ALASKA ENERGY METALS CORPORATION
(FORMERLY MILLROCK RESOURCES INC.)

Consolidated Financial Statements

For the Years Ended December 31, 2022 and 2021

(Expressed in Canadian dollars)

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Independent Auditor's Report

To the Shareholders of Alaska Energy Metals Corporation (formerly Millrock Resources Inc.)

Opinion

We have audited the consolidated financial statements of Alaska Energy Metals Corporation (formerly Millrock Resources Inc.) (the "Group"), which comprise the consolidated statement of financial position as at December 31, 2022 and the consolidated statements of loss and comprehensive loss, changes in shareholders' equity and cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at December 31, 2022, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards.

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 Group 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 is sufficient and appropriate to provide a basis for our opinion.

Material Uncertainty Related to Going Concern

We draw attention to Note 2 to the consolidated financial statements which describes the material uncertainty that may cast significant doubt on the Group'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 year ended December 31, 2022. In addition to the matter described in the Material uncertainty related to going concern section, we have determined the matters described below to be a key audit matter to be communicated in our report. 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.

Recoverability of Exploration and Evaluation Assets

As disclosed in Note 6 of the consolidated financial statements, the carrying value of Exploration and Evaluation Assets represents a significant asset of the Group. Refer to Note 3 and Note 4 of the consolidated financial statements for a description of the accounting policy and significant judgments applied to Exploration and Evaluation Assets.

At each reporting period end, management applies judgment in assessing whether there are any indicators of impairment relating to Exploration and Evaluation Assets. If there are indicators of impairment, the recoverable amount of the related asset is estimated in order to determine the extent of any impairment. Indicators of impairment may include (i) the period during which the entity has the right to explore in the specific area has expired during the year or will expire in the near future and is not expected to be renewed; (ii) substantive expenditure on further exploration for and evaluation of mineral resources in the specific area is neither budgeted nor planned; (iii) exploration for and evaluation of mineral resources in the specific area have not led to the discovery of commercially viable quantities of mineral resources and the entity has decided to discontinue such activities in the specific area; and (iv) sufficient data exists to indicate that the carrying amount of Exploration and Evaluation Assets is unlikely to be recovered in full from successful development or by sale.

Why the matter was determined to be a key audit matter

We considered this a key audit matter due to (i) the significance of the Exploration and Evaluation Assets balance and (ii) the judgments made by management in its assessment of indicators of impairment related to Exploration and Evaluation Assets, which have resulted in a high degree of subjectivity in performing audit procedures related to these judgments applied by management.

How the matter was addressed in our audit

We have evaluated management's assessment of impairment indicators per IFRS 6 Exploration for and Evaluation of Mineral Resources, including but not limited to:

- Obtaining, for a sample of mining claims, by reference to government registries, evidence to support (i) the right to explore the area and (ii) the claim is active;

- Assessing compliance with option agreements, including reviewing agreements and vouching cash payments and share issuances;

- Enquiring with management and reviewing other documentation as evidence that further exploration and evaluation activities in the area of interest will be continued in the future;

- Assessing whether any data exists to suggest that the carrying value of the Exploration and Evaluation assets is unlikely to be recovered through development or sale; and

- Assessing the adequacy of the related disclosures in Note 3, Note 4 and Note 6 of the consolidated financial statements.

Other matter

The consolidated financial statements of Alaska Energy Metals Corporation (formerly Millrock Resources Inc.) for the year ended December 31, 2021 were audited by another auditor who expressed an unmodified opinion on those statements on April 28, 2022.

Other Information

Management is responsible for the other information. The other information comprises:

- Management's Discussion and Analysis

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

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information identified above 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 the other information prior to the date of this auditor's report. If, based on the work we have performed on this other information, we conclude that there is a material misstatement of this other information, we are required to report that fact in this auditor's report. 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 International Financial Reporting 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 Group'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 Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group'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 Group'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 Group'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 Group 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 Group 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.

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

"Crowe MacKay LLP"

Chartered Professional Accountants
Vancouver, Canada
May 1, 2023

ALASKA ENERGY METALS CORPORATION (FORMERLY MILLROCK RESOURCES INC.)
(An Exploration Stage Company)
Consolidated Statements of Financial Position
As at December 31,
(Expressed in Canadian dollars)

	2022	2021
ASSETS		
Current assets		
Cash	$ 395,742	$ 797,573
Marketable securities – Note 5	1,750,029	1,258,768
Amounts receivable	105,506	214,209
Value added tax receivable	52,397	33,822
Prepaid expenses and deposit	46,346	196,719
Total current assets	2,350,020	2,501,091
Non-current assets		
Right of use asset – Note 8	77,251	63,541
Exploration and evaluation assets – Note 6	3,855,420	4,249,505
Total non-current assets	3,932,671	4,313,046
TOTAL ASSETS	$ 6,282,691	$ 6,814,137
LIABILITES AND SHAREHOLDERS' EQUITY		
Current liabilities		
Accounts payable and accrued liabilities	$ 214,517	$ 397,072
Project cost advance received – Note 7	135,243	-
Lease liability current portion – Note 8	22,544	78,967
Due to related parties – Note 12	129,218	55,495
Loan payable – Note 9	500,000	-
	1,001,522	531,534
Lease liability long term portion – Note 8	55,170	-
Total liabilities	1,056,692	531,534
Shareholders' equity		
Share capital – Note 10	47,274,153	47,069,153
Reserves		
Share-based payments – Note 10	5,341,487	5,204,009
Warrants – Note 10	1,233,206	1,233,206
Accumulated other comprehensive loss	(31,682)	(335,613)
Deficit	(48,591,165)	(46,888,152)
Total shareholders' equity	5,225,999	6,282,603
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	**$ 6,282,691**	**$ 6,814,137**

Going concern – Note 2
Subsequent event – Note 10
Contingency – Note 15

These financial statements were approved and authorized for issue by the Board of Directors on May 1, 2023.

"*Gregory Beischer*" *"Larry Cooper"*
Director Director

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

ALASKA ENERGY METALS CORPORATION (FORMERLY MILLROCK RESOURCES INC.)
(An Exploration Stage Company)
Consolidated Statements of Loss and Comprehensive Loss
For the Years Ended December 31,
(Expressed in Canadian dollars)

	2022	2021
Revenue		
Overhead recovery fees	$ 225,314	$ 535,551
Exploration services revenue	1,713	46,488
	227,027	582,039
Expenses		
Direct cost of exploration services	2,975	7,168
General and administrative expense		
Accounting, audit and legal	329,453	474,418
Amortization and depreciation	-	1,056
Amortization of right of use asset – Note 8	74,080	69,317
Consulting, directors and salaries – Note 12	660,165	814,569
Foreign exchange loss (gain)	14,085	(6,385)
General exploration	150,836	147,963
Interest expense of lease liability – Note 8	4,909	11,775
Office and miscellaneous expense – Note 9	605,641	768,795
Promotion and investor relations	261,155	200,834
Stock-based compensation – Notes 10 and 12	137,478	75,837
	2,237,802	2,558,179
Loss before other items	**(2,013,750)**	**(1,983,308)**
Other items		
Gain on loan forgiveness – Note 9	-	320,103
Gain on sale of mining royalties – Note 6	1,200,000	-
Gain on sale of exploration and evaluation assets – Note 6	1,072,702	-
Impairment of exploration and evaluation assets – Note 6	(195,570)	(7,920)
Impairment of prepaid expenses and deposit	(139,745)	-
Realized gain (loss) on marketable securities – Note 5	(28,523)	-
Unrealized loss on marketable securities – Note 5	(1,667,889)	(544,533)
Other income – Note 6	69,762	77,617
Net loss	**(1,703,013)**	**(2,138,041)**
Other comprehensive income		
Item that may be reclassified to profit or loss:		
Cumulative translation adjustment	303,931	105,721
Comprehensive loss for the year	**$ (1,399,082)**	**$ (2,032,320)**
Basic and diluted loss per share	**$ (0.09)**	**$ (0.14)**
Weighted average number of shares outstanding – basic and diluted	**15,436,418**	**14,537,751**

ALASKA ENERGY METALS CORPORATION (FORMERLY MILLROCK RESOURCES INC.)
(An Exploration Stage Company)
Consolidated Statements of Cash Flows
For the Years Ended December 31,
(Expressed in Canadian dollars)

	2022	2021
Cash provided by (used in)		
Operating activities		
Net loss	$ (1,703,013)	$ (2,138,041)
Items not involving cash		
Amortization of right of use asset	74,080	69,317
Interest expense of lease liability	4,909	11,775
Shares issued for loan bonus	100,000	-
Stock-based compensation	137,478	75,837
Gain on sale of royalties	(1,200,000)	-
Gain on sale of exploration and evaluation assets	(1,072,702)	-
Gain on loan forgiveness	-	(320,103)
Impairment of exploration and evaluation assets	195,570	7,920
Impairment of prepaid expenses and deposit	139,745	-
Unrealized loss on marketable securities	1,667,889	544,533
Realized loss on marketable securities	28,523	-
Foreign exchange – non-cash	(42,959)	(404)
	(1,670,480)	(1,749,166)
Net change in non-cash working capital items:		
Amounts receivable	108,703	395,440
Prepaid expenses and deposit	10,628	(148,220)
Value added tax receivable	(18,575)	-
Project cost advance received	135,243	(11,037)
Accounts payable and accrued liabilities	(145,436)	(195,608)
Due to related parties	73,723	44,345
Cash used in operating activities	**(1,506,194)**	**(1,664,246)**
Cash flows from investing activities		
Sale of marketable securities	58,663	-
Sale of mining royalties	1,200,000	-
Net expenditures on exploration and evaluation assets, net of recoveries	(567,279)	(761,444)
Cash provided by (used in) investing activities	**691,384**	**(761,444)**
Cash flows from financing activities		
Share issuance costs	-	(213,335)
Shares and warrants issued for cash	-	3,131,060
Loan proceeds received	500,000	-
Repayment of lease liability	(87,021)	(85,068)
Cash provided by financing activities	**412,979**	**2,832,657**
Change in cash	**(401,831)**	**406,967**
Cash, beginning of the year	**797,573**	**390,606**
Cash, end of the year	**$ 395,742**	**$ 797,573**

Supplemental cash flow information – Note 16

ALASKA ENERGY METALS CORPORATION (FORMERLY MILLROCK RESOURCES INC.)

(An Exploration Stage Company)

Consolidated Statements of Changes in Shareholders' Equity

For the Years Ended December 31,

(Expressed in Canadian dollars)

	Common Shares (Note 10)		Reserves				
	Shares	Amount	Share-based Payment	Warrants	Other Comprehensive Income	Deficit	Total Shareholders' Equity
Balance, December 31, 2020	11,515,446	$ 44,369,653	$ 5,128,172	$ 999,606	$ (441,334)	$ (44,750,111)	$ 5,305,986
Issuance of common shares for cash pursuant to private placement	3,701,688	3,146,435	-	-	-	-	3,146,435
Share issue costs and finder's fee	-	(446,935)	-	233,600	-	-	(213,335)
Stock-based compensation	-	-	75,837	-	-	-	75,837
Cumulative translation adjustment	-	-	-	-	105,721	-	105,721
Loss for the year	-	-	-	-	-	(2,138,041)	(2,138,041)
Balance, December 31, 2021	15,217,134	47,069,153	5,204,009	1,233,206	(335,613)	(46,888,152)	6,282,603
Shares issued for exploration assets	200,000	105,000	-	-	-	-	105,000
Shares issued for loan bonus	200,000	100,000	-	-	-	-	100,000
Stock-based compensation	-	-	137,478	-	-	-	137,478
Cumulative translation adjustment	-	-	-	-	303,931	-	303,931
Loss for the year	-	-	-	-	-	(1,703,013)	(1,703,013)
Balance, December 31, 2022	15,617,134	$ 47,274,153	$ 5,341,487	$ 1,233,206	$ (31,682)	$ (48,591,165)	$ 5,225,999

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

1. Nature of Operations

Alaska Energy Metals Corporation (formerly Millrock Resources Inc.) ("Alaska Energy" or the "Company") is a public company listed on the TSX Venture Exchange trading under the symbol "AEMC". The registered office of the Company is located at Suite 1000 - 355 Burrard St. Vancouver, BC V6C 2G8.

Effective March 21, 2023, the Company consolidated its common shares on a 10:1 basis. These consolidated financial statements reflect the share consolidation for all shares, warrants, options and per share amounts retrospectively.

The Company's principal business activities include exploration and development of mineral resources. All of the Company's projects are considered to be in the exploration stage and the Company has not yet determined whether these properties contain mineral resources that are economically recoverable ("ore reserves"). The Company utilizes the "Project Generator" business model. Through research and early stage exploration, the Company generates new exploration ideas, acquires mineral rights and performs exploration work to clearly identify drilling targets. Earn-in option agreements are made with third parties that fund drilling and more advanced exploration to earn an interest in the Company's properties.

2. Basis of Preparation and Going Concern

The Company prepares its consolidated financial statements in accordance and compliance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB"). These consolidated financial statements, including comparatives, have been prepared on the basis of IFRS standards that are effective as of December 31, 2022.

These consolidated financial statements have been prepared on the assumption that the Company will continue as a going concern, which contemplates that the Company will continue in operation for the next twelve months and that it will be able to realize its assets and meet its liabilities in the normal course of operations. Realization value may be substantially different from carrying value as shown and these consolidated financial statements do not give effect to adjustments that would be necessary to the carrying values, classification of assets and liabilities should the Company be unable to continue as a going concern. As of December 31, 2022, the Company had not yet achieved profitable operations, and had an accumulated deficit of $48,591,165 (2021 – $46,888,152). Management has carried out an assessment of the going concern assumption and has concluded that the Company may not have sufficient cash and other financial assets to continue operating at current levels for the ensuing twelve months. The Company's forecast indicates the existence of uncertainty that raises significant doubt about the Company's ability to continue as a going concern and, therefore, that it may be unable to realize its assets and discharge its liabilities in the normal course of business. The Company's ability to continue as a going concern is dependent upon its ability to raise additional equity, continue some of its existing partnerships, partner additional exploratory prospects, generate overhead recovery fees, and receipt of option payments.

The COVID-19 pandemic has caused significant and negative impact to the global financial market. The Company continues to monitor and assess the impact on its business activities. The potential impact is uncertain, and it is difficult to reliably measure the extent of the effect of the COVID-19 pandemic on future financial results.

In late February 2022, a conflict commenced in Ukraine. In response, various countries, including Canada, issued broad-ranging economic sanctions against Russia. The ramifications of the sanctions may not be limited to Russia and Ukraine and may spill over to and negatively impact other regional and global economic markets, sectors, industries and markets for securities and commodities globally. The current circumstances are dynamic and the duration of the conflict and related impact of imposed sanctions on the business cannot be reasonably estimated at this time. While the company expects any direct impacts of the conflict in Ukraine to the business to be limited, the direct impacts on the economy may negatively affect the business and future operations.

(Expressed in Canadian dollars)

2.1 Changes in Accounting Policies and Disclosures

The Company did not adopt any new accounting policies during the year and all policies are consistent with those of the previous financial year.

2.2 Upcoming Changes in Accounting Standards

IFRS Standards Issued But Not Yet Effective

Management has reviewed upcoming IFRS standards for implementation and determined that there are no new standards that will impact the Company's financial reporting.

3. Significant Accounting Policies

The significant accounting policies set out below have been applied consistently to all years presented in these consolidated financial statements and have been applied consistently by the Company and its subsidiaries.

3.1 Principles of Consolidation

Subsidiaries

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries as at December 31, 2022. Subsidiaries are fully consolidated from the date of acquisition, being the date on which the Group obtains control, and continue to be consolidated until the date when such control ceases.

All intra-group balances, transactions, unrealized gains and losses resulting from intra-group transactions and dividends are eliminated in full.

The consolidated financial statements of the Company include the following significant subsidiaries:

Name of Subsidiary	Place of Domicile	**Percentage Ownership 2022**	Percentage Ownership 2021
Millrock Exploration Corp	USA	**100%**	100%
Millrock Alaska LLC	USA	**100%**	100%
Millrock Mexico Holdings Corp	Canada	**100%**	100%
Recursos Millrock	Mexico	**100%**	100%

The Company consolidates all of its subsidiaries on the basis that it controls these subsidiaries through its ability to govern their financial and operating policies. All intercompany transactions and balances are eliminated on consolidation.

3. Significant Accounting Policies (cont'd)

3.2 Foreign Currency Translation

(i) Functional and Presentation Currency

Items included in the accounts of each of the Company's entities are measured using the currency of the primary economic environment in which the entity operates (the "functional currency").

The consolidated financial statements are presented in Canadian dollars (the "presentation currency"). The Canadian dollar is the functional currency of the Alaska Energy Metals Corporation (formerly Millrock Resources Inc.) and Millrock Mexico Holdings Corp. The US dollar is the functional currency of the Company's United States subsidiaries. The Mexican peso is the functional currency of Recursos Millrock.

(ii) Transactions and Balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transaction. Foreign exchange gains and losses resulting from the settlement of such transactions as well as from the translation of monetary assets and liabilities not denominated in the functional currency of the subsidiaries and parent company are recognized in profit or loss except for monetary items that are designated as part of the Company's net investment of a foreign operation. These foreign exchanges are recognized in other comprehensive income or loss until the net investment is disposed of, at which time, the cumulative amount is reclassified to profit or loss.

Assets and liabilities of entities with functional currencies other than Canadian dollars are translated to Canadian dollars at the period end rates of exchange, and the results of their operations are translated at average rates of exchange for the period. The resulting translation adjustments are included in the other comprehensive loss reserve in shareholders' equity. Additionally, foreign exchange gains and losses, related to certain intercompany loans that are permanent in nature, are included in accumulated other comprehensive loss reserve.

3.3 Property, Plant and Equipment

(i) Recognition and Measurement

Property, plant and equipment are carried at cost less accumulated amortization and depreciation and any impairment in value. When an asset is disposed of, it is derecognized and the difference between its carrying value and net sales proceeds is recognized as a gain or loss in the Company's profit or loss.

Property, plant and equipment are recorded at cost on initial acquisition. Cost includes the purchase price and the directly attributable costs of acquisition or construction required to bring an asset to the location and condition necessary for the asset to be capable of operating in the manner intended by management.

(ii) Depreciation

Property, plant and equipment are depreciated and amortized over a straight line basis over the estimated useful life of the asset. Where components of an asset have a different useful life and cost that is significant to the total cost of the asset, depreciation is calculated on each separate component. Depreciation methods, useful lives and residual values are reviewed at the end of each year.

3. Significant Accounting Policies (cont'd)

3.3 Property, Plant and Equipment (cont'd)

Furniture and fixtures	3 years
Office equipment	3 years
Leasehold improvements	1 year
Software	1 year
Vehicle	3 years
Building	39 years

3.4 Exploration and Evaluation Assets

The Company is in the exploration stage with respect to its investment in exploration and evaluation assets and accordingly follows the practice of capitalizing all costs relating to the acquisition of, exploration for, and development of mineral properties to which the Company has rights. Exploration expenditures typically include costs associated with acquisition of rights to explore, prospecting, sampling, mapping, diamond drilling and other work involved in searching for ore.

Evaluation expenditures reflect costs incurred at exploration projects related to establishing the technical and commercial viability of mineral deposits identified through exploration or acquired through a business combination or asset acquisition. Costs incurred prior to the acquisition of a mineral property are charged to profit or loss as incurred under the heading of General Exploration. Evaluation expenditures include the cost of:

i) Establishing the volume and grade of deposits through drilling of core samples, trenching and sampling activities to classify deposits as either a mineral resource or a proven and probable reserve;

ii) Determining the optimal methods of extraction and metallurgical and treatment processes;

iii) Studies related to surveying, transportation and infrastructure requirements;

iv) Permitting activities; and

v) Economic evaluations to determine whether development of the mineralized material is commercially justified, including scoping, prefeasibility and final feasibility studies.

From time to time, the Company may acquire or dispose of mineral interests pursuant to the terms of option agreements. Due to the fact that options are exercisable entirely at the discretion of the optionee, the amounts payable or receivable are not recorded. Option payments are recorded as acquisition cost additions or recoveries when the payments are made or received. The Company maintains ownership and control of the property until the earn-in partner fulfills contractual obligations and the costs incurred over that period are capitalized. When the obligations are positively fulfilled the earn-in partner is afforded a predetermined interest in the project, which may result in a change of control, but not joint control.

From time to time the Company may issue shares for option-in agreements in respect of acquisition of mineral interests. These equity-settled share-based payment transactions are measured by reference to the fair value of the equity instruments granted with the corresponding increase in equity.

3. Significant Accounting Policies (cont'd)

3.5 Impairment of Non-Financial Assets

Exploration and evaluation assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment test is performed when (a) the right to explore in a specific area has expired or will expire in the near future without expectation to renew, (b) exploration or evaluation expenditures of any significance are not planned or budgeted, (c) no mineral resources in a specific area have been discovered which have the potential for commercial viability and the Company has decided to halt further activities in the area, or (d) sufficient indications exist that the minerals in a specific area can be developed, however the asset is unlikely to recover in full the carrying cost. For Exploration and Evaluation assets the Company's unit of account is the land title or claim license. The land titles cumulatively make up a block of land the Company is exploring for its mineral potential. Over the course of exploration, costs are capitalized to the claim blocks.

Therefore, given the unit of account is the land title or claim license, when individual claims are dropped or abandoned the associated value is written down to nil. As per IFRS 6 we assess any retained properties for indicators of impairment. During exploration the Company tracks the total capitalized cost of each property and allocates these costs evenly to the underlying titles, which make up the project. When the Company forfeits its rights to an exploration title an impairment charge is recorded for the carrying value of the title.

An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less cost to sell and value in use.

3.6 Financial Assets

(i) Classification

The Company classifies its financial assets in the following categories as fair value through profit or loss or amortized cost. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition.

a) Financial assets at fair value through profit and loss

Financial assets at fair value through profit or loss are either financial assets held for trading or financial assets designated by the Company as fair value through profit and loss upon initial recognition. A financial asset is classified in this category if acquired principally for the purpose of selling in the short-term. Derivatives are also categorised as held for trading unless they are designated as hedges. The Company's financial assets through profit and loss include cash and marketable securities.

b) Financial assets at amortized cost

The Company measures financial assets at amortized cost if both the following conditions are met:

- The financial asset is held with the objective to hold financial assets in order to collect contractual cash flows; and,

- The contractual terms of the financial asset rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding

Financial assets at amortized cost are subsequently measured using the effective interest method and are subject to impairment. Gains and losses are recognized in profit or loss when the asset is derecognized, modified, or impaired. The Company's financial assets at amortized costs include amounts receivable.

3. Significant Accounting Policies (cont'd)

3.6 Financial Assets (cont'd)

(ii) Recognition and Measurement

Financial assets are initially recognized at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss. Financial assets carried at fair value through profit or loss are initially recognized at fair value, and transaction costs are expensed in profit or loss.

Financial assets are derecognized when the rights to receive cash flows from the investments have expired or have been transferred and the Company has transferred substantially all risks and rewards of ownership. Financial assets at fair value through profit or loss are subsequently carried at fair value.

Gains or losses arising from changes in the fair value of financial assets at fair value through profit or loss category are recognized in profit or loss. Dividend income from financial assets at fair value through profit or loss is recognized in profit or loss as part of other income when the Company's right to receive payments is established.

(iii) Impairment of Financial Assets

An 'expected credit loss' (ECL) model applies to financial assets measured at amortized cost. The Company's financial assets measured at amortized cost and subject to the ECL model include amounts receivable.

For trade receivable, the Company applies a simplified approach in calculating ECLs. Therefore, the Company does not track changes in credit risk, but instead recognizes a loss allowance based on lifetime ECLs at each reporting date.

3.7 Amounts Receivable

Amounts receivable are primarily comprised of amounts due from earn-in partners as a result of cash calls on particular projects in which earn-in partners have elected to participate. Amounts receivable are recognized initially at fair value and subsequently measured at amortized cost using the effective interest method, less any provision for impairment using the simplified approach where appropriate.

3.8 Cash and Cash Equivalents

Cash and cash equivalents include cash in hand, deposits held with financial institutions, and other short term highly liquid investments with original maturities of three months or less. As at December 31, 2022 and 2021, the Company did not have any cash equivalents.

3.9 Share Capital

Common shares are classified as equity. Incremental costs directly attributable to the issue of common shares and share options are recognized as a deduction from equity, net of any tax effects. Common shares held by the Company are classified as treasury stock and recorded as a reduction to shareholders' equity. Equity financing transactions may involve the issuance of units. Units comprise common shares and share purchase warrants. The Company accounts for unit offering financing using the relative fair value method. Under this method, the fair values of the shares and share purchase warrants are determined separately and prorated to the actual proceeds received. The fair value of the shares is determined using the share price at the issue date.

3. Significant Accounting Policies (cont'd)

3.10 Financial Liabilities

Financial liabilities classified as amortized cost are initially recognized at fair value less directly attributable transaction costs. Subsequently, they are measured at amortized cost using the effective interest method.

The Company has classified its accounts payable and accrued liabilities, loan payable, due to related parties, lease liability, and project cost advance received as amortized cost.

The Company derecognizes financial liabilities only when its obligations under the financial liabilities are discharged, cancelled or expired. Generally, the difference between the carrying amount of the financial liability derecognized and the consideration paid and payable, including any non-cash assets.

3.11 Current and Deferred Income Tax

Income tax expense is recognized in profit or loss except to the extent that it relates to items recognized either in other comprehensive loss or directly in equity, in which case it is recognized in other comprehensive loss or in equity, respectively. Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years. Taxes on income in the interim periods are accrued using the tax rate that would be applicable to expected total annual earnings.

Deferred income tax is recognized, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, deferred income tax is not recognized if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit nor loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the consolidated statements of financial position date and are expected to apply when the related deferred income tax asset is realized or the deferred income tax liability is settled. A deferred tax asset is recognized to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

Deferred income tax assets and liabilities are offset if, and only if, a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred tax assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities which intend to either settle current tax liabilities and assets on a net basis, or to realize the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax assets or liabilities are expected to be settled or recovered.

3.12 Share-Based Payment Transactions

Share-based payment arrangements in which the Company receives goods or services as consideration for its own equity instruments are accounted for as equity-settled transactions and, when determinable, are recorded at the value of the goods and services received. If the value of the goods and services received are not determinable, then the fair value of the share-based payment is used.

The Company uses a fair value based method (Black-Scholes Option Pricing model) for all share options granted to directors, employees and certain non-employees. This model employs assumptions for risk free interest rates, dividend yields, expected lives, and volatility based on historical data. For directors and employees, the fair value of the share options is measured at the date of the grant.

For grants to non-employees where the fair value of the goods or services is not determinable, the fair value of the share options is measured on the date the services are received.

3. Significant Accounting Policies (cont'd)

3.12 Share-Based Payment Transactions (cont'd)

The fair value of share-based payments is charged either to profit or loss or the related asset as applicable, such as exploration and evaluation assets, with the offsetting credit to share-based payments reserve. For directors and employees, the share options are recognized over the vesting period based on the best available estimate of the number of share options expected to vest. Estimates are subsequently revised if there is any indication that the number of share options expected to vest differs from previous estimates. Any cumulative adjustment prior to vesting is recognized in the current period. No adjustment is made to any expense recognized in prior periods where vested. For non-employees, the share options are recognized over the related service period. When share options are exercised, the amounts previously recognized in share-based payments reserve are transferred to share capital.

In the event share options are forfeited prior to vesting, the associated fair value recorded to date is reversed. The fair value of any vested share options that expire remain in share-based payments reserve.

3.13 Provisions

A provision is recognized if, as a result of a past event, the Company has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability.

3.14 Revenue Recognition

Revenue from contracts with customers is derived from exploration services and overhead recovery fees. Revenue is recognized when a contract exists, the Company can identify the payment terms for the goods or services to be transferred, the related performance obligations are satisfied, and it is probable that the Company will collect the consideration to which it will be entitled. Overhead recovery fees are generated when the Company operates an exploration program under a budget approved by the earn-in partner. The Company charges the earn-in partner a pre-determined fee.

Overhead recovery fees earned by the Company under contracts with earn-in partners constitutes revenue with a customer as the Company is contracted to provide certain services which are considered an output of the Company's ordinary activities. Such fees are therefore within the scope of IFRS 15 and presented as revenue in the Company's profit or loss. The terms of the arrangements are not complex and are standardized across all joint exploration agreements, the only variation between agreements being that the consideration will be either be a fixed value for a period of time or based on a fixed or variable percentage of qualifying expenditures. Contracts typically consist of one performance obligation under IFRS 15, being the provision of project management services. Performance obligations are satisfied over time as the customer simultaneously receives and consumes the benefits provided by the Company's performance as the Company provides the services. Progress on performance obligations is measured using the output method based on time elapsed for fixed overhead recovery fees and input method based on expenditures incurred for variable overhead recovery fees. Reimbursement of development expenditure and advanced royalty payments received by the Company under the terms of the agreement is not considered to be revenue from a customer as these are not considered an output of the Company's ordinary activities; such income will continue to be off-set against the capitalized cost of exploration and evaluation assets on the Company's statement of financial position.

3. Significant Accounting Policies (cont'd)

3.14 Revenue Recognition (cont'd)

During the year ended December 31, 2019 the Company was engaged to provide exploration services to PolarX in relation to the Stellar project. PolarX acquired a 100% interest in the Stellar project during 2017 therefore the Company no longer has any interest in the mineral property (other than a net smelter royalty). The Company was therefore engaged by PolarX as an independent contractor. The contract consists of one performance obligation being the provision of exploration services. The consideration is variable depending on the input required to deliver the services. Performance obligations are satisfied over time as the customer simultaneously receives and consumes the benefits provided by the Company's performance as the entity provides the services. Progress on performance obligations is measured using the input method based on expenditure incurred. This is the only contract of this nature during the fiscal year ended December 31, 2022 and 2021. Such income is disclosed as revenue from "Exploration services" within the financial statements and the related expenses are recorded as the "Direct cost of exploration services". The Company recognized exploration services revenue for the year ended December 31, 2022 of $1,713 (2021 – $46,488) which came from a single customer.

During the year ended December 31, 2022, the majority of the overhead recovery fee revenue of $225,314 (2021 - $535,551) came from two vendors.

3.15 Finance Income and Expenses

Finance income comprises interest income on funds. Interest income is recognized as it accrues in profit or loss, using the effective interest method. Finance expenses comprise interest expense on borrowings and unwinding of the discount on provisions. All borrowing costs are recognized in profit or loss using the effective interest method, except for those amounts capitalized as part of the cost of qualifying property, plant and equipment.

3.16 Earnings per Share

The Company presents basic and diluted earnings per share ("EPS") data for its common shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of common shares outstanding during the period. Diluted EPS is determined by adjusting the profit or loss attributable to common shareholders and the weighted average number of common shares outstanding for the effects of all dilutive potential common shares, which comprise warrants and share options.

3.17 Assets held for sale

Non-current assets and disposal groups are classified as assets held for sale if it is highly probable that the value of these assets will be recovered primarily through sale rather than through continuing use. They are recorded at the lower of carrying amount and fair value less cost to sell. Impairment losses on initial classification as held for sale and subsequent gains and losses on re-measurement are recognized in profit or loss. The assets and liabilities are presented as held for sale in the statements of financial position when the sale is highly probable, the asset or disposal group is available for immediate sale in its present condition and management is committed to the sale, which should be expected to be completed within one year from the date of classification. When a disposal group is classified as held for sale, assets and liabilities are aggregated and presented as separate line items, respectively, on the statements of financial position.

4. Significant Accounting Judgements, Estimates and Assumptions

The preparation of consolidated financial statements in conformity with IFRS requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed at each period end. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected. The most significant areas requiring the use of management's judgments, assumptions and estimates relate to the following:

1. Recoverability of the carrying value of exploration and evaluation assets: Management applies significant judgement to determine at each reporting period whether there are any indicators of impairment applying to each specific property. Where an indicator exists, a formal assessment of the impairment is made. If no indicators of impairment are identified, no impairment test is performed.

2. Going concern assumption: The Company's ability to continue as a going concern is dependent on its ability in the future to achieve profitable operations and in the meantime, obtain the necessary financing to meet its obligations and repay its liabilities when they come due. Realization values may be substantially different from carrying values and these consolidated financial statements do not give effect to adjustments that would be necessary to the carrying values and classification of assets and liabilities should the Company be unable to continue as a going concern.

(Expressed in Canadian dollars)

5. Marketable Securities

Marketable securities consist of investments in quoted equity shares of public companies. The fair value of the equity shares has been determined directly by reference to published price quotations in an active market.

	December 31, 2022			December 31, 2021		
	# of shares	Per share	Fair value	# of shares	Per share	Fair value
Riverside Resources Inc. TSX-V: RRI	-	$ -	$ -	250,000	$ 0.16	$ 40,000
Resolution Minerals Limited ASX: RML	23,100,000	$ 0.00736	169,959	23,100,000	$ 0.0167	385,538
ArcWest Exploration Inc. TSX-V: AWX	9,623,417	$ 0.05	481,170	9,623,417	$ 0.085	817,990
Capitan Mining Inc. TSX-V: CAPT	-	$ -	-	64,849	$ 0.235	15,240
Felix Gold Limited ASX: FXG	9,957,157	$ 0.11	1,098,900	-	$ -	-
Total Marketable Securities			$ 1,750,029			$ 1,258,768

During the year ended December 31, 2022, the Company:

i) received 9,957,157 shares of Felix Gold Limited (valued at $2,246,336) for interests in exploration properties (Note 6e).
ii) sold 250,000 shares of RRI for proceeds of $32,728 resulting in a realized loss on marketable securities of $37,273.
iii) sold 64,849 shares of CAPT for proceeds of $25,935 resulting in a realized gain on marketable securities of $8,750.
iv) incurred an unrealized loss of $1,667,889 on marketable securities.

During the year ended December 31, 2021, the Company:

i) received 25,000,000 shares of Resolution Minerals Limited (valued at $742,761), and transferred 6,900,000 of those shares as consideration for finder's fee (valued at $192,549), as part of the 64North Gold Project agreement (Note 6(a)).
ii) incurred an unrealized loss of $544,533 on marketable securities.

(Expressed in Canadian dollars)

6. Exploration and Evaluation Assets

This section describes each of the Company's projects, and if a partner is earning into the project, the agreement is described. An individual project may consist of one or more properties which were acquired by underlying agreements with mineral right holders or by claiming mineral rights by staking. Where an underlying property agreement exists, its terms are described. In most, but not all cases, the earn-in partner is responsible to make the cash payments and exploration expenditures to keep the properties that form the project in good standing. Please refer to note 3.5 for a description of the property impairment assessment factors.

Although the Company has taken steps to verify 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 a clear title. Property title may be subject to unregistered prior agreements and regulatory requirements.

	64 North Alaska	Liberty Bell Alaska	Chisna Alaska	Canwell Alaska	Fairbanks District Alaska	Treasure Creek Alaska	Ester Dome Alaska	Apex Alaska	Others USA	Batamote Mexico	Others Mexico	Total Properties
Balance at December 31, 2021	$ 1,270,219	$ 652,648	$ 535,552	$ -	$ 96,783	$ 257,152	$ 101,972	$ 198,242	$ 206,309	$ 696,252	$ 234,376	$ 4,249,505
Option costs:												
Cash	-	-	-	169,692	-	-	-	-	-	-	-	169,692
Shares	-	-	-	105,000	-	-	-	-	-	-	-	105,000
	-	-	-	274,692	-	-	-	-	-	-	-	274,692
Exploration costs:												
Non-reimbursable costs	15,476	62	-	-	2,665	4,454	(1,586)	3,268	27,044	-	-	51,383
Acquisition	247,382	4,907	36,412	2,051	37,315	38,518	25,481	9,762	55,949	98,727	54,413	610,917
Geochemistry	310	-	4,026	10,703	-	-	-	-	30,418	-	-	45,457
Geology	97,449	9,155	58,399	64,646	15,554	41,665	4,119	24,274	26,676	42,887	41,418	426,242
Environmental and permitting	-	576	-	-	-	253	-	-	3,618	-	-	4,447
Support and equipment	56,603	9,024	4,685	1,037	26,066	127,756	29,344	1,106	25,925	50,434	13,956	345,936
	417,220	23,724	103,522	78,437	81,600	212,646	57,358	38,410	169,630	192,048	109,787	1,484,382
Less:												
Recoveries	357,253	36,327	-	-	78,601	205,227	58,018	-	-	98,727	37,459	871,612
Impairment / write-off	-	-	-	-	-	-	-	-	-	-	195,570	195,570
Property payments received	-	1,298,098	-	-	205,646	536,749	205,843	-	-	-	-	2,246,336
Option and advance royalty payments received	135,754	-	-	-	-	-	-	-	47,402	63,115	-	246,271
	493,007	1,334,425	-	-	284,247	741,976	263,861	-	47,402	161,842	233,029	3,559,789
Foreign currency translation	77,336	38,167	35,758	8,762	7,661	15,862	6,234	13,991	22,342	83,611	24,204	333,928
Gain on property payments received	-	619,886	-	-	98,203	256,316	98,297	-	-	-	-	1,072,702
Balance at December 31, 2022	$ 1,271,768	$ -	$ 674,832	$ 361,891	$ -	$ -	$ -	$ 250,643	$ 350,879	$ 810,069	$ 135,338	$ 3,855,420

(Expressed in Canadian dollars)

6. Exploration and Evaluation Assets (cont'd)

	64 North Alaska	Liberty Bell Alaska	Fairbanks District Alaska	Treasure Creek Alaska	Ester Dome Alaska	Others USA	Batamote Mexico	El Picacho Mexico	Others Mexico	Total Properties
Balance at December 31, 2020	$ 1,884,019	$ 716,371	$ 96,992	$ 317,306	$ 83,651	$ 455,294	$ 601,092	$ -	$ 46,061	$ 4,200,786
Option costs:										
Cash	-	94,995	3,685	-	128,989	-	-	-	-	227,669
Exploration costs:										
Non-reimbursable costs	44,253	10,833	56,645	24,924	11,164	62,490	-	-	-	210,309
Acquisition	172,330	86,598	136,093	222,423	155,026	173,188	102,283	116,405	10,936	1,175,282
Geochemistry	29,398	-	1,517	3,005	1,769	54,209	-	-	-	89,898
Geology	49,263	11,001	150,270	629,758	104,281	323,304	58,613	19,161	19,439	1,365,090
Geophysics	9,188	-	-	-	-	6,814	-	-	-	16,002
Environmental and permitting	10,318	2,634	-	9,840	7,404	-	-	-	-	30,196
Support and equipment	16,963	14,756	162,935	407,569	74,701	96,829	14,081	23,483	6,699	818,016
	331,713	125,822	507,460	1,297,519	354,345	716,834	174,977	159,049	37,074	3,704,793
Less:										
Recoveries	396,655	198,016	515,121	1,358,345	465,156	243,906	-	-	-	3,177,199
Impairment / write-off	-	-	-	-	-	-	-	-	7,920	7,920
Option payments received, net of finder fees	550,212	88,662	-	-	-	-	62,686	-	-	701,560
	(946,867)	(286,678)	(515,121)	(1,358,345)	(465,156)	(243,906)	(62,686)	-	(7,920)	(3,886,679)
Foreign currency translation	1,354	2,138	3,767	672	143	11,881	(17,131)	2,375	(2,263)	2,936
Balance at December 31, 2021	$ 1,270,219	$ 652,648	$ 96,783	$ 257,152	$ 101,972	$ 940,103	$ 696,252	$ 161,424	$ 72,952	$ 4,249,505

6. Exploration and Evaluation Assets (cont'd)

Alaska Properties

(a) 64North Gold Project, (formerly Goodpaster Properties), Alaska

Alaska Energy initially acquired claims in this gold district in 2016 through option and purchase agreements. In the second quarter of 2019 Alaska Energy staked a very large tract of claims. Alaska Energy granted a royalty interest to EMX on newly staked claims and on claims already owned. In the fourth quarter of 2019 Alaska Energy entered into an Option to Joint Venture Agreement, subsequently amended, concerning the 64 North Gold Project with Resolution Minerals Limited ("Resolution"), an ASX listed company under a four-year option period. If it goes to completion, Resolution must expend US$12,000,000 on exploration, pay Alaska Energy US$300,000 and issue 40 million Resolution shares to Alaska Energy (5,000,000 shares of Resolution were received during the year ended December 31, 2020). Upon completion, Resolution will own a 60% interest in the project (earned 51% subsequent to year ended December 31, 2022). Resolution may elect to further advance one certain portion of the claim block by fully carrying the cost to complete a Bankable Feasibility Study and thereby earn a 70% interest in that block. The same block could be loan-carried by Resolution to commercial production to obtain an 80% interest in that block. During the year ended December 31, 2020, Alaska Energy issued Capstone Mining 50,000 Alaska Energy shares to eliminate a royalty on several small claim blocks related to the 64North Gold Project. In February 2021, the Company entered into an agreement to reduce the expenditure amounts for Resolution's earn in. In return, during the year ended December 31, 2021, Alaska Energy received accelerated and additional Resolution share payments (received 25,000,000 shares (valued at $742,761), and transferred 6,900,000 of those shares as a finders fee (valued at $192,549). In April 2022, the Company entered into another amendment agreement to put in certain minor changes. During the year ended December 31, 2022, the Company received the first tranche of cash payment of US$100,000. Subsequent to year ended December 31, 2022, the Company received the second tranche of cash payment of US$100,000.

(b) Liberty Bell Property, Alaska

During the year ended December 31, 2018, a lease to purchase agreement was made with James Roland concerning a block of ten claims internal to the Boot Hill Gold block. Consideration to establish a 100% interest is US$570,000 to be paid to Roland as lease payments over an 11-year period. If the Company wishes to keep the claims, payments are scheduled to be US$30,000 annually, then moving to US$50,000 annually in 2024, and then a bulk payment in 2028. A 2% royalty is attached to these ten claims and it can be bought out for US$800,000. During the year ended December 31, 2021, Alaska Energy agreed to assign its option rights and its mineral interests to Felix Gold for cash, share payments and royalty interests (Note 6e).

(c) Chisna, Alaska

During the year ended December 31, 2016, the Company purchased two claim blocks (named Ravine and Grubstake) as well as an extensive proprietary data set that covers the entire Chisna District. During the year ended December 31, 2020, Alaska Energy staked claims to cover a geophysical target and named the claim block DragonSlayer and also staked claims over the POW prospect.

6. Exploration and Evaluation Assets (cont'd)

(d) Nikolai Project, Alaska

Canwell Property

During the year ended December 31, 2022, the Company entered into an option agreement to earn a 100% ownership in the Canwell property, located in the Fairbanks Recording district, Alaska. To earn the interest, the Company must pay:

- Pay US$25,000 upon signing (paid);
- Issue 100,000 shares upon signing (issued with a fair value of $65,000);
- Pay US$25,000 by June 1, 2022 (paid);
- Pay US$75,000 by September 1, 2022 (paid);
- Issue 100,000 shares by September 1, 2022 (issued with a fair value of $40,000);
- Incur US$50,000 in exploration expenditures by September 1, 2022 (incurred);
- Pay US$100,000 by September 1, 2023;
- Issue 100,000 shares by September 1, 2023;
- Incur US$250,000 in exploration expenditures by September 1, 2023;
- Pay US$125,000 by September 1, 2024;
- Issue 100,000 shares by September 1, 2024;
- Incur US$1,000,000 in exploration expenditures by September 1, 2024;
- Pay US$150,000 by September 1, 2025;
- Issue 100,000 shares by September 1, 2025;
- Incur US$1,500,000 in exploration expenditures by September 1, 2025;
- Incur US$2,200,000 in exploration expenditures by September 1, 2026;

There is a 3% net smelter return (NSR) royalty, payable to the optionor, and the Company has the option to reduce the NSR royalty to 2% by paying US$2,000,000. The NSR royalty may be further reduced to 1% and 0% through additional cash payments of US$3,000,000 and US$4,000,000, respectively.

(e) Fairbanks District, Alaska

During the year ended December 31, 2021, the Company entered into an agreement whereby Felix Gold Limited ("Felix Gold"), a public company trading on the Australian Securities Exchange, had a right to secure a 100% ownership in the Treasure Creek, Ester Dome, and Liberty Bell projects ("Projects") projects in accordance with the underlying option agreements for a future share payment. Felix completed the acquisition by paying US$210,000 in cash during the year ended December 31, 2021 and issuing 9,957,157 Felix Gold shares (valued at $2,246,336) during the year ended December 31, 2022 subject to an escrow period of two years. The Company retains production royalties in the following three projects:

- Treasure Creek 2.0% Net Smelter Returns ("NSR");
- Ester Dome 1.5% NSR;
- Liberty Bell 2% NSR; and
- Other claims acquired by Felix Gold in an Area of Interest, 1.0%.

6. Exploration and Evaluation Assets (cont'd)

(e) Fairbanks District, Alaska (cont'd)

<u>Treasure Creek</u>

During the year ended December 31, 2020, Alaska Energy entered into an agreement concerning the Treasure Creek gold project. The agreement with the Treasure Creek Partnership gives Alaska Energy the exclusive right to enter into an option to purchase a 100% interest in the claims. As consideration, during the year ended December 31, 2020, the Company issued 50,000 Alaska Energy shares valued at $105,000. During the exclusive period, which expired in the third quarter of 2021, Alaska Energy is required to keep the claims in good standing by making adequate exploration expenditures (incurred) and making Alaska state claim rental payments (paid). Alaska Energy also staked additional claims contiguous with the original Treasure Creek block. These new claims are within an Area of Interest pursuant to the agreement with the Treasure Creek Partnership. During the year ended December 31, 2021, Alaska Energy's rights have been assigned to Felix Gold. Felix must offer the claims and the option back to Alaska Energy if Felix decides to drop the project.

<u>Ester Dome</u>

During the year ended December 31, 2016, Alaska Energy entered into an Exclusive Right to Explore and Enter into an Option Agreement ("Ester Agreement") with Range Minerals Corporation which was subsequently amended. During the year ended December 31, 2021, Alaska Energy assigned the Ester Agreement to Felix Gold who entered into an option agreement with Range Minerals Ltd. To earn a 100% interest, Felix Gold must pay series of option payments to Range Minerals Corporation.

If Felix Gold earns the interest, Alaska Energy will retain a 1.5% NSR. If Felix decides to drop the project, Felix must offer the claims and the option back to Alaska Energy.

<u>Grant Mine</u>

During the year ended December 31, 2021, the Company entered into an option agreement to earn a 100% interest in the Grant Mine near Fairbanks, Alaska. This property forms part of the larger Ester Dome exploration project, which is subject to an agreement between Alaska Energy and partner Felix Gold. The Company has paid $15,000 and Felix Gold has assumed the remaining $1,900,000 in option payments.

In the event that Felix Gold fulfils the option agreement for the Grant Mine, Alaska Energy will vest with a 1.5% NSR on gold production with an advanced minimum royalty provision. Felix must offer the claims and the option back to Alaska Energy if Felix decides to drop the project.

6. Exploration and Evaluation Assets (cont'd)

Mexico Properties

(a) El Batamote, Mexico

Alaska Energy holds a 100% interest in El Batamote which is comprised of three concessions subject to a 0.5% Net Smelter Returns royalty. The Company paid MX$115,000 in cash and issued Alaska Energy shares valued at $20,000 as consideration.

During the year ended December 31, 2021, the Company signed a binding letter agreement with Mine Discovery Fund Pty. Ltd. ("MDF"), a private Australian company. MDF has made a non-refundable $62,686 (US$50,000) cash payment upon signing the letter agreement. A definitive agreement has been prepared and it is intended that it will be signed immediately following the formation of a Mexico subsidiary company by MDF. MDF has placed Batamote into a wholly-owned subsidiary company called Latin America Copper Limited ("LatCopper") along with other assets in Chile.

(b) San Javier, Mexico

During the year ended December 31, 2021, the Company completed the sale of two small fractional claims called San Javier. Under the agreement, a US$10,000 payment was received during 2020. During the year ended December 31, 2021, the Company received the final option payment of $77,617 (US$60,000), which was recorded as other income.

c) El Picacho, Mexico

During the year ended December 31, 2021, the Company signed a definitive assignment agreement ("Assignment Agreement") with Tocvan Ventures Corp. (CSE: "TOC") ("Tocvan") concerning the El Picacho gold project in the Caborca Orogenic Belt, Sonora State, Mexico.

The Company has reinstated a previously held option agreement with concession owners Suarez Brothers and has now assigned the option rights and obligations to Tocvan. In return, Tocvan has paid back taxes owed by the Suarez Brothers on the mineral concessions and has granted Alaska Energy certain royalty rights in the Assignment Agreement. In the event that Tocvan exercises its option to purchase a 100% interest from the Suarez brothers, Alaska Energy will vest a 2% Net Smelter Returns ("NSR") royalty. Tocvan may purchase back 1% of the royalty for US$1,000,000. The royalty contains a provision for an Annual Advance Minimum Royalty ("AMR") that will be triggered if Tocvan exercises the Option Agreement. The initial AMR payment to Alaska Energy would be US$25,000. The amount of the AMR will double each year until commercial production occurs. Any AMR payments made can be deducted from NSR royalty payments. During the year ended December 31, 2022, the Company impaired the exploration and evaluation asset resulting in an impairment loss of $195,570.

Other Properties

During the year ended December 31, 2022, the Company sold a portfolio of royalties for $1,200,000. The Company recorded the proceeds as a gain.

The Company has several other very early stage properties in its portfolio. These properties are grouped together as "Other Properties" until such time as Alaska Energy has adequately demonstrated mineral potential that warrants individual description, or until Alaska Energy has made an agreement with another Company on the mineral rights. The Company regularly evaluates prospects on open ground and on the claims of others. The costs associated with these evaluations are written off annually if the work does not result in development of a project or claim holding by Alaska Energy. Within the other properties section Alaska Energy dropped certain claims and wrote off the corresponding capitalized costs.

(Expressed in Canadian dollars)

7. Project Cost Advance Received

These costs represent advances from earn-in partners for project expenditures that have not been incurred as at December 31, 2022 and 2021.

8. Right-of-use asset ("ROU") and lease liability

The Company has lease agreements for its headquarters office space in Anchorage, AK.

The continuity of ROU assets for the year ended December 31, 2022 and 2021 is as follows:

	2022	2021
Beginning of year	$ 63,541	$ 134,913
Addition	76,202	-
Amortization of ROU asset	(74,080)	(69,317)
Foreign currency translation	11,588	(2,055)
End of year	$ 77,251	$ 63,541

The continuity of lease liabilities for the years ended December 31, 2022 and 2021 is as follows:

	2022	2021
Lease liability recognized, beginning of year	$ 78,967	$ 151,658
Addition	76,202	-
Lease payments	(87,021)	(85,068)
Interest expense	4,909	11,775
Foreign exchange adjustment	4,657	602
Lease liability recognized, end of year	$ 77,714	$ 78,967

Current lease liability	$ 22,544	$ 78,967
Non-current lease liability	55,170	-
Total	$ 77,714	$ 78,967

9. Loans Payable

Red Plug loan

During the year ended December 31, 2022, the Company entered into a $500,000 loan agreement. The loan has a term of 1 year and accrues interest at 6% for the first 6 months and 12% for the remaining 6 months. The Company also issued 200,000 bonus common shares with a value of $100,000, which is recorded in office and miscellaneous expense. The Company's marketable securities in shares of Resolution Minerals Ltd. and ArcWest Exploration Inc. are pledged as collateral in the event of default.

Paycheck Protection Plan (PPP) loan

During the year ended December 31, 2020, the Company received a Paycheck Protection Plan (PPP) loan provided by the Small Business Administration of the United States as part of their relief for companies negatively impacted by the Covid-19 pandemic. As at December 31, 2020, the total amount owing was $324,464 (US$254,845).

During the year ended December 31, 2021, the loan was forgiven and the Company recorded a gain on loan forgiveness of $320,103 (US$254,845). No interest payment has been recorded for this loan.

10. Share Capital

Effective March 21, 2023, the Company consolidated its common shares on a 10:1 basis. These consolidated financial statements reflect the share consolidation for all shares, warrants, options and per share amounts retrospectively.

The Company's authorized share capital consists of an unlimited number of voting common shares without par value. Issued and outstanding at December 31, 2022: 15,617,134 common shares (2021: 15,217,134).

During the year ended December 31, 2022, the Company:

i) issued 200,000 common shares with a fair value of $105,000 for the Canwell option agreement.

ii) issued 200,000 bonus common shares with a fair value of $100,000 for a loan (Note 9).

During the year ended December 31, 2021, the Company closed a unit financing for total proceeds of $3,146,435. The financing consisted of 3,701,688 units at a price of $0.85 per unit. Each unit consists of one common share of the Company and one share purchase warrant with each warrant entitling the holder to purchase one additional common share at a price of $1.275 per share until March 7, 2023. The Company paid finders fees and share issuance costs consisting of $208,310 in cash, 11,690 agent warrants exercisable at $1.275 until March 7, 2023 and 218,488 finders special warrants convertible into 218,488 units at $0.85 until March 7, 2023. Upon conversion of the special warrants the finder will receive 218,488 common shares and 218,488 warrants convertible into an additional common share at $1.275 per share until March 7, 2023. The Company valued the 218,488 special warrants at $229,700 using the Black-Scholes option pricing model with the following weighted average assumptions: risk-free interest rate – 0.29%; volatility – 112%; expected dividend yield – 0%; expected warrant life in years – 2.

(Expressed in Canadian dollars)

10. Share Capital (cont'd)

Stock Options

The Company has a stock option plan whereby the maximum number of shares reserved for issue shall not exceed 10% of the outstanding common shares of the Company, as at the date of the grant. The maximum number of common shares reserved for issue to any one person under the plan cannot exceed 5% of the issued and outstanding number of common shares at the date of grant. The maximum number of common shares reserved for issue to a consultant or a person engaged in investor relations activities cannot exceed 2% of the issued and outstanding number of common shares at the date of grant.

The exercise price of each option granted under the plan may not be less than the Discounted Market Price (as that term is defined in the policies of the TSX). Options may be granted for a maximum term of five years from the date of the grant, are non-transferable and expire within 90 days of termination of employment or holding office as director or officer of the Company. Unless otherwise stated share purchase options vest when granted.

The vesting schedule for employees and most non-employees is immediate. Non-employees providing Investor Relations services have various expiry dates determined at the time of issuance.

During the year ended December 31, 2022, the Company granted 317,500 stock options exercisable at $0.65 until February 24, 2027 to officers, directors, employees and consultants.

During the year ended December 31, 2021, the Company didn't grant any stock options.

The Company used the following weighted average Black-Scholes option pricing model assumptions:

	Year Ended December 31, 2022	Year Ended December 31, 2021
Dividend yield	NIL	NIL
Expected volatility	109.81%	NIL
Risk-free rate of return	1.79%	NIL
Expected life of options	5 years	NIL
Forfeiture rate	NIL	NIL

Expected volatility is calculated based on the Company's historical share prices. Total share-based payments expense recognized on options vesting throughout the year ended December 31, 2022 was $137,478 (2021 – $75,837).

The following table summarizes the Company's outstanding share purchase options as of December 31, 2022:

	Number of Options		**Weighted Average Exercised**
Outstanding and Exercisable at December 31, 2020	**985,500**	**$**	**2.00**
Expired	(125,000)	$	2.50
Cancelled	(68,000)	$	2.00
Outstanding and Exercisable at December 31, 2021	**792,500**	**$**	**2.10**
Granted	317,500	$	0.65
Expired, cancelled and forfeited	(263,000)	$	3.41
Outstanding and Exercisable at December 31, 2022	**847,000**	**$**	**1.05**

(Expressed in Canadian dollars)

10. Share Capital (cont'd)

Stock Options (cont'd)

As at December 31, 2022, the Company has outstanding and exercisable share purchase options as followed:

Expiry Date	Number of Options Outstanding	Number of Options Exercisable		Exercise Price
March 26, 2023*	77,000	77,000	$	2.30
September 30, 2024	145,500	145,500	$	0.90
February 28, 2025	168,000	168,000	$	1.35
November 23, 2025	149,000	149,000	$	1.05
February 24, 2027	307,500	148,750	$	0.65
	847,000	688,250		

* Expired subsequently

The weighted average remaining contractual life of options outstanding at December 31, 2022 is 2.77 years (2021– 2.42 years).

Share Purchase Warrants, Agent Warrants and Finder's Special Warrants

As of December 31, 2022, the Company had outstanding and exercisable warrants and agent warrants for the purchase of common shares, as follows:

	Number of Warrants		Weighted Average Exercise Price
Outstanding and Exercisable at December 31, 2020	**4,739,626**	$	1.70
Issued	3,931,866	$	1.275
Expired	(4,739,626)	$	1.70
Outstanding and Exercisable at December 31, 2021 and 2022	**3,931,866**	$	1.275

(Expressed in Canadian dollars)

10. Share Capital (cont'd)

Share Purchase Warrants, Agent Warrants and Finder's Special Warrants (cont'd)

As at December 31, 2022, the Company has outstanding share purchase warrants as follows:

Expiry Date	Warrants	Exercise Price
March 7, 2023*	3,713,378	$ 1.275

* Expired subsequently

During the year ended December 31, 2021, the Company issued 11,690 agent warrants which were valued at $3,900 using the Black-Scholes option pricing model with the following weighted average assumptions: risk-free interest rate – 0.22%; volatility – 101%; expected dividend yield – 0%; expected warrant life in years – 2.

As at December 31, 2022 and 2021, the Company had 218,488 finder's special warrants convertible into 218,488 units at $0.85 until March 7, 2023. Upon conversion of the special warrants the finder will receive 218,488 common shares and 218,488 warrants convertible into an additional share at $1.275 per share until March 7, 2023. These finder's special warrants expired subsequently.

11. Financial Instruments

i) Fair Value of Financial Instruments

The Company's financial instruments that are measured at fair market value on a recurring basis in periods subsequent to initial recognition and the fair value hierarchy used to measure them are presented in the table below.

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities;

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and

Level 3: Inputs for the asset or liability that is not based on observable market data (unobservable inputs).

The table set out below summarizes the Company's financial instruments measured at fair value on a recurring basis and shows the level within the fair value hierarchy in which they have been classified.

Financial Instrument	Level	December 31, 2022	December 31, 2021
Cash	1	$ 395,742	$ 797,573
Marketable securities	1	$ 1,750,029	$ 1,258,768

The fair values of other financial instruments including amounts receivable, accounts payable and accrued liabilities, project cost advance, lease liability, due to related parties and loan payable reasonably approximate their carrying values due to their short-term nature or market rates for similar instruments.

11. Financial Instruments (cont'd)

ii) Equity Price Risk

The Company's listed equity securities are susceptible to market price risk arising from uncertainties about future values of the investment securities. Reports on the equity portfolio are submitted to the Company's senior management on a regular basis. The Company's Board of Directors reviews and approves all equity transaction decisions.

iii) Credit Risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The total carrying values of the cash and amounts receivable represents the Company's maximum exposure to credit risk. The Company reduces its credit risk on cash by placing these instruments with large financial institutions. The Company manages its risk on amounts receivable by providing monthly reports to property partners and working to receive payments before additional months of expenditures are incurred.

iv) Liquidity Risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting obligations associated with financial liabilities. The Company manages liquidity risk by maintaining sufficient cash balances to enable settlement of transactions on the due date. Accounts payable and accrued liabilities, project cost advance received, lease liability current portion, due to related parties and loan payable are expected to be settled within 12 months of December 31, 2022.

v) Foreign Exchange Risk

Foreign exchange risk is the risk that the fair value of future cash flows will fluctuate as a result of changes in foreign exchange rates. The Company is exposed to the financial risk related to the fluctuation of foreign exchange rates. The Company has cash and other working capital (deficiency) items of $3,209 (2021 – $(453,148)) denominated in US dollars. A ten percent change in the exchange rate would result in a $321 (2021– $45,315) impact to the Company's net loss and comprehensive loss. The Company has Mexican peso cash and other working capital items of $87,614 (2021 – $218,187). A ten percent change in the exchange rate would result in a $8,761 (2021 – $21,819) impact to the Company's net loss and comprehensive loss. The Company does not have a formal policy to manage risk; however, management actively monitors movement in foreign currency and forecasts foreign currency payments. Foreign exchange risk is mitigated by the offset of assets against liabilities.

vi) Interest Rate Risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company is not exposed to significant interest rate risk.

(Expressed in Canadian dollars)

11. Financial Instruments (cont'd)

vii) Capital Management Risk

The Company's objectives when managing capital are to safeguard its ability to continue as a going concern, to pursue the exploration and development of its mineral properties, and to maintain a flexible capital structure which optimizes the cost of capital within a framework of acceptable risk. In the management of capital, the Company includes the components of shareholders' equity.

The Company manages the capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. The Board of Directors does not establish quantitative return on capital criteria for management, but rather relies on the expertise of the Company's management to sustain future development of the business. To maintain or adjust its capital structure, the Company may issue new shares, issue new debt, acquire or dispose of assets or bring in earn-in partners. Due to the Company's business, the Company regularly enters into earn-in agreements where funds are forwarded as part of the option-in agreement.

The Company presently derives most of the funding required for its exploration projects from other companies that are earning into the Company's projects. As the projects mature the Company will be dependent on the capital markets as its main source of operating capital and the Company's capital resources will be largely determined by the strength of the junior resource markets, the status of the Company's projects in relation to these markets and its ability to compete for investor support of its projects. The Company is not currently subject to any external restrictions. As at December 31, 2022, there is no change in the management's approach of capital management from prior year.

12. Related Party Transactions and Balances

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Company, directly or indirectly. Key management personnel include officers and directors.

The Company incurred charges with key management personnel and companies with directors and officers in common as follows:

		Year ended December 31, 2022		Year ended December 31, 2021
Consulting, directors and salaries	$	459,690	$	517,675
Stock-based compensation		56,373		19,638
	$	516,063	$	537,313

During the year ended December 31, 2022, 1,300,000 stock options (2021 – Nil) were issued to officers and directors with an estimated fair value of $60,967 (2021 - $Nil) and recorded stock-based compensation of $56,373 (2021 - $19,638) relating to the portion vested throughout the year.

These charges were in the normal course of operations and were measured by the exchange amount which is the amount agreed upon by the transacting parties.

As of December 31, 2022, there was $129,218 (2021 – $55,495) due to related parties for accrued directors' fees, deferred salary expenses and accounting fees. These amounts are unsecured, do not bear interest and have no fixed terms of repayment.

(Expressed in Canadian dollars)

13. Segmented Information

The Company operates in a single reportable operating segment, being the exploration of mineral properties. The following tables present selected financial information by geographic location:

December 31, 2022	**USA**	**Mexico**	**Canada**	**Total**
As at December 31, 2022				
Exploration and evaluation assets	$ 2,910,013	$ 945,407	$ -	$ 3,855,420
For the year ended December 31, 2022				
Net loss	$ 670,652	$ 570,247	$ 462,114	$ 1,703,013
Revenue	$ 225,314	$ -	$ -	$ 225,314

December 31, 2021	**USA**	**Mexico**	**Canada**	**Total**
As at December 31, 2021				
Exploration and evaluation assets	$ 3,318,877	$ 930,628	$ -	$ 4,249,505
For the year ended December 31, 2021				
Net loss	$ 426,375	$ 173,756	$ 1,537,910	$ 2,138,041
Revenue	$ 535,551	$ -	$ -	$ 535,551

14. Income Taxes

Income tax reconciliation

The provision for income taxes reported differs from the amounts computed by applying statutory Canadian federal and provincial tax rates to the loss before tax due to the following:

	For the year ended December 31, 2022	For the year ended December 31, 2021
Loss for the year before income taxes	$ (1,703,013)	$ (2,138,041)
Statutory tax rate	27%	27%
Recovery of income taxes computed at statutory rates	$ (460,000)	$ (577,000)
Non-deductible items	111,000	109,000
Mexican inflationary adjustments	-	(7,000)
Differing effective tax rate on loss in foreign jurisdictions and rate changes	(26,000)	(11,000)
Expiry of loss carry forward	1,223,000	-
Unrecognized differed tax assets	(211,000)	2,349,000
Impact of change of prior period estimates	(189,000)	(2,126,000)
Impact of foreign exchange and other	(448,000)	263,000
Total income tax expense (recovery)	$ -	$ -

(Expressed in Canadian dollars)

14. Income Taxes (cont'd)

The approximate tax effect of each item gives rise to the Company's recognized deferred tax assets and liabilities as at December 31, 2022 and 2021 are as follows:

		December 31, 2022		December 31, 2021
Deferred income tax assets				
Non-capital losses	$	22,000	$	18,000
	$	22,000	$	18,000
Deferred income tax liabilities				
Right of use asset	$	(22,000)	$	(18,000)
Net deferred income tax liability	$	-	$	-

Temporary Differences Not Recognized

The Company has unrecognized deductible temporary differences aggregating $53,800,000 (2021 - $55,396,000), noted below, that are available to offset future taxable income. The potential benefit of these deductible temporary differences has not been recognized in these consolidated financial statements as it is not considered probable that sufficient future taxable profit will allow the temporary differences to be recovered.

		December 31, 2022	Expiry dates		December 31, 2021
Non-capital losses	$	38,790,000	2023 – 2041 or no expiry	$	39,562,000
Capital losses		5,226,000	No expiry		5,204,000
Exploration and evaluation assets		7,717,000	No expiry		9,005,000
Property, plant and equipment		240,000	No expiry		264,000
Financing fees		159,000	2023 – 2025		232,000
Other		1,668,000	No expiry		1,129,000
Total	$	53,800,000		$	55,396,000

At December 31, 2022, the Company has accumulated non-capital losses in Canada aggregating $18,443,000 (2021 – $18,561,000) which expire over the period between 2026 and 2041, available to offset future taxable income in Canada.

The Company has accumulated capital loss carry forward in Canada of $5,226,000 (2021 – $5,204,000) which are available only to offset future capital gains for Canadian tax purposes and may be carried forward indefinitely.

At December 31, 2022, the Company has accumulated non-capital loss carry forward in Mexico aggregating $9,369,000 (2021 – $11,665,000) which expire over the period between 2023 and 2032, available to offset future taxable income in Mexico.

At December 31, 2022, the Company has accumulated non-capital loss carry forward in the United States aggregating $10,978,000 (2021 – $9,401,000) which either expire over the period between 2034 and 2038 or may be carried forward indefinitely, available to offset future taxable income in the United States.

(Expressed in Canadian dollars)

15. Contingency

On June 3, 2021, a former property partner (the "Complainant") filed a Third-Party Complaint against the Company to enforce certain royalty interest in mining claims purportedly held by the Complainant. The hearing date for this case was recently re-set of the week of February 12, 2024.

The Company has made an assessment on the validity of the claims and, at this time, the probability and amounts of any potential loss resulting from such claims is not determinable and no amounts have been accrued for any potential liability resulting from this in these consolidated financial statements.

The Company determines whether an estimated loss from a contingency should be accrued by assessing whether a loss is deemed probable and can be reasonably estimated. The Company assesses our potential liability by analyzing our litigation and regulatory matters using available information. The Company develops our views on estimated losses in consultation with outside counsel handling our defense in these matters, which involves an analysis of potential results, assuming a combination of litigation and settlement strategies. Should developments in any of these matters cause a change in our determination as to an unfavorable outcome and result in the need to recognize a material accrual or should any of these matters result in a final adverse judgment or be settled for significant amounts, they could have a material adverse effect on our results of operations, cash flows and financial position in the period or periods in which such change in determination, judgment or settlement occurs.

16. Supplemental Cash Flow Information

	December 31, 2022	December 31, 2021
Taxes paid	$ -	$ -
Interest paid	$ -	$ -
Non-cash investing and financing activities		
Exploration and evaluation assets in accounts payable	$ 21,277	$ 58,396
Warrants issued for finders fees	$ -	$ 233,600
Shares received for exploration and evaluation assets	$ 2,246,336	$ 550,212
Shares issued for exploration and evaluation assets	$ 105,000	$ -