# ALASKA ENERGY METALS CORPORATION

**Condensed Interim Consolidated Financial Statements**

For the Six Months Ended June 30, 2024 and 2023

(Expressed in Canadian dollars)

(Unaudited – Prepared by Management)

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

| | As at June 30, 2024 (Unaudited) | As at December 31, 2023 (Audited) |
|---|---|---|
| **ASSETS** | | |
| Current assets | | |
| Cash | $ 1,599,981 | $ 3,939,327 |
| Marketable securities – Note 5 | - | 439,844 |
| Amounts receivable | 102,121 | 84,924 |
| Prepaid expenses and deposit | 177,859 | 697,761 |
| Total current assets | 1,879,961 | 5,161,856 |
| Non-current assets | | |
| Right of use asset – Note 7 | 37,893 | 49,653 |
| Exploration advances | 176,749 | - |
| Exploration and evaluation assets – Note 6 | 19,330,624 | 17,367,617 |
| Total non-current assets | 19,545,266 | 17,417,270 |
| **TOTAL ASSETS** | **$ 21,425,227** | **$ 22,579,126** |
| **LIABILITIES AND SHAREHOLDERS' EQUITY** | | |
| Current liabilities | | |
| Accounts payable and accrued liabilities | $ 1,102,756 | $ 666,332 |
| Lease liability current portion – Note 7 | 24,955 | 26,070 |
| Due to related parties – Note 11 | 82,744 | 27,667 |
| Flow through liability – Note 9 | 213,255 | 250,000 |
| | 1,423,710 | 970,069 |
| Lease liability long term portion – Note 7 | 17,775 | 27,891 |
| **Total liabilities** | 1,441,485 | 997,960 |
| **Shareholders' equity** | | |
| Share capital – Note 9 | 71,098,987 | 70,210,161 |
| Subscriptions received in advance – Note 17 | 318,924 | - |
| Reserves | | |
| Share-based payments – Note 9 | 8,042,068 | 6,927,607 |
| Warrants – Note 9 | 2,715,536 | 2,642,355 |
| Accumulated other comprehensive income (loss) | 502,648 | 180,657 |
| Deficit | (62,694,421) | (58,379,614) |
| **Total shareholders' equity** | 19,983,742 | 21,581,166 |
| **TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY** | **$ 21,425,227** | **$ 22,579,126** |

Going concern – Note 2
Contingency – Note 15
Subsequent events – Note 17

*These financial statements were approved and authorized for issue by the Board of Directors on August 27, 2024.*

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

**ALASKA ENERGY METALS CORPORATION**
*(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, | | Six month period ended June 30, | |
|---|---|---|---|---|
| | 2024 | 2023 | 2024 | 2023 |
| **Revenue** | | | | |
| Overhead recovery fees | $ - | $ 1,933 | $ - | $ 5,788 |
| Exploration services revenue | - | - | - | 1,334 |
| | - | 1,933 | - | 7,122 |
| **General and administrative expense** | | | | |
| Accounting, audit and legal | 174,182 | 164,738 | 376,632 | 219,616 |
| Amortization of right of use asset – Note 7 | 6,754 | 6,566 | 13,374 | 13,177 |
| Consulting, directors and salaries – Note 11 | (35,940) | 156,918 | 231,913 | 325,865 |
| Foreign exchange loss (gain) | (3,310) | (10,541) | (6,189) | (10,541) |
| General exploration | 1,284 | 7,423 | 1,284 | 33,895 |
| Interest expense of lease liability – Note 7 | 1,549 | 2,273 | 3,274 | 4,737 |
| Office and miscellaneous expense – Note 8 | 95,725 | 180,500 | 296,572 | 290,594 |
| Promotion and investor relations | 745,877 | 197,010 | 2,209,132 | 240,869 |
| Stock-based compensation – Notes 9 and 11 | 114,694 | - | 1,114,461 | 11,219 |
| | 1,100,815 | 704,887 | 4,240,453 | 1,129,431 |
| **Loss before other items** | **(1,100,815)** | **(702,954)** | **(4,240,453)** | **(1,122,309)** |
| **Other items** | | | | |
| Loss on sale of subsidiary – Note 13 | (1,343) | - | (86,335) | - |
| Flow-through recovery – Note 3 | 36,745 | - | 36,745 | - |
| Gain (loss) on marketable securities– Note 5 | 44,867 | (692,653) | (87,692) | (553,167) |
| Other income | 632 | - | 62,928 | - |
| **Net loss** | **(1,019,914)** | **(1,395,607)** | **(4,314,807)** | **(1,675,476)** |
| **Other comprehensive income (loss)** | | | | |
| Item that may be reclassified to profit or loss: | | | | |
| Translation adjustment | 107,852 | (30,731) | 321,991 | 9,680 |
| **Comprehensive loss for the period** | **$ (912,062)** | **$ (1,426,338)** | **$ (3,992,816)** | **$ (1,665,796)** |
| **Basic and diluted loss per share** | **$ (0.01)** | **$ (0.07)** | **$ (0.05)** | **$ (0.10)** |
| **Weighted average number of shares outstanding – basic and diluted** | **88,184,377** | **18,930,254** | **87,352,809** | **17,282,846** |

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

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

| | Six month period ended June 30, 2024 | Six month period ended June 30, 2023 |
|---|---|---|
| Cash provided by (used in) | | |
| **Operating activities** | | |
| Net loss | $ (4,314,807) | $ (1,675,476) |
| Items not involving cash | | |
| Amortization of right of use asset | 13,374 | 13,177 |
| Interest expense of lease liability | 3,274 | 4,737 |
| Stock-based compensation | 1,114,461 | 11,219 |
| Loss on marketable securities | 87,692 | 553,167 |
| Flow-through recovery | (36,745) | - |
| Foreign exchange – non-cash | 23 | - |
| | (3,132,728) | (1,093,176) |
| Net change in non-cash working capital items: | | |
| Amounts receivable | (17,197) | 43,351 |
| Prepaid expenses and deposit | 519,902 | (234,547) |
| Project cost advance received | - | (26,447) |
| Accounts payable and accrued liabilities | 498,161 | 147,563 |
| Due to related parties | 55,077 | 62,772 |
| **Cash used in operating activities** | **(2,076,785)** | **(1,100,484)** |
| **Cash flows from investing activities** | | |
| Exploration advances | (176,749) | - |
| Proceeds from sale of marketable securities | 352,152 | 566,344 |
| Expenditures on exploration and evaluation assets, net of recoveries | (1,678,753) | (945,526) |
| **Cash used in investing activities** | **(1,503,350)** | **(379,182)** |
| **Cash flows from financing activities** | | |
| Private placement proceeds | - | 2,609,180 |
| Special warrant financing | 1,000,000 | - |
| Special warrant issuance costs | (64,872) | - |
| Share issuance costs | - | (91,404) |
| Loan proceeds received | - | 270,000 |
| Subscriptions received in advance | 318,924 | - |
| Loan proceeds repaid | - | (770,000) |
| Cash received for warrant exercise | 2,879 | - |
| Repayment of lease liability | (16,142) | (15,553) |
| **Cash provided by financing activities** | **1,240,789** | **2,002,223** |
| **Change in cash** | **(2,339,346)** | **522,557** |
| **Cash, beginning of the period** | **3,939,327** | **395,742** |
| **Cash, end of the period** | **$ 1,599,981** | **$ 918,299** |

Supplemental cash flow information – Note 16

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

**ALASKA ENERGY METALS CORPORATION**
*(An Exploration Stage Company)*
**Condensed Interim Consolidated Statements of Changes in Equity**
*(Expressed in Canadian dollars)*
*(Unaudited – Prepared by Management)*

| | Common Shares (Note 9) | | Reserves | | | | | | |
|---|---|---|---|---|---|---|---|---|---|
| | Shares | Amount | Special Warrants | Share-based Payment | Warrants | Accumulated Other Comprehensive Income (Loss) | Subscriptions received in advance | Deficit | Total Shareholders' Equity |
| **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 | - | (110,800) | - | - | 110,800 | - | - | - | - |
| 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 | 49,681,129 | - | 5,352,706 | 1,344,006 | (21,983) | - | (50,266,641) | 6,089,217 |
| Shares issued for private placements | 25,750,000 | 10,500,000 | - | - | - | - | - | - | 10,500,000 |
| Flow through premium | - | (250,000) | - | - | - | - | - | - | (250,000) |
| Share issue costs and finders fees - cash | - | (842,552) | - | - | - | - | - | - | (842,552) |
| Finders fees - agent warrants | - | (345,600) | - | - | 345,600 | - | - | - | - |
| Finders fees - agent shares | 586,597 | - | - | - | - | - | - | - | - |
| Shares issued - agent warrants exercised | 417,110 | 116,791 | - | - | - | - | - | - | 116,791 |
| Reallocate fair value of agent warrants exercised | - | 73,751 | - | - | (73,751) | - | - | - | - |
| Shares issued to purchase exploration data | 2,000,000 | 860,000 | - | - | - | - | - | - | 860,000 |
| Shares issued for mineral property | 1,000,000 | 420,000 | - | - | - | - | - | - | 420,000 |
| Stock-based compensation | - | - | - | 1,574,901 | - | - | - | - | 1,574,901 |
| Shares issued for 1413336 BC Ltd. acquisition | 31,827,720 | 9,996,642 | - | - | - | - | - | - | 9,996,642 |
| Warrants issued for 1413336 BC Ltd. acquisition | - | - | - | - | 1,026,500 | - | - | - | 1,026,500 |
| Cumulative translation adjustment | - | - | - | - | - | 202,640 | - | - | 202,640 |
| Loss for the period | - | - | - | - | - | - | - | (8,112,973) | (8,112,973) |
| **Balance, December 31, 2023** | 86,517,061 | 70,210,161 | - | 6,927,607 | 2,642,355 | 180,657 | - | (58,379,614) | 21,581,166 |
| Shares issued - agent warrants exercised | 10,283 | 2,879 | - | - | - | - | - | - | 2,879 |
| Reallocate fair value of agent warrants exercised | - | 1,819 | - | - | (1,819) | - | - | - | - |
| Special warrant financing | - | - | 1,000,000 | - | - | - | - | - | 1,000,000 |
| Special warrant issuance costs | - | - | (64,872) | - | - | - | - | - | (64,872) |
| Shares issued - special warrants exercised | 2,530,000 | 860,128 | (935,128) | - | 75,000 | - | - | - | - |
| Shares issued for mineral property | 150,000 | 24,000 | | - | - | - | - | - | 24,000 |
| Stock-based compensation | - | - | - | 1,114,461 | - | - | - | - | 1,114,461 |
| Subscriptions received in advance | - | - | - | - | - | - | 318,924 | - | 318,924 |
| Cumulative translation adjustment | - | - | - | - | - | 321,991 | - | - | 321,991 |
| Loss for the period | - | - | - | - | - | - | - | (4,314,807) | (4,314,807) |
| **Balance, June 30, 2024** | 89,207,344 | $ 71,098,987 | $ - | $ 8,042,068 | $ 2,715,536 | $ 502,648 | $ 318,924 | $ (62,694,421) | $ 19,983,742 |

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

## 1. Nature of Operations

Alaska Energy Metals Corporation ("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.

The Company's business focuses on 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 IFRS Accounting 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, 2023 prepared in accordance with IFRS. IAS 34 does not require disclosure of accounting policies used in interim statements.

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 condensed interim 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, 2024, the Company had not yet achieved profitable operations, and had an accumulated deficit of $62,694,421 (December 31, 2023 – $58,379,614). 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, and receipt of option payments.

### 2.1 Changes in Accounting Policies and Disclosures

The Company has adopted these accounting standards effective January 1, 2024. The adoption of the standards and amendments had no material impact on the condensed interim consolidated financial statements:

Amendments to IAS 1 – Classification of Liabilities as Current or Non-Current

The amendments to IAS 1 provide a more general approach to the classification of liabilities based on the contractual arrangements in place at the reporting date.

### 2.2 Upcoming Changes in Accounting Standards

IFRS 18 Presentation and Disclosure in Financial Statements

IFRS 18 introduces three sets of new requirements to give investors more transparent and comparable information about companies' financial performance for better investment decisions This new standard is effective for reporting periods beginning on or after January 1, 2027.

## 3. Material Accounting Policies

The material accounting policies set out below have been applied consistently to all years presented in these condensed interim 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 June 30, 2024. 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 June 30, 2024** | Percentage Ownership December 31, 2023 |
|---|---|---|---|
| Alaska Energy Metals Development Corp. | USA | **100%** | 100% |
| Alaska Energy Metals Holdings LLC | USA | **100%** | 100% |
| Millrock Mexico Holdings Corp | Canada | **100%** | 100% |
| 1413336 BC Ltd. | Canada | **100%** | 100% |
| MROCK | 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. The Company has consolidated 1413336 BC Ltd. ("141 BC") starting from the date of acquisition on November 7, 2023. The Company sold Recursos Millrock on December 29, 2023. All intercompany transactions and balances are eliminated on consolidation.

### 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 condensed interim consolidated financial statements are presented in Canadian dollars (the "presentation currency"). The Canadian dollar is the functional currency of the Alaska Energy Metals Corporation, 141 BC 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 the Company's Mexican subsidiaries.

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 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.

**3. Material Accounting Policies** (cont'd)

ii) **Transactions and Balances** (cont'd)

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.

The foreign exchange gains and losses from translating foreign operations are recognized in other comprehensive income or loss until the foreign subsidiary is disposed of, at which time, the cumulative amount is reclassified to profit or loss.

**Exploration and Evaluation Assets**

The Company is in the exploration stage with respect to its investment in exploration and evaluation assets and 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. Material Accounting Policies** (cont'd)

**Exploration and Evaluation Assets** (cont'd)

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.

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 Instruments**

Financial instruments are initially recognized at their fair value, and subsequently measured at fair value if classified at fair value through profit or loss, or measured using the effective interest method if classified as amortized cost.

The Company's financial assets at fair value through profit and loss include cash and marketable securities.

The Company's financial assets at amortized costs include amounts receivable.

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

**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. The Company has adopted the residual value method with respect to the measurement of shares and warrants issued as units. The residual value method first allocates value to the more easily measurable component based on fair value and then the residual value, if any, to the less easily measurable component. The fair value of the common shares issued in private placements is determined to be the more easily measurable component and are valued at their fair value, as determined by the closing trade price on the announcement date. The residual balance, if any, is allocated to attached warrants. Any fair value attributed to the warrants is recorded in share-based payment reserve.

**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.

**3. Material Accounting Policies** (cont'd)

**Current and Deferred Income Tax** (cont'd)

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 condensed interim 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 condensed interim 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.

**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.

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.

**3. Material Accounting Policies** (cont'd)

**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.

**Loss per Share**

The Company applies the "Treasury Stock Method" to calculate loss per common share. Under this method, the basic loss per share is calculated based on the weighted average aggregate number of common shares outstanding during each period. The diluted loss per share assumes that the outstanding stock options and share purchase warrants had been exercised at the beginning of the period and proceeds from dilutive instruments are assumed to be used to purchase common shares at the average market price during the period. The assumed conversion of outstanding common share warrants and options had an anti-dilutive impact for the periods presented.

**Flow-Through shares**

The Company may, from time to time, issue flow-through common shares to finance its exploration programs. Pursuant to the terms of the flow-through share agreements, these shares transfer the tax deductibility of qualifying resource expenditures to investors. Upon issuance, the Company bifurcates the flow-through share into: (i) share capital; and (ii) a flow-through share premium equal to the estimated premium, if any, investors pay for the flow-through feature, which is recognized as a liability.

Upon expenses being renounced, the Company derecognizes the liability and recognizes a deferred tax liability for the amount of tax reduction renounced to the investors. The premium is recognized as other income and the related deferred tax is recognized as a tax provision.

Proceeds received from the issuance of flow-through shares are restricted to be used only for Canadian resource property exploration expenditures within a two-year period. As at June 30, 2024, the Company has a remaining flow-through commitment of $853,019 (December 31, 2023 - $1,000,000). During the period ended June 30, 2024, the Company recorded a flow-through tax recovery of $36,745 (Year ended December 31, 2023 - $Nil).

The Company may also be subject to a Part XII.6 tax on flow-through proceeds renounced under the Look-back Rule in accordance with Government of Canada flow-through regulations. When applicable, this tax is accrued as a financial expense until paid.

## 4. Significant Accounting Judgements, Estimates and Assumptions

The preparation of condensed interim 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 condensed interim 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, 2024 | | | December 31, 2023 | | |
|---|---|---|---|---|---|---|
| | # of shares | Per share | Fair value | # of shares | Per share | Fair value |
| Felix Gold Limited -ASX: FXG | - | $ - | $ - | 9,957,157 | $ 0.044 | $ 439,844 |

During the period ended June 30, 2024, the Company sold its shares in Felix Gold Limited for $352,152 and incurred a loss on marketable securities of $87,692.

During the year ended December 31, 2023, the Company:

i) received 10,000,000 shares of Resolution Minerals Limited ('RML") (valued at $141,005) for interests in exploration properties (Note 6b)
ii) sold 33,100,000 shares of RML for proceeds of $88,736 resulting in a realized loss on marketable securities of $222,228.
iii) sold 9,623,417 shares of ArcWest Exploration Inc. for proceeds of $477,608 resulting in a realized loss on marketable securities of $3,562.
iv) incurred an unrealized loss of $659,056 on marketable securities.

## 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 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-Eureka Alaska | Nikolai-Canwell Alaska | Liberty Bell Alaska | Angliers-Belleterre Canada | Bambino Canada | Total Properties |
|---|---|---|---|---|---|---|
| Balance at December 31, 2023 | $ 7,299,135 | $ 1,686,238 | $ 110,917 | $ 8,271,327 | $ - | $ 17,367,617 |
| Acquisition costs: | | | | | | |
| Cash | - | - | - | - | 5,000 | 5,000 |
| Shares | - | - | - | - | 24,000 | 24,000 |
| | - | - | - | - | 29,000 | 29,000 |
| Exploration costs: | | | | | | |
| Drilling | 95,688 | - | - | - | - | 95,688 |
| Geochemistry | 81,514 | - | - | 14,118 | 132,863 | 228,495 |
| Geology | 385,343 | 57,860 | 7,759 | 8,147 | 14,993 | 474,102 |
| Other and miscellaneous costs | 446,930 | 101 | - | - | - | 447,031 |
| Staking and claim renewal | 2,713 | 8,006 | 978 | - | - | 11,697 |
| Support and equipment | 298,488 | 21,061 | 6,132 | 16,069 | 29,574 | 371,324 |
| | 1,310,676 | 87,028 | 14,869 | 38,334 | 177,430 | 1,628,337 |
| Foreign currency translation | 246,540 | 55,420 | 3,710 | - | - | 305,670 |
| Balance at June 30, 2024 | $ 8,856,351 | $ 1,828,686 | $ 129,496 | $ 8,309,661 | $ 206,430 | $ 19,330,624 |

**6. Exploration and Evaluation Assets** (cont'd)

| | Nikolai Alaska | Liberty Bell Alaska | 64 North Alaska | Chisna Alaska | Apex Alaska | Angliers-Belleterre Canada | 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 |
| Acquisition costs: | | | | | | | | | |
| Acquisition of 141 BC (Note 12) | - | - | - | - | - | 8,271,327 | - | - | 8,271,327 |
| Option payment - cash | 135,196 | - | - | - | - | - | - | - | 135,196 |
| Option payment – shares issued | 420,000 | - | - | - | - | - | - | - | 420,000 |
| | 555,196 | - | - | - | - | 8,271,327 | - | - | 8,826,523 |
| Exploration costs: | | | | | | | | | |
| Staking and claim renewal | 68,970 | 96,648 | 59,569 | 20,660 | 12,411 | - | 122,439 | 22,090 | 402,787 |
| Data | 1,675,058 | - | - | - | - | - | - | - | 1,675,058 |
| Drilling | 2,133,796 | - | - | - | - | - | - | - | 2,133,796 |
| Geochemistry | 404,201 | - | - | - | - | - | - | - | 404,201 |
| Geology | 1,030,312 | - | 4,731 | 321 | 184 | - | 79,714 | 36,565 | 1,151,827 |
| Geophysics | 281,563 | - | - | - | - | - | - | - | 281,563 |
| Other and miscellaneous costs | 42,008 | 10,610 | 12,807 | - | 1,414 | - | - | - | 66,839 |
| Support and equipment | 2,305,455 | 5,725 | 9,547 | 1,202 | 1,503 | - | 36,218 | 3,855 | 2,363,505 |
| | 7,491,363 | 112,983 | 86,654 | 22,183 | 15,512 | - | 238,371 | 62,510 | 8,479,576 |
| Less: | | | | | | | | | |
| Recoveries | 52,987 | - | 20,480 | - | - | - | - | - | 73,467 |
| Property payments received | - | - | - | - | - | - | 60,367 | - | 60,367 |
| Sale of subsidiary | - | - | - | - | - | - | 1,094,102 | 219,655 | 1,313,757 |
| Impairment / write-off | - | - | 1,051,269 | 694,524 | 265,230 | - | - | - | 2,011,023 |
| Option and advance royalty payments received | - | - | 283,365 | - | - | - | - | - | 283,365 |
| | 52,987 | - | 1,355,114 | 694,524 | 265,230 | - | 1,154,469 | 219,655 | 3,741,979 |
| Foreign currency translation | (170,969) | (2,066) | (3,308) | (2,491) | (925) | - | 106,029 | 21,807 | (51,923) |
| Balance at December 31, 2023 | $ 8,985,373 | $ 110,917 | $ - | $ - | $ - | $ 8,271,327 | $ - | $ - | $ 17,367,617 |

**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, subsequently amended, 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 (paid);
- Issue 1,000,000 shares by September 1, 2023 (issued with a fair value of $420,000);
- Incur US$250,000 in exploration expenditures by September 1, 2023 (incurred);
- 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.

**(b) 64 North Gold Project, (formerly Goodpaster Properties), Alaska**

During the year ended December 31, 2016, the Company acquired claims through option and purchase agreements. In the second quarter of 2019 Alaska Energy staked a tract of claims. Alaska Energy granted a royalty interest to EMX Royalty Corporation ("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 the year ended December 31, 2023, Resolution opted to discontinue sole funding the project and a 51% Resolution, 49% Alaska Energy mining joint venture was formed. If Resolution moves to sell, Alaska Energy has a Right of First Refusal to match any offer. During the year ended December 31, 2023, the Company impaired the property resulting in an impairment loss of $1,051,269 as the Company had no immediate plans for any significant exploration activities on the property.

**6. Exploration and Evaluation Assets** (cont'd)

**(c) Liberty Bell Property, Alaska**

The Liberty Bell project consists of claims owned by Alaska Energy, claims optioned from Boot Hill Gold Inc. ("Boot Hill Gold") and claims leased from James Roland ("Roland Lease").

**Boot Hill Option**. During the year ended December 31, 2018, Alaska Energy entered an option to purchase agreement with Boot Hill Gold. 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 James 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 Limited ("Felix Gold") for cash, share payments and royalty interests.

During the year ended December 31, 2023, Felix decided it did not want to proceed and offered the project back to Alaska Energy. The Company declined. Felix canceled the Roland Lease and advised Boot Hill Gold that the option was terminated. The Company subsequently purchased the Boot Hill claims for US$25,000. Claims originally owned by the Company were returned to Alaska Energy by Felix. The Company now owns the Liberty Bell project with the exception of the Roland Lease claims.

**(d) Chisna, Alaska**

During the period ended June 30, 2024 and year ended December 31, 2023, the Company had rights to claims in the Chisna District of Alaska known as Ravine, Grubstake, DragonSlayer and the POW prospect. During the year ended December 31, 2023, the Company impaired the claims resulting in an impairment loss of $694,524 as the Company had no immediate plans for any significant exploration activities on the property.

**(e) Fairbanks District, Alaska**

During the year ended December 31, 2021, the Company entered into an agreement whereby 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 Gold 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%.

Ester Dome

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.

During the year ended December 31, 2023, Felix decided it did not want to proceed and offered the project back to Alaska Energy. The Company declined as a result the Ester Agreement was terminated.

**6. Exploration and Evaluation Assets** (cont'd)

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

Treasure Creek

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 were assigned to Felix Gold. Felix Gold must offer the claims and the option back to Alaska Energy if Felix Gold decides to drop the project.

Grant Mine

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 Gold must offer the claims and the option back to Alaska Energy if Felix Gold decides to drop the project.

**Canadian Properties**

Angliers-Belleterre

During the year ended December 31, 2023, the Company acquired 100% of the Angliers-Belleterre project in western Quebec by way of the acquisition of 1413336 BC Ltd (Note 12). The project consists of 454 mineral claims, and is subject to a 2.5% NSR, where 1% can be repurchased by the Company for $1,500,000.

Bambino

During the period ended June 30, 2024, the Company entered into an option agreement to acquire a 100% interest in the Bambino Nickel – Copper Property located in the Temiscaming Region of Western Quebec. To earn the interest the Company must:

- pay $5,000 on May 21, 2024 (paid);
- issue 150,000 shares within five (5) business days from the date of final acceptance of this Agreement by the TSX Venture Exchange for filing (issued at a value of $24,000);
- pay $25,000 and issue 150,000 shares on or before May 21, 2025;
- complete aggregate exploration expenditures of $100,000 on or before May 21, 2025;
- pay $25,000 and issue 150,000 shares on or before May 21, 2025;
- complete aggregate exploration expenditures of $150,000 on or before May 21, 2025;
- pay $50,000 and issue 250,000 shares on or before May 21, 2026; and
- complete aggregate exploration expenditures of $250,000 on or before May 21, 2026.

Upon exercise of the option, the vendors will retain a 2% NSR. The Company will have the right at any time to buy back half of the royalty (i.e., 1.0%) for $1,000,000 cash.

## 6. Exploration and Evaluation Assets (cont'd)

**Mexico Properties**

On December 29, 2023, the Company disposed of 100% of its interest in Recursos Millrock, which included all of the Mexico Properties (Note 13).

**El Batamote, Mexico**

Prior to the sale of Recursos Millrock, the Company held a 100% interest in El Batamote which is comprised of three concessions subject to a 0.5% NSR. The Company had acquired the concessions by paying MX$115,000 in cash and issuing shares valued at $20,000.

## 7. 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, 2024 and year ended December 31, 2023 is as follows:

| | Period ended June 30, 2024 | Year ended December 31, 2023 |
|---|---|---|
| Beginning of period/year | $ 49,653 | $ 77,251 |
| Amortization of ROU asset | (13,374) | (26,388) |
| Foreign currency translation | 1,614 | (1,210) |
| End of period/year | $ 37,893 | $ 49,653 |

The continuity of lease liabilities for the period ended June 30, 2024 and year ended December 31, 2023 is as follows:

| | Period ended June 30, 2024 | Year ended December 31, 2023 |
|---|---|---|
| Lease liability recognized, beginning of period/year | $ 53,961 | $ 77,714 |
| Lease payments | (16,142) | (30,055) |
| Interest expense | 3,274 | 8,950 |
| Foreign exchange adjustment | 1,637 | (2,648) |
| Lease liability recognized, end of period/year | $ 42,730 | $ 53,961 |
| | | |
| Current lease liability | $ 24,955 | $ 26,070 |
| Non-current lease liability | 17,775 | 27,891 |
| Total | $ 42,730 | $ 53,961 |

## 8. 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 was recorded in office and miscellaneous expense. During the year ended December 31, 2023, the Company repaid the loan, including interest of $44,317.

Other loans

During the year ended December 31, 2023, the Company received loans from arms length parties for $270,000 (US$200,000) and repaid the amounts in full, including interest of $1,151.

## 9. 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, 2024, the Company:

i) issued 150,000 shares with a value of $24,000 for the Bambino option agreement.

ii) completed a non-brokered offering of 2,500,000 special warrants issued at the price of $0.40 per special warrant for gross proceeds of $1,000,000. Each special warrant will automatically convert (subsequently converted) into one unit of the Company on the earlier of: (i) the date that is three business days following the date on which the Company (a) obtains a receipt from the applicable securities regulatory authorities for a final short form prospectus qualifying distribution of the units underlying the special warrants or (b) files a prospectus supplement to a short form base shelf prospectus with the Securities Commissions qualifying distribution of the units underlying the special warrants, and (ii) the date that is four months and one day after the closing of the offering. Each unit consists of one common share and one-half of one common share purchase warrant. Each full warrant entitles the holder thereof to acquire one share at a price of $0.80 for a period of 24 months.

30,000 broker special warrants were issued as finder's fee. Each broker special warrant will automatically convert under the same terms as the special warrants, for no additional consideration, into one unit.

The 2,530,000 special warrants were converted into units during the period ended June 30, 2024. Upon conversion, the Company issued 2,530,000 common shares and 1,265,000 warrants. $75,000 was allocated to the warrants using the residual value method.

iii) issued 10,283 shares upon exercise of warrants for $2,879. The Company also reallocated $1,819 of reserves to share capital upon exercise.

During the year ended December 31, 2023, the Company:

i) completed the 100% purchase of an arm's-length corporation named 141 BC which included issuing 31,827,720 shares (Note 12).

ii) purchased data, relating to the Nikolai project in Alaska, by paying $1,050,000 in cash and issuing 2,000,000 shares valued at $860,000. The Company sold a portion of the exploration data for $236,075 (US$175,000.)

iii) issued 1,000,000 common shares with a fair value of $420,000 for the Canwell option agreement.

iv) completed non-brokered private placements by issuing 9,318,500 shares at a price of $0.28 per share for total proceeds of $2,609,180. The Company paid finders fees of $61,404, issued 407,110 finders shares (valued at $113,991) and granted 626,410 agent warrants (valued at $110,800, 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.

v) closed a non-brokered private placement for 7,637,500 units at a price of $0.40 per unit for total proceeds of $3,055,000. 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 (valued at $41,200, see below). Each finder's warrant is exercisable at a price of $0.60 until August 4, 2025.

vi) closed a non-brokered private placement for 16,112,500 units at a price of $0.40 per unit for total proceeds of $6,445,000. Each unit consists of one common share and one-half warrant. Each full warrant is exercisable at $0.80 until July 27, 2025. The Company paid cash finders' fees totaling $403,100 and issued 1,007,750 finders' warrants (valued at $264,500, see below). Each finder's warrant is exercisable at a price of $0.60 until July 27, 2025.

**9. Share Capital** (cont'd)

vii) closed a non-brokered flow-through private placement for 2,000,000 flow through shares at a price of $0.50 per share for total proceeds of $1,000,000. $250,000 has been allocated to a flow through liability based on the premium to market at the date of issuance. The Company issued 179,487 finders' shares (valued at $72,692) and issued 140,000 finders warrants (valued at $39,900, see below). Each finder's warrant is exercisable at a price of $0.39 until December 28, 2025.

**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 period ended June 30, 2024, the Company granted:

i) 3,175,000 stock options to its directors, officers, consultants and employees. Each stock option is exercisable at a price of $0.405 for a period of 5 years. 500,000 options vest at 25% every three months starting January 30, 2024. 2,675,000 options vested immediately.

ii) granted 275,000 stock options exercisable at $0.195 through April 19, 2029 to a consultant and an investor relations consultant. 75,000 options vest at 25% every three months starting July 19, 2024. 200,000 options vested immediately.

**9. Share Capital** (cont'd)

**Stock Options** (cont'd)

During the year ended December 31, 2023, the Company granted:

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

ii) 2,250,000 stock options to officers, directors and consultants at an exercise price of $0.46 through August 17, 2028. 200,000 options vest at 25% every three months starting November 17, 2023. 2,050,000 vested immediately.

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

| | **Period Ended June 30, 2024** | Year Ended December 31, 2023 |
|---|---|---|
| Dividend yield | NIL | NIL |
| Expected volatility | 125.20% | 130.28% |
| Risk-free rate of return | 3.43% | 3.88% |
| Expected life of options | 5 years | 5 years |
| Forfeiture rate | NIL | NIL |
| Fair value | $0.33 | $0.41 |

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, 2024 was $1,114,461 (Period ended June 30, 2023 – $11,219).

The following table summarizes the changes in share purchase options:

| | **Number of Options** | | **Weighted Average Exercised** |
|---|---|---|---|
| **Outstanding and Exercisable at December 31, 2022** | **847,000** | **$** | **1.05** |
| Granted | 3,950,000 | $ | 0.49 |
| Expired, cancelled and forfeited | (349,500) | $ | 1.03 |
| **Outstanding and Exercisable at December 31, 2023** | **4,447,500** | **$** | **0.55** |
| Granted | 3,450,000 | $ | 0.39 |
| **Outstanding and Exercisable at June 30, 2024** | **7,897,500** | **$** | **0.48** |

As at June 30, 2024, 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 | 130,500 | 130,500 | $ | 0.90 |
| February 28, 2025 | 148,000 | 148,000 | $ | 1.35 |
| November 23, 2025 | 124,000 | 124,000 | $ | 1.05 |
| February 24, 2027 | 245,000 | 245,000 | $ | 0.65 |
| July 7, 2028 | 1,600,000 | 1,600,000 | $ | 0.52 |
| August 17, 2028 | 2,200,000 | 2,150,000 | $ | 0.46 |
| January 30, 2029 | 3,175,000 | 2,800,000 | $ | 0.405 |
| April 19, 2029 | 275,000 | 200,000 | $ | 0.195 |
| | 7,897,500 | 7,397,500 | | |

The weighted average remaining contractual life of options outstanding at June 30, 2024 is 4.10 years (December 31, 2023– 4.21 years).

**9. Share Capital** (cont'd)

**Warrants**

The following table summarizes the changes in warrants:

| | Number of Warrants | Weighted Average Exercise Price |
|---|---|---|
| **Outstanding and Exercisable at December 31, 2022** | **3,931,866** | $ 1.275 |
| Expired | (3,931,866) | 1.275 |
| Granted – agent warrants expiring May 30, 2025 | 626,410 | 0.28 |
| Exercised – agent warrants expiring May 30, 2025 | (417,110) | 0.28 |
| Granted – agent warrants expiring July 27, 2025 | 1,007,750 | 0.60 |
| Granted –warrants expiring July 27, 2025 | 8,056,250 | 0.80 |
| Granted – agent warrants expiring August 4, 2025 | 158,100 | 0.60 |
| Granted –warrants expiring August 4, 2025 | 3,818,750 | 0.80 |
| Granted –warrants expiring August 23, 2025 | 192,100 | 0.80 |
| Granted –warrants expiring November 24, 2025 | 3,913,858 | 0.80 |
| Granted –warrants expiring December 28, 2025 | 140,000 | 0.39 |
| Outstanding and Exercisable at December 31, 2023 | 17,496,108 | 0.78 |
| Exercised – agent warrants expiring May 30, 2025 | (10,283) | 0.28 |
| Granted –warrants expiring May 3, 2026 | 1,265,000 | 0.80 |
| **Outstanding and Exercisable at June 30, 2024** | **18,750,825** | $ 0.78 |

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

| | **Period Ended June 30, 2024** | Year Ended December 31 2023 |
|---|---|---|
| Dividend yield | - | NIL |
| Expected volatility | - | 149.59% |
| Risk-free rate of return | - | 3.91% |
| Expected life of options | - | 1.53 year |
| Forfeiture rate | - | NIL |

Expected volatility is calculated based on the Company's historical share prices. During the period ended June 30, 2024 the Company recorded finders fees of $Nil (Year ended December 31, 2023 - $456,400) based on the Black-Scholes valuation of Nil (Year ended December 31, 2023 – 1,932,260) agent warrants.

The weighted average remaining contractual life of warrants outstanding at June 30, 2024 is 1.20 years (December 31, 2023 – 1.64 years).

## 10. 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, 2024 | December 31, 2023 |
|---|---|---|---|
| Cash | 1 | $ 1,559,981 | $ 3,939,327 |
| Marketable securities | 1 | $ - | $ 434,844 |

The fair values of other financial instruments including amounts receivable, accounts payable and accrued liabilities, lease liability and due to related parties 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.

### 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, lease liability current portion and due to related parties are expected to be settled within 12 months of June 30, 2024.

**10. Financial Instruments** (cont'd)

**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 $20,216 (December 31, 2023 – $532,274) denominated in US dollars. A ten percent change in the exchange rate would result in a $2,022 (December 31, 2023 – $53,227) 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.

The Company is not currently subject to any external restrictions. As at June 30, 2024, there is no change in the management's approach of capital management from prior year.

**11. 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, 2024 | | Period ended June 30, 2023 |
|---|---|---|---|---|
| Salaries, consulting and directors | $ | 241,939 | $ | 213,168 |
| Stock-based compensation | | 388,134 | | - |
| | $ | 630,073 | $ | 213,168 |

**11. Related Party Transactions and Balances** (cont'd)

During the period ended June 30, 2024, 1,125,000 stock options (Period ended June 30, 2023 – Nil) were issued to officers and directors with an estimated fair value of $388,134 (Period ended June 30, 2023 - $Nil) and recorded stock-based compensation of $388,134 (Period ended June 30, 2023 - $Nil) relating to the portion vested throughout the period.

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, 2024, there was $82,744 (December 31, 2023 – $27,667) 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.

**12. Acquisition of 1413336 BC Ltd.**

On November 24, 2023, the Company acquired 100% of the issued and outstanding securities of 141 BC, an arms' length company by issuing 31,827,720 shares ("Consideration Shares") and issuing 4,105,958 warrants exercisable at $0.80 for a period of 1.75-2 years.

24,000,001 of the Consideration Shares are subject to a three-year escrow hold period, with 10% of the escrowed securities being releasable at the time of the Final TSX-V Bulletin, and 15% of the escrowed securities being releasable every six months thereafter until released in full. 7,827,719 of the Consideration Shares are subject to a 60-day contractual hold period.

The transaction does not constitute a business combination, as 141 BC does not meet the definition of a business under IFRS 3 – Business Combinations. As a result, the acquisition of 141 BC has been accounted for as an asset acquisition, whereby all of the assets acquired, and liabilities assumed, are recorded at fair value. Upon closing of the transaction, 141 BC became a wholly-owned subsidiary of the Company. The net assets acquired pursuant to the acquisition are as follows:

The following table summarizes the fair value of consideration paid on the acquisition date and the allocation of the purchase price to the assets and liabilities acquired.

| Net assets acquired | | **November 24, 2023** |
|---|---|---|
| Cash | $ | 2,937,372 |
| Amounts receivable | | 2,668 |
| Exploration and evaluation assets (Note 6) | | 8,271,327 |
| Accounts payable | | (188,225) |
| | $ | 11,023,142 |
| Total Purchase Price | | |
| 31,827,720 shares | $ | 9,996,642* |
| 4,105,958 warrants | | 1,026,500** |
| | $ | 11,023,142 |

**12. Acquisition of 1413336 BC Ltd.** (cont'd)

* The fair value of 7,827,719 shares was determined based on the trading price of $0.42 on the issuance date, and the fair value of 24,000,001 shares was determined based on the trading price of $0.42 on the issuance date, adjusted for a discount of $3,371,000 to account for the timing of the share releases from escrow over the 36-month period. The discount was calculated using the Average Strike Price Option Pricing model with the following assumptions, a $0.42 trading price on the issuance date, a 1-3 year term, a 131%-152% volatility rate based on the Company's historical trading price and a 0% dividend rate.

**warrants were fair valued using the Black-Scholes Option Pricing model using a $0.42 trading price on the issuance date, an $0.80 exercise price, a 1.75-2 year term, a 143%-149% volatility rate based on the Company's historical trading price, a 0% dividend rate and a 4.17% discount rate.

**13. Sale of Recursos Millrock**

On December 29, 2023, the Company disposed of 100% of its interest in Recursos Millrock by way of assignment agreements resulting in a loss on sale of $1,448,607 during the year ended December 31, 2023.

| | | **December 29, 2023** |
|---|---|---|
| Proceeds received | $ | - |
| Cash | | 14,869 |
| Value added tax receivable | | 108,591 |
| Prepaids | | 34,198 |
| Exploration and evaluation assets (Note 6) | | 1,313,757 |
| Accounts payable | | (22,808) |
| Net assets sold | | 1,448,607 |
| Translation adjustment reclassified to profit or loss upon sale of Recursos Millrock | | 395,914 |
| Loss on sale of Recursos Millrock | $ | 1,844,521 |

During the period ended June 30, 2024, the Company incurred certain additional administrative expenditures on behalf of Recursos Millrock in the amount of $86,335.

**14. 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, 2024** | **USA** | **Canada** | **Total** |
|---|---|---|---|
| **As at June 30, 2024** | | | |
| **Exploration and evaluation assets** | $10,814,533 | $ 8,516,091 | $19,330,624 |
| **For the period ended June 30, 2024** | | | |
| Net loss | $ 150,047 | $ 4,164,760 | $ 4,314,807 |

## 14. Segmented Information (cont'd)

| December 31, 2023 | USA | Mexico | Canada | Total |
|---|---|---|---|---|
| **As at December 31, 2023** | | | | |
| **Exploration and evaluation assets** | $ 9,096,290 | $ - | $ 8,271,327 | $17,367,617 |
| **For the period ended June 30, 2023** | | | | |
| Net loss | $ 830,524 | $ 106,632 | $ 738,320 | $ 1,675,476 |
| Revenue | $ 7,122 | $ - | $ - | $ 7,122 |

## 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 on a legacy project, not related to Nikolai, purportedly held by the Complainant. The hearing date for this case was recently re-set to the week of February 18, 2025.

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.

## 16. Supplemental Cash Flow Information

| | Period ended June 30, 2024 | Period ended June 30, 2023 |
|---|---|---|
| Taxes paid | $ - | $ - |
| Interest paid | $ - | $ 45,468 |
| **Non-cash investing and financing activities** | | |
| Shares issued for exploration and evaluation assets | $ 24,000 | $ - |
| Exploration and evaluation assets in accounts payable | $ 390,293 | $ 373,970 |
| Fair value of agent warrants exercised | $ 1,819 | $ - |

## 17. Subsequent Events

Subsequent to June 30, 2024, the Company:

i) completed a non-brokered offering of 22,255,429 special warrants issued at the price of $0.15 per special warrant for gross proceeds of $3,338,314, of which $318,924 was received during the period ended June 30, 2024. Each special warrant will automatically convert (subsequently converted) into one unit of the Company on the earlier of: (i) the date that is three business days following the date on which the Company (a) obtains a receipt from the applicable securities regulatory authorities for a final short form prospectus qualifying distribution of the units underlying the special warrants or (b) files a prospectus supplement to a short form base shelf prospectus with the Securities Commissions qualifying distribution of the units underlying the special warrants, and (ii) the date that is four months and one day after the closing of the offering. Each unit consists of one common share and one- common share purchase warrant. Each warrant entitles the holder thereof to acquire one share at a price of $0.20 for a period of 24 months.

   The Company paid finder's fees of $181,261 and issued 1,208,409 agent warrants exercisable at $0.20 for three years.

   Subsequently, the special warrants converted into units and 5,900,764 of the resulting warrants were exercised.

ii) completed a non-brokered private placement of 2,275,000 units at a price of $0.15 per unit for gross proceeds of $341,250. Each unit consists of a common share and a warrant convertible at $0.20 for a period of three years. The Company paid finder's fees of $23,887 and issued 159,250 agent warrants exercisable at $0.20 for three years.