ALASKA ENERGY METALS CORPORATION
(FORMERLY MILLROCK RESOURCES INC.)

Condensed Interim Consolidated Financial Statements

For the Six Months Ended June 30, 2023 and 2022

(Expressed in Canadian dollars)

(Unaudited – Prepared by Management)

ALASKA ENERGY METALS CORPORATION (FORMERLY MILLROCK RESOURCES INC.)

Notice

Notice of No Auditor Review of the Condensed Interim Consolidated Financial Statements

The accompanying unaudited condensed interim consolidated financial statements of Alaska Energy Metals Corporation (formerly, Millrock Resources Inc.; the "Company"), for the six months ended June 30, 2023, have been prepared by management and have not been the subject of a review by the Company's independent auditor.

ALASKA ENERGY METALS CORPORATION (FORMERLY MILLROCK RESOURCES INC.)
(An Exploration Stage Company)
Condensed Interim Consolidated Statements of Financial Position
(Expressed in Canadian dollars)
(Unaudited – Prepared by Management)

	As at June 30, 2023	As at December 31, 2022
ASSETS		
Current assets		
Cash	$ 918,299	$ 395,742
Marketable securities – Note 5	630,518	1,750,029
Amounts receivable	42,900	105,506
Value added tax receivable	71,652	52,397
Prepaid expenses and deposit	280,893	46,346
Total current assets	1,944,262	2,350,020
Non-current assets		
Right of use asset – Note 8	62,611	77,251
Exploration and evaluation assets – Note 6	5,163,338	3,855,420
Total non-current assets	5,225,949	3,932,671
TOTAL ASSETS	**$ 7,170,211**	**$ 6,282,691**
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities		
Accounts payable and accrued liabilities	$ 714,823	$ 214,517
Project cost advance received – Note 7	108,796	135,243
Lease liability current portion – Note 8	23,510	22,544
Due to related parties – Note 12	191,990	129,218
Loan payable – Note 9	-	500,000
	1,039,119	1,001,522
Lease liability long term portion – Note 8	41,875	55,170
Total liabilities	1,080,994	1,056,692
Shareholders' equity		
Share capital – Note 10	49,625,529	47,274,153
Reserves		
Share-based payments – Note 10	5,352,706	5,341,487
Warrants – Note 10	1,399,606	1,233,206
Accumulated other comprehensive loss	(21,983)	(31,682)
Deficit	(50,266,641)	(48,591,165)
Total shareholders' equity	6,089,217	5,225,999
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	**$ 7,170,211**	**$ 6,282,691**

Going concern – Note 2
Contingency – Note 14
Subsequent events – Note 16

These financial statements were approved and authorized for issue by the Board of Directors on August 28, 2023.

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

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

ALASKA ENERGY METALS CORPORATION (FORMERLY MILLROCK RESOURCES INC.)

(An Exploration Stage Company)

Condensed Interim Consolidated Statements of Loss and Comprehensive Loss

(Expressed in Canadian dollars)

(Unaudited – Prepared by Management)

	Three month period ended June 30, 2023	Three month period ended June 30, 2022	Six month period ended June 30, 2023	Six month period ended June 30, 2022
Revenue				
Overhead recovery fees	$ 1,933	$ 102,682	$ 5,788	$ 176,417
Exploration services revenue	-	-	1,334	-
	1,933	102,682	7,122	176,417
Expenses				
Direct cost of exploration services	-	1,521	-	1,521
General and administrative expense				
Accounting, audit and legal	164,738	54,407	219,616	148,676
Amortization and depreciation	-	-	-	550
Amortization of right of use asset – Note 8	6,566	17,639	13,177	35,144
Consulting, directors and salaries – Note 12	156,918	169,634	325,865	298,913
Foreign exchange gain (loss)	(10,541)	2,708	(10,541)	941
General exploration	7,423	32,849	33,895	7,133
Interest expense of lease liability – Note 8	2,273	1,294	4,737	3,086
Office and miscellaneous expense – Note 9	180,500	314,441	290,594	417,253
Promotion and investor relations	197,010	27,110	240,869	189,105
Stock-based compensation – Notes 10 and 12	-	18,562	11,219	100,151
	704,887	638,644	1,129,431	1,200,952
Loss before other items	**(702,954)**	**(537,483)**	**(1,122,309)**	**(1,026,056)**
Other items				
Gain on loan forgiveness	-	514	-	60,295
Gain on sale of exploration and evaluation assets – Note 6	-	(35,645)	-	1,119,747
Impairment of exploration and evaluation assets – Note 6	-	(9,368)	-	(215,156)
Realized gain (loss) on marketable securities – Note 5	(84,785)	(23,523)	(84,785)	(23,523)
Unrealized gain (loss) on marketable securities – Note 5	(607,868)	(1,471,335)	(468,382)	(1,886,986)
Other income – Note 6	-	1,090	-	2,146
Net loss	**(1,395,607)**	**(2,075,750)**	**(1,675,476)**	**(1,969,533)**
Other comprehensive income (loss)				
Item that may be reclassified to profit or loss:				
Cumulative translation adjustment	(30,731)	136,322	9,680	197,599
Comprehensive loss for the period	**$ (1,426,338)**	**$ (1,939,428)**	**$ (1,665,796)**	**$ (1,771,934)**
Basic and diluted loss per share	**$ (0.07)**	**$ (0.13)**	**$ (0.10)**	**$ (0.12)**
Weighted average number of shares outstanding – basic and diluted	**18,930,254**	**15,217,239**	**17,282,846**	**15,286,852**

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

ALASKA ENERGY METALS CORPORATION (FORMERLY MILLROCK RESOURCES INC.)
(An Exploration Stage Company)
Condensed Interim Consolidated Statements of Cash Flows
(Expressed in Canadian dollars)
(Unaudited – Prepared by Management)

For the six months ended June 30,	2023	2022
Cash provided by (used in)		
Operating activities		
Net income (loss)	$ (1,675,476)	$ (1,969,533)
Items not involving cash		
Amortization of right of use asset	13,177	35,144
Interest expense of lease liability	4,737	3,086
Shares issued for loan bonus		100,000
Stock-based compensation	11,219	100,151
Gain on sale of exploration and evaluation assets	-	(1,119,747)
Impairment of exploration and evaluation assets	-	215,156
Unrealized loss on marketable securities	468,382	1,886,986
Realized loss on marketable securities	84,785	23,523
Foreign exchange – non-cash	-	(815)
	(1,093,176)	(726,049)
Net change in non-cash working capital items:		
Amounts receivable	43,351	189,437
Prepaid expenses and deposit	(234,547)	33,731
Project cost advance received	(26,447)	-
Accounts payable and accrued liabilities	147,563	63,498
Due to related parties	62,772	52,221
Cash used in operating activities	**(1,100,484)**	**(387,162)**
Cash flows from investing activities		
Sale of marketable securities	566,344	58,662
Net expenditures on exploration and evaluation assets, net of recoveries	(945,526)	(248,281)
Cash provided by (used in) investing activities	**(379,182)**	**(189,619)**
Cash flows from financing activities		
Private placement proceeds	2,609,180	-
Share issuance costs	(91,404)	-
Loan proceeds received	200,000	500,000
Loan proceeds repaid	(500,000)	-
Repayment of lease liability	(15,553)	(44,026)
Cash provided by financing activities	**2,002,223**	**455,974**
Change in cash	**522,557**	**(120,807)**
Cash, beginning of the period	**395,742**	**797,573**
Cash, end of the period	**$ 918,299**	**$ 676,766**

Supplemental cash flow information – Note 16

ALASKA ENERGY METALS CORPORATION (FORMERLY MILLROCK RESOURCES INC.)

(An Exploration Stage Company)

Condensed Interim Consolidated Statements of Changes in Shareholders' Equity

(Expressed in Canadian dollars)

(Unaudited – Prepared by Management)

	Common Shares (Note 10)		Reserves				
	Shares	Amount	Share-based Payment	Warrants	Other Comprehensive Income	Deficit	Total Shareholders' Equity
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	100,000	65,000	-	-	-	-	65,000
Shares issued for loan bonus	200,000	100,000	-	-	-	-	100,000
Stock-based compensation	-	-	100,151	-	-	-	100,151
Cumulative translation adjustment	-	-	-	-	197,598	-	197,598
Income for the period	-	-	-	-	-	(1,969,533)	(1,969,533)
Balance, June 30, 2022	15,517,134	47,234,153	5,304,160	1,233,206	(138,015)	(48,857,685)	4,775,819
Shares issued for exploration assets	100,000	40,000	-	-	-	-	40,000
Stock-based compensation	-	-	37,327	-	-	-	37,327
Cumulative translation adjustment	-	-	-	-	106,333	-	106,333
Loss for the period	-	-	-	-	-	266,520	266,520
Balance, December 31, 2022	15,617,134	47,274,153	5,341,487	1,233,206	(31,682)	(48,591,165)	5,225,999
Shares issued for private placement	9,318,500	2,609,180	-	-	-	-	2,609,180
Share issue costs and finders fees - cash	-	(91,404)	-	-	-	-	(91,404)
Finders fees - agent warrants	-	(166,400)	-	166,400	-	-	-
Stock-based compensation	-	-	11,219	-	-	-	11,219
Cumulative translation adjustment	-	-	-	-	9,699	-	9,699
Loss for the period	-	-	-	-	-	(1,675,476)	(1,675,476)
Balance, June 30, 2023	24,935,634	$ 49,625,529	$ 5,352,706	$ 1,399,606	$ (21,983)	$ (50,266,641)	$ 6,089,217

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

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 condensed interim consolidated financial statements reflect the share consolidation for all shares, warrants, options and per share amounts retrospectively.

The Company's business focuses nearly exclusively on exploration and development of the Nikolai polymetallic prospect. 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").

2. Basis of Preparation and Going Concern

The Company prepares its condensed interim consolidated financial statements in accordance and compliance with International Accounting Standard ("IAS") 34, Interim Financial Reporting using accounting policies consistent with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB"). These condensed interim consolidated financial statements do not contain all the disclosures required by IFRS for annual financial statements and should be read in conjunction with the Company's audited consolidated financial statements for the year ending December 31, 2022 prepared in accordance with IFRS. IAS 34 does not require disclosure of accounting policies used in interim statements. The significant accounting policies used in the preparation of these condensed interim consolidated financial statements are the same as those policies applied in the Company's audited consolidated financial statements for the year ended December 31, 2022.

These condensed interim 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 June 30, 2023, the Company had not yet achieved profitable operations, and had an accumulated deficit of $50,266,641 (December 31, 2022 – $48,591,165). 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.

(Expressed in Canadian dollars)

2. Basis of Preparation and Going Concern (cont'd)

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.

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.

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.

Principles of Consolidation

The condensed interim consolidated financial statements comprise the financial statements of the Company and its subsidiaries as at June 30, 2023. 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 condensed interim consolidated financial statements of the Company include the following significant subsidiaries:

Name of Subsidiary	Place of Domicile	**Percentage Ownership 2023**	Percentage Ownership 2022
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)

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.

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.

3. Significant Accounting Policies (cont'd)

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)

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.

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)

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.

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.

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 June 30, 2023 and 2022, the Company did not have any cash equivalents.

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)

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.

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.

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)

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.

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.

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)

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 period ended June 30, 2023 and year ended December 31, 2022. 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".

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.

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.

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.

(Expressed in Canadian dollars)

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.

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.

	June 30, 2023			December 31, 2022		
	# of shares	Per share	Fair value	# of shares	Per share	Fair value
Resolution Minerals Limited ASX: RML	-	$ -	$ -	23,100,000	$ 0.00736	$ 169,959
ArcWest Exploration Inc. TSX-V: AWX	-	$ -	$ -	9,623,417	$ 0.05	$ 481,170
Felix Gold Limited ASX: FXG	9,957,157	$ 0.095	$ 945,930	9,957,157	$ 0.11	$ 1,098,900
Total Marketable Securities			$ 945,930			$ 1,750,029

During the period ended June 30, 2023 the Company:

i) sold 23,100,000 shares of RML for proceeds of $88,736 resulting in a realized loss on marketable securities of $81,223.
ii) sold 9,623,417 shares of AWX for proceeds of $477,608 resulting in a realized loss on marketable securities of $3,562.

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.

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(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.

	Nikolai Alaska	64 North Alaska	Chisna Alaska	Apex Alaska	Batamote Mexico	Others Mexico	Total Properties
Balance at December 31, 2022	$ 712,770	$ 1,271,768	$ 674,832	$ 250,643	$ 810,069	$ 135,338	$ 3,855,420
Exploration costs:							
Non-reimbursable costs	3,508	11,488	-	-	-	-	14,996
Acquisition	1,125	8,357	-	-	60,388	4,549	74,419
Drilling	503,465	-	-	-	-	-	503,465
Geochemistry	3,328	-	-	-	-	-	3,328
Geology	244,112	4,234	259	184	49,470	25,183	323,442
Geophysics	77,703	-	-	-	-	-	77,703
Support and equipment	491,942	9,773	200	-	31,206	1,001	534,122
	1,325,183	33,852	459	184	141,064	30,733	1,531,475
Less:							
Recoveries	-	23,476	-	-	-	-	23,476
Property payments received	53,877	-	-	-	59,547	-	113,424
Option and advance royalty payments received	-	134,760	-	-	-	-	134,760
	53,877	158,236	-	-	59,547	-	271,660
Foreign currency translation	(36,852)	(25,651)	(14,737)	(5,474)	96,207	34,610	48,103
Balance at June 30, 2023	$ 1,947,224	$ 1,121,733	$ 660,554	$ 245,353	$ 987,793	$ 200,681	$ 5,163,338

(Expressed in Canadian dollars)

6. Exploration and Evaluation Assets (cont'd)

	Nikolai Alaska	64 North Alaska	Liberty Bell Alaska	Chisna Alaska	Fairbanks District Alaska	Treasure Creek Alaska	Ester Dome Alaska	Apex Alaska	Batamote Mexico	Others Mexico	Total Properties
Balance at December 31, 2021	$ 206,309	$ 1,270,219	$ 652,648	$ 535,552	$ 96,783	$ 257,152	$ 101,972	$ 198,242	$ 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	27,044	15,476	62	-	2,665	4,454	(1,586)	3,268	-	-	51,383
Acquisition	58,000	247,382	4,907	36,412	37,315	38,518	25,481	9,762	98,727	54,413	610,917
Geochemistry	41,121	310	-	4,026	-	-	-	-	-	-	45,457
Geology	91,322	97,449	9,155	58,399	15,554	41,665	4,119	24,274	42,887	41,418	426,242
Environmental and permitting	3,618	-	576	-	-	253	-	-	-	-	4,447
Support and equipment	26,962	56,603	9,024	4,685	26,066	127,756	29,344	1,106	50,434	13,956	345,936
	248,067	417,220	23,724	103,522	81,600	212,646	57,358	38,410	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	-	-	-	-	-	-	63,115	-	246,271
	47,402	493,007	1,334,425	-	284,247	741,976	263,861	-	161,842	233,029	3,559,789
Foreign currency translation	31,104	77,336	38,167	35,758	7,661	15,862	6,234	13,991	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	$ 712,770	$ 1,271,768	$ -	$ 674,832	$ -	$ -	$ -	$ 250,643	$ 810,069	$ 135,338	$ 3,855,420

6. Exploration and Evaluation Assets (cont'd)

Alaska Properties

(a) Nikolai Project, Alaska

Eureka Property

The Company owns a 100% interest in claims located in the Fairbanks Recording District. The claims cover the Eureka prospect. There is a 1% NSR on 4 of the claims in the block.

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 1,000,000 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 1,000,000 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 1,000,000 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.

6. Exploration and Evaluation Assets (cont'd)

(b) 64 North 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. During 2023 Resolution opted to discontinue sole funding the project and a 51% Resolution, 49% Alaska Energy Metals joint venture was formed. Alaska Energy Metals has declined to participate in joint venture expenses and its interest will dilute. The expenses has been small, so dilution has been minimal. If Resolution moves to sell, Alaska Energy Metas has a Right of First Refusal to match any offer.

(c) Liberty Bell Property, Alaska

The Liberty Bell project consists of claims owned by Alaska Energy Metals, claims option from Boot Hill Gold and claims leased from James Roland. The entire project was sold to Felix Gold Inc. ("Felix) for US$70,000 and shares.

Boot Hill Option. During the year ended December 31, 2018 Alaska Energy Metals entered an option to purchase agreement with Boot Hills Mines. A 100% interest could be obtained.

Roland Lease. 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).

During the period ended June 30, 2023, Felix decided it did not want to proceed and offered the project back to Alaska Energy Metals. The Company declined.

(d) 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)

(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%.

<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) 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 June 30, 2023 and December 31, 2022.

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 period ended June 30, 2023 and the year ended December 31, 2022 is as follows:

	Period ended June 30, 2023	Year ended December 31, 2022
Beginning of period	$ 77,251	$ 63,541
Addition	-	76,202
Amortization of ROU asset	(13,177)	(74,080)
Foreign currency translation	(1,463)	11,588
End of period	$ 62,611	$ 77,251

The continuity of lease liabilities for the period ended June 30, 2023 and the year ended December 31, 2022 is as follows:

	Period ended June 30, 2023	Year ended December 31, 2022
Lease liability recognized, beginning of period	$ 77,714	$ 78,967
Addition	-	76,202
Lease payments	(15,553)	(87,021)
Interest expense	4,737	4,909
Foreign exchange adjustment	(1,513)	4,657
Lease liability recognized, end of period	$ 65,385	$ 77,714
Current lease liability	$ 23,510	$ 22,544
Non-current lease liability	41,875	55,170
Total	$ 65,382	$ 77,714

9. Loans Payable

Red Plug loan

During the year ended December 31, 2022, the Company entered into a $500,000 loan agreement with an arms length party. 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. During the period ended June 30, 2023, the Company repaid the loan, including interest of $44,317.

Other loans

During the period ended June 30, 2023, the Company received with an arms length party and repaid $200,000 in loans, including interest of $1,151.

(Expressed in Canadian dollars)

10. Share Capital

The Company's authorized share capital consists of an unlimited number of voting common shares without par value.

During the period ended June 30, 2023, the Company completed non-brokered private placements by issuing 9,318,500 shares for total proceeds of $2,609,180.

The Company paid finders fees of $61,404, issued 407,110 finders shares (valued at $113,91) and granted 626,410 agent warrants (valued at $166,400, see below). Each agent warrant entitles the holder to purchase one share at a price of $0.28 for a period of 12 months from the date of issue. A due diligence fee of $30,000 was also paid.

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).

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.

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

	Period Ended June 30 2023	Year Ended December 31, 2022
Dividend yield	-	NIL
Expected volatility	-	109.81%
Risk-free rate of return	-	1.79%
Expected life of options	-	5 years
Forfeiture rate	-	NIL

Expected volatility is calculated based on the Company's historical share prices. Total share-based payments expense recognized on options vesting throughout the period ended June 30, 2023 was $11,219 (December 31, 2022 – $137,478).

(Expressed in Canadian dollars)

10. Share Capital (cont'd)

Stock Options (cont'd)

The following table summarizes the Company's outstanding share purchase options as of June 30, 2023:

	Number of Options		Weighted Average Exercised
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**
Expired, cancelled and forfeited	(77,000)	$	2.30
Outstanding and Exercisable at June 30, 2023	**770,000**	**$**	**0.93**

As at June 30, 2023, the Company has outstanding and exercisable share purchase options as followed:

Expiry Date	Number of Options Outstanding	Number of Options Exercisable		Exercise Price
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	307,500	$	0.65
	770,000	770,000		

The weighted average remaining contractual life of options outstanding at June 30, 2023 is 2.53 years (December 31, 2022– 2.77 years).

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

As of June 30, 2023, 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, 2021 and 2022	**3,931,866**	$	1.275
Expired March 7, 2023	(3,931,866)		1.275
Granted – agent warrants expiring May 20, 2025	626,410		0.28
Outstanding and Exercisable at June 30, 2023	**626,410**	$	0.28

The Company used the following weighted average Black-Scholes option pricing model assumptions to value the agent warrants:

	Period Ended June 30 2023	Year Ended December 31, 2022
Dividend yield	-	-
Expected volatility	79.18%	-
Risk-free rate of return	4.22%	-
Expected life of options	1 year	-
Forfeiture rate	-	-

Expected volatility is calculated based on the Company's historical share prices. During the year period ended June 30, 2023 the Company recorded finders fees of $166,400 based on the Black-Scholes valuation of 626,410 agent warrants.

(Expressed in Canadian dollars)

10. Share Capital (cont'd)

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

As at June 30, 2023, the Company had Nil (December 31, 2022 – 218,488) finder's special warrants convertible into Nil (December 31, 2022 – 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 during the period ended June 30, 2023.

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	June 30, 2023	December 31, 2022
Cash	1	$ 918,299	$ 395,742
Marketable securities	1	$ 630,518	$ 1,750,029

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.

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.

11. Financial Instruments (cont'd)

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 June 30, 2023.

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 items of $334,772 (December 31, 2022 – $3,209) denominated in US dollars. A ten percent change in the exchange rate would result in a $33,477 (December 31, 2022– $321) impact to the Company's net loss and comprehensive loss. The Company has Mexican peso cash and other working capital items of $86,567 (December 31, 2022 – $87,614). A ten percent change in the exchange rate would result in a $8,657 (December 31, 2022 – $8,761) 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.

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 June 30, 2023, there is no change in the management's approach of capital management from prior year.
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(Expressed in Canadian dollars)

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:

		Period ended June 30, 2023		Year ended December 31, 2022
Salaries, consulting and directors	$	213,168	$	459,690
Stock-based compensation		-		56,373
	$	213,168	$	516,063

During the period ended June 30, 2023, Nil stock options (Year ended December 31, 2022 – 1,300,000) were issued to officers and directors with an estimated fair value of $Nil (Year ended December 31, 2022 - $60,967) and recorded stock-based compensation of $Nil (Year ended December 31, 2022 - $56,373) 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 June 30, 2023, there was $191,990 (December 31, 2022 – $129,218) due to related parties for accrued directors' fees, deferred salary expenses and accounting fees, the majority of which were settled subsequently. These amounts are unsecured, do not bear interest and have no fixed terms of repayment.

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:

June 30, 2023	**USA**	**Mexico**	**Canada**	**Total**
As at June 30, 2023				
Exploration and evaluation assets	$ 3,974,864	$ 1,188,474	$ -	$ 5,163,338
For the period ended June 30, 2023				
Net loss	$ 830,524	$ 106,632	$ 738,320	$ 1,675,476
Revenue	$ 7,122	$ -	$ -	$ 7,122

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

(Expressed in Canadian dollars)

14. 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 condensed interim 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.

15. Supplemental Cash Flow Information

	Six months ended June 30, 2023	Year ended December 31, 2022
Taxes paid	$ -	$ -
Interest paid	$ 45,468	$ -
Non-cash investing and financing activities		
Exploration and evaluation assets in accounts payable	$ 373,970	$ 21,277

16. Subsequent Events

Subsequent to June 30, 2023, the Company:

i) purchased data, relating to the Nikolai project in Alaska, by paying $1,050,000 in cash and issuing 2,000,000 shares.

ii) closed a non-brokered private placement for 7,637,500 units at a price of $0.40 per unit. Each unit consists of one common share and one-half warrant. Each full warrant is exercisable at $0.80 until August 4, 2025. The Company paid cash finders' fees totaling $63,240 and issued 158,100 finders warrants. Each finder's warrant is exercisable at a price of $0.60 until August 4, 2025.

iii) closed a non-brokered private placement for 16,112,500 units at a price of $0.40 per unit. Each unit consists of one common share and one-half warrant. Each full warrant is exercisable at $0.80 until July 25, 2023. The Company paid cash finders' fees totaling $403,100 and issued 1,007,751 finders warrants. Each finder's warrant is exercisable at a price of $0.60 until July 25, 2025.

iv) issued 1,700,000 stock options to officers, directors and consultants at an exercise price of $0.52 through July 7, 2028.