Tectonic Metals Inc.

Consolidated Financial Statements

For years ended December 31, 2024 and 2023

(Expressed in Canadian dollars)

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of
Tectonic Metals Inc.

Opinion

We have audited the accompanying consolidated financial statements of Tectonic Metals Inc. (the "Company"), which comprise the consolidated statements of financial position as at December 31, 2024 and 2023, and the consolidated statements of loss and comprehensive loss, changes in shareholders' equity, and cash flows for the years then ended, and notes to the consolidated financial statements, including material accounting policy information.

In our opinion, these consolidated financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2024 and 2023, and its financial performance and its cash flows for the years then ended, in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained in our audit is sufficient and appropriate to provide a basis for our opinion.

Material Uncertainty Related to Going Concern

We draw attention to Note 1 of the consolidated financial statements, which indicates that for the year ended December 31, 2024, the Company incurred a net loss of $5,090,774, and as at December 31, 2024, the Company has a deficit of $43,880,844. As stated in Note 1, these events and conditions indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current year. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

In addition to the matter described in the Material Uncertainty Related to Going Concern section, we have determined the matter described below to be the key audit matter to be communicated in our auditor's report.

Assessment of Impairment Indicators of Exploration and Evaluation Assets ("E&E Assets")

As described in Note 7 to the consolidated financial statements, the carrying amount of the Company's E&E Assets was $1,151,567 as of December 31, 2024. As more fully described in Note 3 to the consolidated financial statements, management assesses E&E Assets for indicators of impairment at each reporting date.

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The principal considerations for our determination that the assessment of impairment indicators of the E&E Assets is a key audit matter is that there was judgment made by management when assessing whether there were indicators of impairment for the E&E Assets, specifically relating to the assets' carrying amount which is impacted by the Company's intent and ability to continue to explore and evaluate these assets. This in turn led to a high degree of auditor judgment, subjectivity, and effort in performing procedures to evaluate audit evidence relating to the judgments made by management in their assessment of indicators of impairment that could give rise to the requirement to prepare an estimate of the recoverable amount of the E&E Assets.

Addressing the matter involved performing procedures and evaluating audit evidence in connection with forming our overall opinion on the consolidated financial statements. Our audit procedures included, among others:

- Evaluating management's assessment of impairment indicators.
- Evaluating the intent for the E&E Assets through discussion and communication with management.
- Reviewing the Company's recent expenditure activity.
- Assessing compliance with agreements and expenditure requirements.
- Evaluating on a test basis confirmation of title to ensure mineral rights underlying the E&E Assets are in good standing.

Other Information

Management is responsible for the other information. The other information obtained at the date of this auditor's report includes Management's Discussion and Analysis.

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

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

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

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

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

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

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

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

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

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

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

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

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

Davidson & Company LLP

Vancouver, Canada | Chartered Professional Accountants

February 27, 2025

TECTONIC METALS INC.
Consolidated Statements of Financial Position
(Expressed in Canadian dollars)

	Note	**December 31, 2024**	December 31, 2023
		$	$
ASSETS			
Current			
Cash and cash equivalents		**1,971,424**	2,381,310
Amounts receivable		**12,902**	29,836
Prepaid expenses and deposits	5	**631,264**	334,180
		2,615,590	2,745,326
Property and equipment	6	**11,953**	8,127
Exploration and evaluation assets	7	**1,151,567**	991,785
Total assets		**3,779,110**	3,745,238
LIABILITIES			
Current			
Accounts payable and accrued liabilities	11	**435,420**	748,592
		435,420	748,592
Restoration provision	9	**390,642**	348,258
Total liabilities		**826,062**	1,096,850
SHAREHOLDERS' EQUITY			
Share capital	10(b)	**38,141,029**	34,160,529
Reserves		**8,692,863**	7,277,929
Deficit		**(43,880,844)**	(38,790,070)
Total shareholders' equity		**2,953,048**	2,648,388
Total liabilities and shareholders' equity		**3,779,110**	3,745,238

Nature of operations and going concern (Note 1)

Approved and authorized for issue on behalf of the Board of Directors:

/s/ "Antonio Reda"
Antonio Reda

/s/ "Michael Roper"
Michael Roper

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

TECTONIC METALS INC.
Consolidated Statements of Loss and Comprehensive Loss
(Expressed in Canadian dollars, except number of shares)

	Note	Years ended December 31, 2024	2023
		$	$
Operating expenses			
Accounting and legal fees	11	**260,593**	283,067
Accretion expense	9	**11,197**	-
Corporate development		**423,626**	294,366
Depreciation		**3,654**	14,736
Employee benefits and salaries	11	**488,291**	509,287
Exploration and evaluation expenses	8,11	**2,897,789**	7,544,972
Foreign exchange loss		**22,712**	11,536
General and administration		**147,011**	208,587
Impairment of exploration and evaluation asset		**-**	53,961
Insurance		**48,115**	60,040
Interest expense		**-**	207
Investor relations		**258,709**	263,567
Listing and filing fees		**54,145**	51,058
Share-based compensation	10(d),11	**348,020**	195,691
Travel and meals		**154,258**	133,609
		5,118,120	9,624,684
Other income (loss)			
Interest income		**27,346**	31,777
Loss on disposal of equipment	6	**-**	(6,101)
Net loss and comprehensive loss		**(5,090,774)**	(9,599,008)
Net loss per share:			
Basic and diluted		**(0.01)**	(0.03)
Weighted average number of common shares outstanding:			
Basic and diluted		**356,857,903**	274,971,152

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

TECTONIC METALS INC.
Consolidated Statements of Cash Flows
(Expressed in Canadian dollars)

	Years ended December 31,	
	2024	2023
	$	$
Operating activities		
Net loss for the year	**(5,090,774)**	(9,599,008)
Adjustments for:		
Accretion expense	**11,197**	-
Depreciation	**3,654**	14,736
Unrealized foreign exchange loss (gain)	**31,187**	(58,558)
Impairment of exploration and evaluation asset	**-**	53,961
Interest expense	**-**	207
Share-based compensation	**348,020**	195,691
Loss on disposal of equipment	**-**	6,101
Recovery of prior period exploration and evaluation expenses	**152,697**	-
Changes in non-cash working capital:		
Amounts receivable	**16,934**	(23,496)
Prepaid expenses and deposits	**(297,084)**	(137,579)
Accounts payable and accrued liabilities	**(281,069)**	282,189
Cash used in operating activities	**(5,105,238)**	(9,265,756)
Investing activities		
Expenditure on exploration and evaluation assets	**(159,782)**	(156,788)
Proceeds from disposal of property and equipment	**-**	3,430
Purchase of property and equipment	**(7,480)**	-
Cash used in investing activities	**(167,262)**	(153,358)
Financing activities		
Proceeds from private placements	**5,349,171**	8,229,881
Proceeds from Warrant Incentive Program	**-**	1,579,334
Share issuance costs	**(486,557)**	(561,011)
Proceeds from the exercise of warrants	**-**	10,200
Lease liability payments	**-**	(10,125)
Cash provided by financing activities	**4,862,614**	9,248,279
Change in cash and cash equivalents	**(409,886)**	(170,835)
Cash and cash equivalents, beginning of year	**2,381,310**	2,552,145
Cash and cash equivalents, end of year	**1,971,424**	2,381,310
Supplemental cash flow information:		
Share issuance costs under accounts payable and accrued liabilities	**14,652**	157,323
Finders' warrants issued	**94,738**	153,797
Cash interest paid	**-**	207
Cash interest earned on cash and cash equivalents	**27,346**	31,777
Cash income tax paid	**-**	-
Recovery of share issuance costs	**42,129**	-

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

TECTONIC METALS INC.
Consolidated Statements of Changes in Shareholders' Equity
(Expressed in Canadian dollars, except number of shares)

	Common shares	Share capital	Reserves	Deficit	Total shareholders' equity
	#	$	$	$	$
Balance, December 31, 2022	240,030,490	27,341,904	4,799,782	(29,191,062)	2,950,624
Shares issued in private placements	74,817,098	6,500,538	1,729,343	-	8,229,881
Share issuance costs	-	(872,131)	153,797	-	(718,334)
Shares issued in Warrants Incentive Program	15,793,336	1,177,422	401,912	-	1,579,334
Shares issued from exercise of warrants	60,000	12,796	(2,596)	-	10,200
Share-based compensation	-	-	195,691	-	195,691
Net loss and comprehensive loss	-	-	-	(9,599,008)	(9,599,008)
Balance, December 31, 2023	330,700,924	34,160,529	7,277,929	(38,790,070)	2,648,388
Units issued in private placements	89,152,853	4,376,995	972,176	-	5,349,171
Share issuance costs	-	(438,624)	94,738	-	(343,886)
Recovery of share issuance costs	-	42,129	-	-	42,129
Share-based compensation	-	-	348,020	-	348,020
Net loss and comprehensive loss	-	-	-	(5,090,774)	(5,090,774)
Balance, December 31, 2024	**419,853,777**	**38,141,029**	**8,692,863**	**(43,880,844)**	**2,953,048**

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

1. NATURE OF OPERATIONS AND GOING CONCERN

Tectonic Metals Inc. (the "Company" or "Tectonic") was incorporated on April 7, 2017 under the laws of the British Columbia Business Corporations Act. The Company's head office is at 1400 - 1199 West Hastings Street, Vancouver, British Columbia, V6E 3T5.

The Company is listed on the TSX Venture Exchange ("TSX-V") trading under the symbol "TECT", is co-listed on the United States ("US") OTCQB trading under the symbol "TETOF" and is co-listed on the Frankfurt Stock Exchange trading under the symbol "T15B".

The Company's principal business activities include the acquisition and exploration of mineral exploration and evaluation assets in the US. The Company has not yet determined whether its exploration and evaluation assets contain ore reserves that are economically recoverable. The recoverability of the amounts shown for exploration and evaluation assets are dependent upon the existence of economically recoverable reserves, the ability of the Company to obtain necessary financing to complete the development of those reserves and upon future profitable production. To date, the Company has not earned any revenues and is in the exploration stage.

These consolidated financial statements for years ended December 31, 2024 and 2023 (the "financial statements") have been prepared on a going concern basis, which assumes that the Company will be able to continue operations for the foreseeable future and be able to realize its assets and discharge its liabilities in the normal course of business. For the year ended December 31, 2024, the Company incurred a net loss and comprehensive loss of $5,090,774 (2023 - $9,599,008). As at December 31, 2024, the Company has a deficit of $43,880,844 (December 31, 2023 - $38,790,070) and working capital of $2,180,170 (December 31, 2023 - $1,996,734). Management intends to finance its operations with the proceeds from equity financings, and its current working capital. There is no certainty that additional financing at terms that are acceptable to the Company will be available, and an inability to obtain financing would have a direct impact on the Company's ability to continue as a going concern. These conditions indicate a material uncertainty that may cast significant doubt on the Company's ability to continue as a going concern.

These financial statements do not reflect the adjustments to the carrying values and classifications of assets and liabilities that would be necessary if the Company were unable to realize its assets and settle its liabilities as a going concern in the normal course of operations. Such adjustments could be material.

2. BASIS OF PREPARATION

a) Statement of compliance

These financial statements were approved by the Company's Board of Directors and authorized for issuance on February 27, 2025.

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

b) Basis of presentation

These financial statements have been prepared on a historical cost basis. In addition, except for cash flow information, these financial statements have been prepared using the accrual method of accounting.

c) Functional and presentational currency

These financial statements are presented in Canadian dollars ("CAD") which is the functional and presentation currency of the Company and its subsidiaries. References to "USD" or "US$" are to US dollars.

2. BASIS OF PREPARATION (continued)

d) Basis of consolidation

These financial statements include the financial information of the Company and entities controlled by the Company. All intercompany transactions and balances are eliminated on consolidation. Control exists where the parent entity has power over the investee and is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Subsidiaries are included in the consolidated financial statements from the date control commences until the date control ceases. The accounting policies of subsidiaries are changed where necessary to align them with the policies adopted by the Company.

A summary of the Company's subsidiaries included in these financial statements as at December 31, 2024 is as follows:

	Country of incorporation	Percentage ownership	Functional currency	Principal activity
District Metals LLC	USA	100%	CAD	Holding company
Tectonic Resources LLC	USA	100%	CAD	Holding company

3. MATERIAL ACCOUNTING POLICIES

a) Cash and cash equivalents

Cash and cash equivalents consists of cash on hand, deposits held with banks, and other highly liquid short-term investments that are readily convertible to cash and have maturities with terms of less than ninety days and/or with original maturities over ninety days but redeemable on demand without penalty.

b) Financial instruments

Financial assets

On initial recognition, financial assets are recognized at fair value and are subsequently classified and measured at amortized cost, fair value through other comprehensive income ("FVOCI"), or fair value through profit or loss ("FVTPL). The classification of financial assets is generally based on the business model in which a financial asset is managed and its contractual cash flow characteristics. Financial assets at amortized cost are measured at amortized cost using the effective interest method. Financial assets are measured at fair value net of transaction costs that are directly attributable to its acquisition except for financial assets at FVTPL where transaction costs are expensed. All financial assets not classified and measured at amortized cost or FVOCI are measured at FVTPL. On initial recognition of an equity instrument that is not held for trading, the Company may irrevocably elect to present subsequent changes in the investment's fair value in other comprehensive income. The classification determines the method by which the financial assets are carried on the consolidated statement of financial position subsequent to inception and how changes in value are recorded.

Financial assets are classified as current assets or non-current assets based on their maturity date. Financial assets are derecognized when the contractual rights to the cash flows from the asset expire. On derecognition, the difference between the carrying amount measured at the date of derecognition and the consideration received is recognized in profit or loss.

The Company's financial assets consist of cash and cash equivalents and deposits which are classified as amortized cost.

Financial liabilities

Financial liabilities are classified as subsequently measured at amortized cost, unless designated FVTPL. Financial liabilities measured at amortized cost are measured using the effective interest method. The classification determines the method by which the financial liabilities are carried on the consolidated statement of financial position subsequent to inception and how changes in value are recorded.

Financial liabilities are derecognized only when the Company's obligations are discharged, cancelled, or they expire.

The Company's financial liabilities consist of accounts payable and accrued liabilities, which are measured at amortized cost.

3. MATERIAL ACCOUNTING POLICIES (continued)

c) Property and equipment

Computer equipment, office and furniture and exploration equipment are recorded at cost less accumulated depreciation and impairment losses. The Company provides for depreciation using the declining balance method at rates designated to depreciate the cost of the asset over their estimated useful lives. All equipment is depreciated using a depreciation rate of 30%.

Costs incurred for right of use assets are capitalized and are subject to depreciation once they are available for use. Once available for use, depreciation will be applied on a straight-line basis, over the term of the lease.

d) Exploration and evaluation assets

Exploration and evaluation expenses are recognized in profit or loss. All costs related to the acquisition of exploration and evaluation assets are capitalized. Amounts received for the sale of exploration and evaluation assets or option payments are treated as reductions of the cost of the property, with payments in excess of capitalized costs recognized in profit or loss. Costs associated with the commissioning of new assets incurred in the period before they are operating in the way intended by management are capitalized. Development costs are capitalized, and any incidental revenues and related costs are recorded in profit or loss. Costs for a producing property will be depleted on a unit-of-production method based on the estimated life of the ore reserves when the technical feasibility and commercial viability of the property have been established. The recoverability of the amounts capitalized for the undeveloped exploration and evaluation assets is dependent upon the determination of economically recoverable ore reserves, confirmation of the Company's interest in the underlying mineral claims, and the ability to obtain the necessary financing.

e) Impairment of assets

The carrying amount of the Company’s assets is reviewed at each reporting date to determine whether there is any indication of impairment. If such an indication exists, the recoverable amount of the asset is estimated in order to determine the extent of any impairment loss. An impairment loss is recognized whenever the carrying amount of an asset or its cash generating unit exceeds its recoverable amount. Impairment losses are recognized in profit or loss.

The recoverable amount of assets is the greater of an asset’s fair value less cost to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects the current market assessments of the time value of money and the risks specific to the asset. For an asset that does not generate cash inflows largely independent of those from other assets, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

An impairment loss is only reversed if there is an indication that the impairment loss may no longer exist and there has been a change in the estimates used to determine the recoverable amount, however, not to an amount higher than the carrying amount that would have been determined had no impairment loss been recognized in previous periods.

Assets that have an indefinite useful life are not subject to amortization and are tested annually for impairment.

f) Restoration and environmental obligations

The Company recognizes liabilities for statutory, contractual, constructive or legal obligations associated with the retirement of long-term assets when those obligations result from the acquisition, construction, development or normal operation of the assets. The net present value of future restoration cost estimates arising from the decommissioning of plant and other site preparation work is capitalized to exploration and evaluation assets along with a corresponding increase in the restoration 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 restoration asset will be depreciated on the same basis as other mining assets. The Company’s estimates of restoration 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 asset with a corresponding entry to the restoration provision.

The Company’s estimates are reviewed annually for changes in regulatory requirements, discount rates, effects of inflation and changes in estimates. Changes in the net present value, excluding changes in the amount and timing of the Company’s estimates of reclamation costs, are charged to profit or loss.

The net present value of restoration costs arising from subsequent site damage that is incurred on an ongoing basis during production are charged to profit or loss in the period incurred.

3. MATERIAL ACCOUNTING POLICIES (continued)

g) Income taxes

Current income tax

Current income tax assets and liabilities for the current period are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date, in the country where the Company operates and generates taxable income.

Deferred tax

Deferred taxes are recognized in respect of temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes. Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realized or the liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted by the end of the reporting period. Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current income tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and recognized only to the extent that it is probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilized. The Company has not recognized any deferred tax assets for the years presented.

h) Share capital

Financial instruments issued by the Company are classified as equity only to the extent that they do not meet the definition of a financial liability or financial asset. The Company's common shares, stock options and share purchase warrants are classified as equity instruments.

Incremental costs directly attributable to the issue of new shares or options are recognized as a deduction from equity, net of tax. Equity instruments issued to agents as financing costs are measured at their fair value at the date the services were provided.

Valuation of equity units issued in private placements.

The Company allocates the proceeds from the issuance of units between common shares and share purchase warrants on a pro-rata basis based on the relative fair values at the date of issuance. The fair value of the common shares is based on the market closing price on the date the units are issued and the fair value of the share purchase warrants is determined using the Black-Scholes option pricing model ("BSM") as of the date of issuance.

Any value attributed to the warrants is recorded to reserves. Upon exercise, the fair value is reallocated from reserves to issued share capital along with the associated proceeds from exercise.

Stock options

The Company recognizes share-based compensation expense for all stock options awarded based on the fair value of the stock options determined at the date of grant for directors, officers, employees and consultants. The fair value of stock options is determined using the BSM with market related inputs. The fair value of stock options is expensed over the vesting periods of the stock options with a corresponding increase to reserves. Stock options with graded vesting schedules are accounted for as separate grants with different vesting periods. At the end of each reporting period, the Company re-assesses its estimates of the number of stock options that are expected to vest and recognizes the impact of any revisions to this estimate in profit or loss. Upon exercise of the stock option, the amount is reserves will be transferred to share capital along with the associated proceeds from exercise.

i) Basic and diluted loss per share

Basic earnings or loss per share is computed by dividing net earnings or loss available to common shareholders by the weighted average number of shares outstanding during the reporting period. Diluted earnings or loss per share is calculated assuming that outstanding share purchase warrants and options, with an average market price that exceeds the average exercise prices of the warrants or options for the reporting period, are exercised, and the proceeds are used to repurchase shares of the Company at the average market price of the common shares for the reporting period. Warrants and options were excluded from diluted loss per share for the periods presented as their effect is anti-dilutive.

3. MATERIAL ACCOUNTING POLICIES (continued)

j) Related party transactions

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

k) Segment reporting

An operating segment is a component of the Company that engages in business activities from which it may earn revenues and incur expenses. The Company's operating segments are components of the Company's business for which discrete financial information is available and which are reviewed regularly by the Company's Chief Executive Officer to make decisions about resources to be allocated to the segment and assess its performance.

l) New accounting standards and interpretations

The Company adopted the following amendments to accounting standards, which are effective for annual periods beginning on or after January 1, 2024:

<u>Classification of liabilities as current or non-current - amendments to IAS 1</u>

The amendments to IAS 1 specify the requirements for classifying liabilities as current or non-current. The amendments clarify:

- What is meant by a right to defer settlement
- That a right to defer must exist at the end of the reporting period
- That classification is unaffected by the likelihood that an entity will exercise its deferral right
- That only if an embedded derivative in a convertible liability is itself an equity instrument would the terms of a liability not impact its classification

In addition, an entity is required to disclose when a liability arising from a loan agreement is classified as non-current and the entity's right to defer settlement is contingent on compliance with future covenants within twelve months. The amendments have not had an impact on the classification of the Company's liabilities

<u>Deferred tax related to assets and liabilities arising from a single transaction - amendments to IAS 12</u>

The amendments to IAS 12 *Income Taxes* narrow the scope of the initial recognition exception, so that it no longer applies to transactions that give rise to equal taxable and deductible temporary differences such as leases and decommissioning liabilities. The amendments had no impact on the Company's financial statements.

The Company has not early adopted any other new accounting standard, interpretation or amendment that has been issued but is not yet effective.

m) Pronouncements issued but not yet effective

On April 9, 2024, the IASB issued IFRS 18 Presentation and Disclosure in Financial Statements. IFRS 18 will apply for reporting periods beginning on or after January 1, 2027 and also applies to comparative information. IFRS 18 will replace IAS 1; many of the other existing principles in IAS 1 are retained, with limited changes. IFRS 18 will not impact the recognition or measurement of items in the financial statements, but it may change what an entity reports as its 'operating profit or loss'. Key new concepts introduced in IFRS 18 relate to: (i) the structure of the statement of profit or loss; (ii) required disclosures in the financial statements for certain profit or loss performance measures that are reported outside an entity's financial statements (that is, management-defined performance measures); and (iii) enhanced principles on aggregation and disaggregation which apply to the primary financial statements and notes in general. The Company is currently assessing the effects of IFRS 18 on the financial statements.

3. MATERIAL ACCOUNTING POLICIES (continued)

In May 2024, the IASB issued Amendments to the Classification and Measurement of Financial Instruments (Amendments to IFRS 9 and IFRS 7). These amendments updated classification and measurement requirements in IFRS 9 Financial Instruments and related disclosure requirements in IFRS 7 Financial Instruments: Disclosures. The IASB clarified the recognition and derecognition date of certain financial assets and liabilities, and amended the requirements related to settling financial liabilities using an electronic payment system. It also clarified how to assess the contractual cash flow characteristics of financial assets in determining whether they meet the 'solely payments of principal and interest' criterion, including financial assets that have environmental, social and corporate governance (ESG)-linked features and other similar contingent features. The IASB added disclosure requirements for financial instruments with contingent features that do not relate directly to basic lending risks and costs and amended disclosures relating to equity instruments designated at fair value through other comprehensive income. The amendments are effective for annual periods beginning on or after January 1, 2026 with early application permitted. The Company is currently assessing the effect of these amendments on the financial statements.

4. SIGNIFICANT ACCOUNTING JUDGMENTS AND SOURCES OF ESTIMATION UNCERTAINTY

The preparation of the Company's financial statements and applying its accounting policies requires management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, the accompanying disclosures, as well as the disclosure of contingent liabilities. Uncertainty about these judgments, assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

The judgements, key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below.

a) Determination of functional currency

The functional currency for each of the Company's subsidiaries is the currency of the primary economic environment in which the entity operates. Determination of functional currency involves certain judgements to determine the primary economic environment of an entity. The Company re-evaluates the functional currency of its entities when there is a change in events and conditions which previously determined the primary economic environment of an entity.

b) Going concern

In assessing its ability to continue as a going concern for the next twelve months, the Company estimates future cash outflows based off prevailing market prices for goods and services, foreign exchange rates, and number of days to complete field programs with weather constraints.

c) Economic recoverability and probability of future economic benefits of exploration and evaluation assets

Management has determined that exploration, evaluation, and related costs incurred, which were capitalized, may have future economic benefits and may be economically recoverable. Management uses several criteria in its assessments of economic recoverability and probability of future economic benefits including, geologic and other technical information, a history of conversion of mineral deposits with similar characteristics to its own properties to proven and probable mineral reserves, the quality and capacity of existing infrastructure facilities, evaluation of permitting and environmental issues and local support for the project.

d) Share-based compensation and issuance of units

The Company issued stock options that vest over time. In consideration of IFRS 2 *Share-based payment*, the Company determines the fair value at issuance and will recognize amounts over the vesting period to equity and share-based compensation based on the share value at the time of issuance. The Company issued units under private placements and has used the BSM to determine the relative fair value of the warrant portion.

(Expressed in Canadian dollars, except where noted)

4. SIGNIFICANT ACCOUNTING JUDGMENTS AND SOURCES OF ESTIMATION UNCERTAINTY (continued)

e) Asset retirement obligation

In determining the valuation of a restoration liability, the Company is required to make judgements regarding the interest rate used to discount future cash flows and is required to make significant estimates including number of labour hours required, and costs for labour and equipment rental.

5. PREPAID EXPENSES AND DEPOSITS

A summary of the Company's prepaid expenses and deposits is as follows:

	December 31, 2024	December 31, 2023
	$	$
Exploration program deposits	**263,685**	198,390
Prepaid consulting fees	**233,737**	55,000
Prepaid conference fees	**36,308**	36,059
Other prepaid expenses	**97,534**	44,731
	631,264	334,180

6. PROPERTY AND EQUIPMENT

A summary of the Company's property and equipment is as follows:

	Exploration equipment	**Office and furniture**	**Computer equipment**	**Right-of-use asset**	**Total**
	$	$	$	$	$
Cost					
Balance, December 31, 2022	22,686	17,866	42,936	86,893	170,381
Disposals	-	(2,268)	(31,039)	(86,893)	(120,200)
Balance, December 31, 2023	22,686	15,598	11,897	-	50,181
Additions	-	-	7,480	-	7,480
Balance, December 31, 2024	**22,686**	**15,598**	**19,377**	**-**	**57,661**
Accumulated depreciation					
Balance, December 31, 2022	22,314	12,657	24,716	78,300	137,987
Depreciation	112	1,430	4,601	8,593	14,736
Disposals	-	(1,673)	(22,103)	(86,893)	(110,669)
Balance, December 31, 2023	22,426	12,414	7,214	-	42,054
Depreciation	78	955	2,621	-	3,654
Balance, December 31, 2024	**22,504**	**13,369**	**9,835**	**-**	**45,708**
Carrying value					
Balance, December 31, 2023	260	3,184	4,683	-	8,127
Balance, December 31, 2024	**182**	**2,229**	**9,542**	**-**	**11,953**

During the year ended December 31, 2023, the Company recognized a loss on disposal of property and equipment of $6,101 resulting from the disposal of computer equipment with a cost of $31,039 and accumulated depreciation of $22,103 for no proceeds and the sale of office furniture with a cost of $2,268 and accumulated depreciation of $1,673 for gross proceeds of $3,430. In addition, the Company disposed of its right-of-use asset with a cost of $86,893 and accumulated depreciation of $86,893. There were no disposals of property and equipment during the year ended December 31, 2024.

(Expressed in Canadian dollars, except where noted)

7. EXPLORATION AND EVALUATION ASSETS

A summary of the Company's exploration and evaluation assets is as follows:

	Tibbs	Carrie and Mt. Harper	Flat	Porterfield	Total
	$	$	$	$	$
Balance, December 31, 2022	376,987	53,961	142,195	-	573,143
Cash acquisition payments	68,175	-	54,338	34,275	156,788
Impairment	-	(53,961)	-	-	(53,961)
Restoration provision	-	-	315,815	-	315,815
Balance, December 31, 2023	445,162	-	512,348	34,275	991,785
Cash acquisition payments	68,268	-	57,240	34,274	159,782
Balance, December 31, 2024	**513,430**	**-**	**569,588**	**68,549**	**1,151,567**

Title to exploration and evaluation assets involves certain inherent risks due to the difficulties of determining the validity of certain claims as well as the potential for problems arising from the frequently ambiguous conveyancing history characteristic of many exploration and evaluation assets. The Company has investigated title to all of its exploration and evaluation assets and to the best of its knowledge, title to the properties is in good standing.

a) Tibbs

On June 15, 2017, the Company entered into a mining lease and option agreement with Tibbs Creek Gold, LLC ("TCG") for a 100% interest in the surface and subsurface rights to State of Alaska Mining Claims in the Fairbanks Recording District, Alaska ("Tibbs" or "Tibbs Property"). The agreement grants TCG a 2.5% net smelter return ("NSR"), of which 1.5% can be purchased for US$1,500,000. The initial term of the lease is ten years.

In consideration, the Company paid TCG a total of $513,430 (US$380,000) up to December 31, 2024. Pursuant to the option agreement, the Company is required to pay a US$50,000 option payment each June from 2021 to 2027 and was required to incur an aggregate US$1,000,000 in exploration expenses by June 2022. As of December 31, 2021, the Company had fulfilled this exploration expenditure commitment. On June 1, 2024, the Company paid TCG a total of $68,268 (US$50,000) pursuant to the option agreement.

b) Carrie Creek and Mt. Harper

In August 2020, the Company entered into a mining lease agreement with Doyon, Limited ("Doyon") for a 100% interest in the area of the Alaska Native regional corporation mineral estate in the Goodpaster Mining District, Alaska ("Carrie and Mt. Harper"). Doyon was granted a 2% NSR for precious minerals and a 1% NSR for base minerals until the end of the fourth year of commercial production.

During the year ended December 31, 2023, the Company decided not to continue with the Carrie and Mt. Harper property and terminated the lease agreement, resulting in an impairment of exploration and evaluation assets of $53,961.

c) Flat

In September 2021, the Company entered into a mining lease agreement with Doyon for a 100% interest in the Flat Gold Property ("Flat") located in the in the Kuskokwim Mineral Belt, Alaska. The initial term of the lease is for 15 years and includes renewal clauses to extend the lease period up to the entire operational period of the mine. Doyon was granted a 2% NSR for precious minerals and a 1% NSR for base minerals until the fifth anniversary of commencement of commercial production. Doyon was granted a 3% NSR for precious minerals and a 2% NSR for base minerals from the fifth to tenth anniversaries of commercial production. After the tenth anniversary of commercial production, the production royalty for precious minerals will be the greater of a 4% NSR or 15% of net proceeds, and the production royalty for base minerals will be the greater of a 3% NSR or 15% of net proceeds.

(Expressed in Canadian dollars, except where noted)

7. EXPLORATION AND EVALUATION ASSETS (continued)

In consideration, the Company paid Doyon $253,773 (US$190,000) for annual lease payments from lease inception to December 31, 2024. To retain its right to the option, the Company is required to pay annual lease payments to the lessor of:

- US$40,000 each January from 2022 to 2025 (2022, 2023, 2024, and 2025 payments were paid);
- US$50,000 each January from 2026 to 2030;
- US$100,000 each January thereafter. If the Company exercises its option to extend the lease term, this payment will be increased to US$200,000; and
- US$150,000 upon completion of a feasibility study.

Pursuant to the mining lease agreement, in addition to the annual lease payments noted above, the Company is required to incur the following amounts for exploration expenses on Flat to maintain the lease agreement in good standing:

	US$
2021 - 2023 (fulfilled/met)	1,000,000
2024 - 2026 (fulfilled/met)	2,000,000
2027 - 2029	2,500,000
Each three-year lease period commencing 2030	2,500,000

Eligible expenses include all actual direct costs incurred related to the exploration and development of Flat, including, without limitation, costs related to services performed outside of the property and reasonably allocated to operations on the property. The Company is permitted to carry-forward excess expenses and apply them against a future year. As of December 31, 2024, the Company has incurred US$7,821,668 in cumulative expenses on Flat and has completed all expenditures in accordance with the mining lease agreement.

Pursuant to the mining lease agreement with Doyon, the Company has committed to contributing a US$10,000 scholarship per year to the Doyon Foundation for the term of the lease. The scholarship amount increases to US$50,000 each year following the commencement of commercial production at Flat. On April 16, 2024, the Company fulfilled its commitment for the year ended December 31, 2024.

d) Porterfield

On October 18, 2023, the Company entered into a mining lease agreement for a 100% interest in the Porterfield Property ("Porterfield") located in the Mt. McKinley Recording District, State of Alaska, immediately north of Flat. The initial term of the lease is 20 years. The lessor was granted a 2% NSR for precious minerals and all other mineral products produced and sold from the Porterfield Property. At any time after the exercise of the option to purchase, the Company may buy back 1% of the NSR for US$1,500,000.

In consideration, the Company paid $68,549 (US$50,000) for annual lease payments from lease inception to December 31, 2024. To keep the property lease in good standing, the Company is required to pay annual lease payments to the lessor of:

- US$25,000 on or before each anniversary date from 2024 to 2026 (2024 payment was paid);
- US$50,000 on or before each anniversary date from 2027 to 2028; and
- US$50,000 on each subsequent anniversary date from 2029 to 2043.

At any time prior to October 18, 2029, the Company can exercise the option to purchase the claims by tendering either (i) a cash payment of US$200,000, (ii) common shares of the Company equivalent in value to US$200,000, or (iii) any combination of cash and common shares as elected by the Company.

Pursuant to the mining lease agreement, in addition to the annual lease payments noted above, the Company is required to incur the following amounts for exploration expenses on Porterfield to maintain the lease agreement in good standing:

	US$
Before December 1, 2024 (fulfilled/met)	50,000
Before December 1, 2025	100,000
Before December 1, 2026	100,000
Before December 1, 2027	200,000
Before December 1, 2028	200,000

(Expressed in Canadian dollars, except where noted)

7. EXPLORATION AND EVALUATION ASSETS (continued)

As at December 31, 2024, the Company has incurred US$133,243 in cumulative expenses on Porterfield.

e) MFB

MFB is an area of land adjacent to Flat that the Company staked in 2023.

8. EXPLORATION AND EVALUATION EXPENSES

A summary of the Company's exploration and evaluation expenses for the year ended December 31, 2024 is as follows:

	Tibbs	Flat	Porterfield	MFB	Support and other	Total
	$	$	$		$	$
Administrative expenses	-	16,343	-	-	17,695	34,038
Camp expenses	8,797	392,058	36,829	1,313	-	438,997
Claim maintenance	-	-	21,615	38,288	-	59,903
Computer software	3,146	33,080	2,602	10,804	31,692	81,324
Conference and conventions	-	-	-	-	20,112	20,112
Drilling program/planning	-	1,240,260	45,045	-	-	1,285,305
Geological and geophysical consulting	7,868	415,370	24,881	4,352	100,239	552,710
Laboratory expenses	1,209	413,349	980	543	-	416,081
Land management	27,144	20,664	-	-	-	47,808
Salaries	-	-	-	-	54,351	54,351
Sponsorship expenses	-	-	-	-	15,000	15,000
Travel and meals	-	-	-	-	44,857	44,857
Recovery of prior period expenses	-	-	-	-	(152,697)	(152,697)
	48,164	**2,531,124**	**131,952**	**55,300**	**131,249**	**2,897,789**

A summary of the Company's exploration and evaluation expenses for the year ended December 31, 2023 is as follows:

	Tibbs	Carrie and Mt. Harper	Flat	Porterfield	Support and other	Total
	$	$	$	$	$	$
Administrative expenses	-	-	31,697	-	23,256	54,953
Camp expenses	7,733	360	1,021,826	-	-	1,029,919
Claim maintenance	-	-	-	49,662	-	49,662
Computer software	1,803	886	59,728	-	7,367	69,784
Community expenses	-	-	12,500	-	-	12,500
Conference and conventions	-	-	-	-	67,571	67,571
Drilling program	-	-	4,443,555	-	-	4,443,555
Geological and geophysical consulting	32,021	3,452	1,259,474	-	1,796	1,296,743
Laboratory expenses	2,257	-	269,585	-	-	271,842
Land management	39,382	1,426	35,277	-	-	76,085
Salaries	-	-	137,577	-	6,260	143,837
Scholarship fees	-	6,791	13,556	-	-	20,347
Surveying program	-	-	8,174	-	-	8,174
	83,196	**12,915**	**7,292,949**	**49,662**	**106,250**	**7,544,972**

9. RESTORATION PROVISION

As at December 31, 2024, the Company had a restoration provision of $390,642 (December 31, 2023 - $348,258). The restoration provision relates to future costs for camp and infrastructure removal at Flat. The undiscounted amount of estimated future cash flows was $408,648 (US$284,000). The liability was estimated using an expected life of 6.00 years, an inflation rate of 2% and a risk-free pre-tax discount rate of 3.06%. During the year ended December 31, 2024, the Company recognized accretion expense of $11,197 (2023 - $nil) and foreign exchange loss of $31,187 (2023 - $nil) on the restoration provision.

10. SHARE CAPITAL AND RESERVES

a) Authorized share capital

The Company is authorized to issue an unlimited number of common shares without par value.

b) Issued share capital

As at December 31, 2024, 419,853,777 common shares (December 31, 2023 - 330,700,924) were issued and outstanding.

During the year ended December 31, 2024, the Company had the following share transactions:

- The Company recognized a $42,129 recovery of share issuance costs from private placements that took place in 2023.

- On August 16, 2024, the Company closed the first tranche of a private placement (the "2024 Private Placement") and issued 51,177,319 units at a price of $0.06 per unit for gross proceeds of $3,070,639. Each unit consists of one common share and one-half of one common share purchase warrant. Each whole warrant is exercisable into one common share at an exercise price of $0.10 and expires on August 16, 2026. The gross proceeds were allocated using the relative fair value method with $2,494,129 allocated to share capital and $576,510 allocated to reserves. The Company paid cash share issuance costs of $186,728, of which $23,780 was to a related party, and issued 1,669,439 finders' warrants with an aggregate fair value of $46,306. Each finders' warrant is exercisable at a price of $0.10 and expires on August 16, 2026.

- On October 3, 2024, the Company closed the second tranche of the 2024 Private Placement and issued 9,780,334 units at a price of $0.06 per unit for gross proceeds of $586,820. Each unit consists of one common share and one-half of one common share purchase warrant. Each whole warrant is exercisable into one common share at an exercise price of $0.10 and expires on October 3, 2026. The gross proceeds were allocated using the relative fair value method, with $482,841 allocated to share capital and $103,979 allocated to reserves. The Company paid cash share issuance costs of $52,101, of which $9,738 was to a related party, and issued 462,000 finders' warrants with an aggregate fair value of $10,944. Each finders' warrant is exercisable at a price of $0.10 and expires on October 3, 2026.

- On November 1, 2024, the Company closed the third and final tranche of the 2024 Private Placement and issued 28,195,200 units at a price of $0.06 per unit for gross proceeds of $1,691,712. Each unit consists of one common share and one-half of one common share purchase warrant. Each whole warrant is exercisable into one common share at an exercise price of $0.10 and expires on November 1, 2026. The gross proceeds were allocated using the relative fair value method, with $1,400,025 allocated to share capital and $291,687 allocated to reserves. The Company paid cash share issuance costs of $105,057, of which $1,537 was to a related party, and issued 1,635,714 finders' warrants with an aggregate fair value of $37,488. Each finders' warrant is exercisable at a price of $0.10 and expires on November 1, 2026.

During the year ended December 31, 2023, the Company had the following share transactions:

- On June 21, 2023, the Company issued 60,000 shares pursuant to the exercise of warrants at an exercise price of $0.17 for gross proceeds of $10,200. As a result of this exercise the $2,596 fair value attributed to the warrants was reclassified from reserves to share capital.

- On June 23, 2023, the Company closed the first tranche of a private placement (the "2023 Private Placement") and issued 30,425,316 units at a price of $0.11 per unit for gross proceeds of $3,346,785. Each unit is comprised of one common share and one-half common share purchase warrant. Each full warrant is exercisable into one common share at an exercise price of $0.15 and will expire on June 23, 2025. The gross proceeds from the units were allocated using the relative fair value method. As a result, $2,624,632 was allocated to share capital and $722,153 was allocated to warrant reserve. The Company paid cash share issuance costs of $275,391, of which $14,900 was to a related party and issued 1,143,296 finders' warrants with an aggregate fair value of $80,773. Each finders' warrant is exercisable at a price of $0.11 and will expire on June 23, 2025.

- On August 10, 2023, the Company closed the second tranche of the 2023 Private Placement and issued 39,300,873 units at a price of $0.11 per unit for gross proceeds of $4,323,096. Each unit is comprised of one common share and one-half common share purchase warrant. Each full warrant is exercisable into one common share at an exercise price of $0.15 and will expire on August 10, 2025. The gross proceeds from the units were allocated using the relative fair value method. As a result, $3,441,269 was allocated to share capital and $881,827 was allocated to warrant reserve. The Company paid cash share issuance costs of $275,041, of which $20,654 was to a related party and issued 1,261,630 finders' warrants with an aggregate fair value of $73,023. Each finders' warrant is exercisable at a price of $0.11 and will expire on August 10, 2025.

(Expressed in Canadian dollars, except where noted)

10. SHARE CAPITAL AND RESERVES (continued)

- On September 29, 2023, the Company closed the third tranche of the 2023 Private Placement and issued 5,090,909 units at a price of $0.11 per unit for gross proceeds of $560,000. Each unit is comprised of one common share and one-half common share purchase warrant. Each full warrant is exercisable into one common share at an exercise price of $0.15 and will expire on September 29, 2025. The gross proceeds from the units were allocated using the relative fair value method. As a result, $434,637 was allocated to share capital and $125,363 was allocated to warrant reserve. The Company paid cash share issuance costs of $68,534 of which $8,713 was to a related party.

- On November 8, 2023, the Company closed an early exercise program for certain outstanding warrants (the "Warrant Incentive Program"). Pursuant to the Warrant Incentive Program, the Company offered holders of all 16,092,835 common share purchase warrants issued on May 30, 2022 (the "May Warrants") and all 3,591,670 common share purchase warrants issued on July 8, 2022 (the "July Warrants" together with the May Warrants, the "Outstanding Warrants") the opportunity to exercise early each of their Outstanding Warrants. In return for the early exercise, the holder would receive one common share, as per the original warrant terms, plus as an incentive, one common share purchase warrant (the "Incentive Warrant"). Each Incentive Warrant will allow the holder to acquire one common share at an exercise price of $0.13 and will expire on November 8, 2025. On the closing of the Warrant Incentive Program the Company issued 15,793,336 common shares and 15,793,336 Incentive Warrants for gross proceeds of $1,579,334. The gross proceeds attributed to the Incentive Warrants was $401,912 using the relative fair value method with $1,177,422 allocated to share capital. The Company paid cash share issuance costs of $17,531. Any Outstanding Warrants remaining un-exercised after November 8, 2023 will remain outstanding and continue to be exercisable on their existing terms.

c) Share purchase warrants

A summary of Company's warrant activity is as follows:

	Number of warrants	Weighted average exercise price
	#	$
Balance, December 31, 2022	97,705,386	0.14
Warrants issued	53,201,886	0.15
Finders' warrants issued	2,404,926	0.11
Expired	(38,086,367)	0.17
Exercised	(15,853,336)	0.10
Balance, December 31, 2023	99,372,495	0.13
Warrants issued	44,576,421	0.10
Finders' warrants issued	3,767,153	0.10
Expired	(43,765,683)	0.12
Balance, December 31, 2024	**103,950,386**	**0.12**

A summary of the Company's outstanding warrants as at December 31, 2024 is as follows:

Expiry date	Number of warrants	Weighted average exercise price	Weighted average remaining life
	#	$	Years
June 23, 2025	15,212,658	0.15	0.48
June 23, 2025	1,143,296	0.11	0.48
August 10, 2025	19,650,437	0.15	0.61
August 10, 2025	1,261,630	0.11	0.61
September 29, 2025	2,545,455	0.15	0.75
November 8, 2025	15,793,336	0.13	0.85
August 16, 2026	27,258,093	0.10	1.62
October 3, 2026	5,352,167	0.10	1.75
November 1, 2026	15,733,314	0.10	1.83
	103,950,386	**0.12**	**1.14**

(Expressed in Canadian dollars, except where noted)

10. SHARE CAPITAL AND RESERVES (continued)

A summary of the Company's weighted average inputs used in the Black-Scholes option pricing model ("BSM") for warrants issued during the years ended December 31, 2024 and 2023 is as follows:

	2024	2023
Share price	**0.06**	$0.12
Exercise price	**0.10**	$0.14
Risk-free interest rate	**3.21%**	4.33%
Expected life	**2 years**	2 years
Expected volatility	**107.80%**	113.59%
Expected annual dividend yield	**0.00%**	0.00%

As at December 31, 2024, the weighted average remaining contractual life of the outstanding warrants was 1.14 years (December 31, 2023 - 1.29 years).

d) Stock options

The Company has a stock option plan (the "Stock Option Plan"), whereby it may grant share options to eligible employees, officers, directors and consultants with an exercise price, expiry date and vesting conditions determined by the Company's Board of Directors. The maximum expiry date is ten years from the grant date. The Stock Option Plan permits the issuance of stock options, which together with the restricted share plan may not exceed 10% of the Company's issued common shares as at the date of grant.

A summary of Company's stock option activity is as follows:

	Number of stock options outstanding	**Weighted average exercise price**
	#	$
As at December 31, 2022	4,550,000	0.12
Granted	5,425,000	0.13
Forfeited	(600,000)	0.25
Balance, December 31, 2023	9,375,000	0.12
Granted	12,400,000	0.10
Forfeited	(2,310,000)	0.11
Balance, December 31, 2024	**19,465,000**	**0.11**

A summary of the Company's stock options outstanding and exercisable as at December 31, 2024 is as follows:

Expiry date	**Number of stock options outstanding**	**Number of stock options exercisable**	**Weighted average exercise price**	**Weighted average remaining life**
	#	#	$	Years
August 15, 2025	875,000	687,500	0.13	0.62
August 19, 2025	100,000	50,000	0.09	0.63
August 19, 2026	200,000	200,000	0.09	1.63
March 11, 2027	300,000	200,000	0.10	2.19
July 8, 2027	2,200,000	2,200,000	0.10	2.52
August 4, 2027	500,000	500,000	0.10	2.59
October 1, 2027	400,000	200,000	0.10	2.75
August 15, 2028	3,440,000	1,840,000	0.13	3.62
March 1, 2029	500,000	125,000	0.10	4.17
August 19, 2029	1,700,000	-	0.09	4.64
November 4, 2029	9,000,000	2,250,000	0.10	4.85
April 30, 2031	250,000	250,000	0.16	6.33
	19,465,000	**8,502,500**	**0.11**	**3.96**

(Expressed in Canadian dollars, except where noted)

10. SHARE CAPITAL AND RESERVES (continued)

A summary of the Company's weighted average inputs used in the BSM to calculate the fair value of stock options granted during the years ended December 31, 2024 and 2023 is as follows:

	2024	2023
Exercise price	**$0.10**	$0.13
Share price	**$0.06**	$0.11
Risk-free interest rate	**3.07%**	4.17%
Expected life	**4.92 years**	5 years
Expected volatility	**112.30%**	115.35%
Expected annual dividend yield	**0.00%**	0.00%
Expected forfeiture rate	**3.02%**	7.70%

During the year ended December 31, 2024, the Company had the following stock option grants:

- On March 1, 2024, the Company granted 500,000 stock options to a newly appointed director. Each option has an exercise price of $0.10 per common share of the Company and expires on March 1, 2029, vesting over a two-year period in four equal installments on the six-month anniversary dates. In addition, the Company issued 300,000 stock options to a consultant with the same exercise price and expiry date vesting over a three-year period in three equal installments on the anniversary date.

- On August 19, 2024, the Company granted 1,400,000 stock options to certain officers, employees and consultants. Each option has an exercise price of $0.09 per share and expires on August 19, 2029 with varied vesting conditions.

- On August 19, 2024, the Company granted 900,000 stock options to certain consultants. Each stock option has an exercise price of $0.09 per share and expires on August 19, 2029 with varied vesting conditions relating to performance objectives associated with the Company's 2024 Flat drill program.

- On August 19, 2024, the Company granted 200,000 stock options to a consultant. Each stock option has an exercise price of $0.09 per share and expires on August 19, 2026, vesting immediately.

- On August 19, 2024, the Company granted 100,000 stock options to a consultant. Each stock option has an exercise price of $0.09 per share and expires on August 19, 2025, vesting over 6 months in equal installments every 3 months.

- On November 4, 2024, the Company granted an aggregate of 9,000,000 stock options to a consultant. Each option has an exercise price of $0.10 per share and expires on November 4, 2029, with 2,250,000 stock options vesting immediately and the remaining 6,750,000 stock options vesting in equal installments every 4 months.

During the year ended December 31, 2023, the Company had the following stock option grants:

- On August 15, 2023, the Company granted 875,000 stock options to certain consultant. Each option has an exercise price of $0.13 per share and expires on August 15, 2025 with 500,000 vesting immediately and 375,000 vesting over a two-year period in four equal installments on the six-month anniversary dates.

- On August 15, 2023, the Company granted 3,300,000 stock options to certain directors, officers, employees, and consultants. Each option has an exercise price of $0.13 per share and expires on August 15, 2028 vesting over a two-year period in four equal installments on the six-month anniversary dates and 300,000 stock options to an employee with the same exercise price and expiry date vesting over a three-year period in three equal installments on the anniversary date.

- On August 15, 2023, the Company granted 950,000 stock options to certain consultants. Each option has an exercise price of $0.13 per share and expires on August 15, 2028 with varied vesting conditions relating to performance objectives associated with the Company's 2023 Flat drill program.

During the year ended December 31, 2024, the Company recorded share-based compensation related to options granted of $407,526 (2023 - $272,846) and a recovery of $59,506 (2023 - $77,155) relating to forfeited unvested stock options. As a result, the net share-based compensation expense for the year ended December 31, 2024 was $348,020 (2023 - $195,691).

(Expressed in Canadian dollars, except where noted)

11. RELATED PARTY TRANSACTIONS

Key management personnel are those having the authority and responsibility for planning, directing, and controlling the Company. A summary of the Company's related party transactions with its key management personnel for the years ended December 31, 2024 and 2023 is as follows:

	2024	2023
	$	$
Accounting and legal fees	**180,663**	177,609
Employee benefits and salaries	**375,000**	395,977
Exploration and evaluation expenses	**205,000**	210,000
Share-based compensation	**121,738**	154,274
Share issuance costs (Note 10(b))	**35,055**	44,266
	917,456	982,126

As at December 31, 2024, accounts payable and accrued liabilities contain amounts due to related parties of $190,269 (December 31, 2023 - $82,077). The amounts have no specified terms of repayment and are due upon demand.

12. INCOME TAXES

a) Income tax recovery

A summary of the Company's reconciliation of income taxes at statutory rates for the years ended December 31, 2024 and 2023 is as follows:

	2024	2023
	$	$
Loss before income tax	**(5,090,774)**	(9,599,008)
Expected income tax recovery	**(1,375,000)**	(2,592,000)
Non-deductible expenditures	**98,000**	53,000
Share issuance costs	**(81,000)**	(184,000)
Change in statutory, foreign tax rates and other	**(45,000)**	(119,000)
Non-deductible portion of capital item	**-**	1,000
Adjustment to prior years provision and expiry of non-capital losses	**(890,000)**	78,000
Temporary differences originated in the year	**45,000**	136,000
Change in unrecognized deferred tax assets	**2,248,000**	2,627,000
Income tax recovery	**-**	-

b) Deferred taxes

A summary of the Company's significant components of deferred tax assets and liabilities is as follows:

	December 31, 2024	December 31, 2023
	$	$
Deferred tax assets:		
Share issuance costs	**209,000**	217,000
Non-capital losses	**10,388,000**	8,751,000
Property and equipment	**4,000**	4,000
Exploration and evaluation assets	**2,434,000**	1,815,000
	13,035,000	10,787,000
Unrecognized deferred tax assets	**(13,035,000)**	(10,787,000)
Net deferred tax assets	**-**	-

12. INCOME TAXES (continued)

Tax attributes are subject to review and potential adjustment by tax authorities.

The Company has non-capital losses of $37,023,000 available to offset against taxable income in future years, which, if unutilized, will expire over 2038 to 2044 and share issuance costs of $772,000 available to offset against taxable income in future years, which if unutilized will expire as part of non-capital losses over 2042 to 2045. The Company has $14,000 property and equipment and $8,761,000 resource exploration expenditures available to offset against taxable income in future years with no expiry date. Deferred tax benefits that may arise as a result of these losses, resource deductions and other tax assets have not been recognized in these financial statements due to a lack of probability of their realization.

13. SEGMENTED INFORMATION

The Chief Operating Decision Maker ("CODM") of the Company has been identified as the Chief Executive Officer, who makes strategic decisions and allocates resources to operating segments. The CODM has determined that the Company operates in one reportable segment, the exploration and evaluation of unproven exploration and evaluation assets. The Company's primary exploration and evaluation assets are located in Alaska, and its corporate assets, comprising mainly cash and cash equivalents, are located in Canada. The Company is in the exploration stage and has no reportable segment revenues. All corporate expenses are incurred in Canada.

14. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

As at December 31, 2024, the Company's financial instruments consist of cash and cash equivalents, deposits, and accounts payable and accrued liabilities, all of which are measured at amortized cost.

The carrying value of cash and cash equivalents, deposits, and accounts payable and accrued liabilities approximate their fair values due to their short-term to maturity.

The Company's financial instruments are exposed in varying degrees to a variety of financial risks. The Board of Directors approves and monitors the risk management processes as follows:

a) Credit risk

Credit risk is the risk of financial loss to the Company if a counterparty fails to meet an obligation under contract. Credit risk exposure arises with respect to the Company's cash and cash equivalents, including cash and a guaranteed investment certificate held in a financial institution, and deposits. The risk exposure is limited because the Company places its cash and cash equivalents in institutions of high credit worthiness within Canada.

b) Interest rate risk

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company does not hold any financial instruments with variable interest rates, other than cash and, therefore, is not exposed to significant interest rate risk.

c) Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting obligations associated with its financial liabilities. As the Company's operations do not generate cash, financial liabilities are discharged using funding through the issuance of common stock or debt as required. As at December 31, 2024, the Company had sufficient cash on hand to discharge its financial liabilities as they become due but will require additional funding to continue operations.

d) Commodity price risk

The Company's ability to raise capital to fund exploration or development activities is subject to risks associated with fluctuations in the market price of gold. The Company closely monitors commodity prices to determine the appropriate course of action to be taken.

14. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (continued)

e) Foreign exchange risk

Foreign exchange risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.

The Company is exposed to foreign currency risk to the extent that monetary assets and liabilities held by the Company are not denominated in its functional currency. The Company does not manage currency risk through hedging or other currency management tools.

A summary of the Company's financial instruments held in USD, expressed in Canadian dollars is as follows:

	December 31, 2024	December 31, 2023
	$	$
Cash and cash equivalents	**100,016**	650,167
Deposits	**263,685**	198,390
Accounts payable and accrued liabilities	**(60,086)**	(371,061)
	303,615	477,496

As at December 31, 2024, a 5% change in the foreign exchange rates would result in a change in net loss of $15,181 (December 31, 2023 - $23,875) to the financial instruments denominated in USD. The Company has no hedging agreements in place with respect to foreign exchange rates.

15. CAPITAL MANAGEMENT

The Company considers capital to include items within shareholders' equity. The Company's objective when managing capital is to safeguard the Company's ability to continue as a going concern such that it can provide returns for shareholders and benefits for other stakeholders. The management of the capital structure is based on the funds available to the Company in order to support the acquisition, exploration and evaluation of mineral properties and to maintain the Company in good standing with the various regulatory authorities. In order to maintain or adjust its capital structure, the Company may issue new shares, sell assets to settle liabilities or issue debt instruments. The Company monitors its capital structure and makes adjustments in light of changes in economic conditions and the risk characteristics of the underlying assets.

The properties in which the Company currently has an interest are in the exploration stage and are not positive cash-flow generating; as such, the Company has historically relied on the equity markets to fund its activities. Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Company, is reasonable. The Company is not subject to any capital restrictions and the Company's approach to capital management has not changed.