regulations relating to environmental matters in all jurisdictions in which it operates, including provisions relating to property reclamation, discharge of hazardous material and other matters.

The Company may also be held liable should the environmental problems be discovered that were caused by former owners and operators of its properties and properties in which it had previously held an interest. The Company conducts its mineral exploration activities in compliance with applicable environmental protection legislation. The Company is not aware of any existing environmental problems related to any of its current or former properties that may result in material liability to the Company.

**Management's responsibility for financial statements**

The information provided in this report, including the audited financial statements is the responsibility of management. In the preparation of these statements, estimates are sometimes necessary to make a determination of future values for certain assets or liabilities. Management believes such estimates have been based on careful judgements and have been properly reflected in the accompanying audited financial statements.

April 16, 2024

On behalf of Management and the Board of Directors,

*"Shaun Pollard"*

Chief Financial Officer