HIGHGOLD MINING INC.

CONSOLIDATED FINANCIAL STATEMENTS

AS AT DECEMBER 31, 2023
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022

DeVISSER GRAY LLP
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Independent Auditor's Report

To the Shareholders of HighGold Mining Inc.

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the consolidated financial statements of HighGold Mining Inc. (the "Company"), which comprise the consolidated statements of financial position as at December 31, 2023 and 2022, and the consolidated statements of loss and comprehensive loss, changes in shareholders' equity and cash flows for the years then ended, and notes to the consolidated financial statements, including a summary of material accounting policy information.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects the financial position of the Company as at December 31, 2023 and 2022, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards (IFRS).

Basis for Opinion

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

Key Audit Matters

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

We have determined that there is the following key audit matter to communicate in our auditor's report:

Key audit matter:	How our audit addressed the key audit matter:
Assessment of impairment indicators of Exploration and evaluation assets.	Our approach to addressing the matter included the following procedures, among others:
Refer to note 2(d) – Judgments and estimates; note 3(f) – Accounting policy: Exploration and evaluation properties; note 3(h) – Accounting policy: impairment of non-current assets; and note 6 Exploration and evaluation assets Management assesses at each reporting period whether there is an indication that the carrying value of exploration and evaluation assets may not be recoverable. Management applies significant judgement in assessing whether indicators of impairment exist that necessitate impairment testing. Internal and external factors, such as (i) a significant decline in the market value of the Company's share price; (ii) changes in the Company's assessment of whether commercially viable quantities of mineral resources exist within the properties; and (iii) changes in metal prices, capital and operating costs, are evaluated by management in determining whether there are any indicators of	Evaluated the reasonableness of management's assessment of impairment indicators, which included the following: • Assessed the Company's market capitalization in comparison to the Company's net assets, which may be an indication of impairment. • Assessed the completeness of the factors that could be considered indicators of impairment, including consideration of evidence obtained in other areas of the audit. • Confirmed that the Company's right to explore the properties had not expired. • Obtained management's written representations regarding the Company's future plans for the exploration and evaluation assets.

impairment. We considered this a key audit matter due to (i) the significance of the exploration and evaluation asset balance and (ii) the significant audit effort and subjectivity in applying audit procedures to assess the factors evaluated by management in its assessment of impairment indicators, which required significant management judgement.	• Assessed the reasonability of the Company's financial statement disclosure regarding their exploration and evaluation assets.

Other Information

Management is responsible for the other information. The other information comprises the information included in "Management's Discussion and Analysis", but does not include the consolidated financial statements and our auditor's report thereon.

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

In connection with our audits of the consolidated financial statements, our responsibility is to read the other information, and in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audits or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

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

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

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

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

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

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

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

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure, and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the Group as a basis for forming an opinion on the group financial statements. We are responsible for the direction, supervision and review of the audit work performed for purposes of the group audit. We remain solely responsible for our audit opinion.

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

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

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

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

De Visser Gray LLP

CHARTERED PROFESSIONAL ACCOUNTANTS

Vancouver, BC, Canada
April 25, 2024

HIGHGOLD

HIGHGOLD MINING INC.

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
AS AT DECEMBER 31, 2023 AND 2022

(Expressed in Canadian dollars)

	December 31, 2023	December 31, 2022
<u>ASSETS</u>		
Current Assets		
Cash and cash equivalents	**$ 3,908,915**	$ 7,637,197
Amounts receivable (Note 9)	**194,335**	57,751
Prepaid expenses and deposits	**428,546**	440,572
Marketable securities (Note 4)	**1,258,250**	447,000
	5,790,046	8,582,520
Equipment and right-of-use asset (Note 5)	**304,371**	315,744
Exploration and evaluation assets (Note 6)	**48,379,110**	52,649,435
	$ 54,473,527	$ 61,547,699
<u>LIABILITIES AND SHAREHOLDERS' EQUITY</u>		
Current Liabilities		
Accounts payable and accrued liabilities (Note 9)	**$ 184,340**	$ 234,466
Lease liability (Note 7)	**65,990**	63,766
	250,330	298,232
Lease liability (Note 7)	**5,863**	66,650
	256,193	364,882
<u>SHAREHOLDERS' EQUITY</u>		
Share capital (Note 8)	**59,168,188**	63,403,104
Contributed surplus (Note 8)	**3,664,684**	3,368,859
Deficit	**(8,615,538)**	(5,589,146)
	54,217,334	61,182,817
	$ 54,473,527	$ 61,547,699

Event subsequent to the end of the year (Note 15)

Approved on behalf of the Board of Directors of HighGold Mining Inc. on April 25, 2024

'Michael Cinnamond' — Director

'Darwin Green' — Director

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

HIGHGOLD MINING INC.

CONSOLIDATED STATEMENTS OF LOSS AND COMPREHENSIVE LOSS
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022

(Expressed in Canadian dollars)

	Year ended December 31, 2023	Year ended December 31, 2022
EXPENSES		
Advertising and promotion	$ 333,103	$ 318,321
Consulting fees (Note 9)	189,912	47,333
Depreciation (Note 5)	61,773	25,471
Filing and transfer agent	94,181	89,542
Foreign exchange gain	(19,983)	(197,651)
Insurance	101,708	106,106
Interest (Note 7)	11,795	6,904
Office and miscellaneous	115,523	150,830
Professional fees	255,522	193,984
Rent	91,642	68,785
Salaries, wages and benefits (Note 9)	611,598	483,805
Share-based compensation (Notes 8 and 9)	137,129	488,926
Travel	170,639	65,580
Net loss before other items	**(2,154,542)**	**(1,847,936)**
OTHER ITEMS		
Interest income	285,781	164,102
Other income	49,500	-
Gain (loss) on marketable securities (Note 4)	(1,207,131)	127,474
Gain on sale of exploration and evaluation assets (Note 6)	-	55,371
Net loss and comprehensive loss	**$ (3,026,392)**	**$ (1,500,989)**
Basic and diluted loss per share	**$ (0.04)**	**$ (0.02)**
Weighted average number of common shares outstanding Basic and diluted	**83,743,849**	**73,207,059**

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

HIGHGOLD MINING INC.

CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022

(Expressed in Canadian dollars)

	Share Capital				
	Number of shares	Amount	Contributed surplus	Deficit	Total
As at December 31, 2021	**73,020,210**	**$ 63,139,804**	**$ 2,311,974**	**$ (4,088,157)**	**$ 61,363,621**
Shares issued for exploration and evaluation assets	350,000	263,300	-	-	263,300
Share-based compensation	-	-	1,056,885	-	1,056,885
Net loss for the year	-	-	-	(1,500,989)	(1,500,989)
As at December 31, 2022	**73,370,210**	**$ 63,403,104**	**$ 3,368,859**	**$ (5,589,146)**	**$ 61,182,817**
Private placement	14,029,243	9,259,300	-	-	9,259,300
Exercise of share purchase warrants	281,375	126,619	-	-	126,619
Share issue costs	-	(277,705)	-	-	(277,705)
Shares issued for exploration and evaluation assets	80,000	36,800	-	-	36,800
Disposition of assets upon spin-out (Note 13)	-	(13,379,930)	-	-	(13,379,930)
Share-based compensation	-	-	295,825	-	295,825
Net loss for the year	-	-	-	(3,026,392)	(3,026,392)
As at December 31, 2023	**87,760,828**	**$ 59,168,188**	**$ 3,664,684**	**$ (8,615,538)**	**$ 54,217,334**

HIGHGOLD

HIGHGOLD MINING INC.

CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022

(Expressed in Canadian dollars)

		December 31, 2023		December 31, 2022
OPERATING ACTIVITIES				
Net loss	$	(3,026,392)	$	(1,500,989)
Adjustments for non-cash items:				
Accretion and depreciation		73,568		32,375
Share-based compensation		137,129		488,926
(Gain) loss on marketable securities		1,207,131		(127,474)
Gain on sale of exploration and evaluation assets		-		(55,371)
Change in non-cash working capital:				
Amounts receivable		(136,702)		150,166
Prepaid expenses and deposits		10,826		(17,723)
Accounts payable and accrued liabilities		(43,230)		62,157
Cash used in operating activities		**(1,777,670)**		**(967,933)**
INVESTING ACTIVITIES				
Proceeds from sale of marketable securities		481,619		302,874
Proceeds from sale of Yukon mining claims		-		25,000
Purchase of equipment		(97,151)		(107,266)
Disposition of cash upon spin-out		(50,618)		-
Exploration and evaluation costs		(11,359,118)		(14,391,014)
Recovery of exploration and evaluation acquisition costs		36,800		-
Cash used in investing activities		**(10,988,468)**		**(14,170,406)**
FINANCING ACTIVITIES				
Proceeds from private placements		9,259,300		-
Proceeds from exercise of share purchase warrants		126,619		-
Share issue costs		(277,705)		-
Payments on lease liability		(70,358)		(29,315)
Cash provided by (used in) financing activities		**9,037,856**		**(29,315)**
Decrease in cash and cash equivalents		**(3,728,282)**		**(15,167,654)**
Cash and cash equivalents, beginning of year		**7,637,197**		**22,804,851**
Cash and cash equivalents, end of year	**$**	**3,908,915**	**$**	**7,637,197**
Supplemental information with respect to cash flows:				
Exploration and evaluation expenses included in accounts payable	$	87,772	$	80,014
Depreciation capitalized to exploration and evaluation assets	$	46,751	$	33,688
Common shares issued for exploration and evaluation assets	$	-	$	263,300
Common shares of Snowline Gold Corp. received from sale of Yukon mining claims	$	-	$	275,000
Share-based compensation capitalized to exploration and evaluation assets	$	158,696	$	567,959

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

1. CORPORATE INFORMATION

HighGold Mining Inc. (the "Company") is registered under the British Columbia Business Corporations Act and trades on the TSX Venture Exchange (TSXV: HIGH). The Company also trades under the symbol HGGOF on the US Over-the-Counter market. The Company is in the business of acquiring, exploring and developing mineral properties in Alaska, USA, and elsewhere.

The address of the Company's corporate office and its principal place of business is 405 – 375 Water Street, Vancouver, BC, V6B 5C6.

The Company's ability to fund ongoing operations and exploration is affected by the availability of financing. Due to market uncertainty the Company may be restricted in its ability to raise additional funding.

The impact of these factors on the Company over the past year was not materially significant, however, they may have a material impact on the Company's financial position, results of operations and cash flows in future periods. ln particular, there may be heightened risk of going concern uncertainty.

As the Company does not have production activities, its capacity to fund ongoing exploration is affected by the availability of equity financing on terms which are acceptable to it. The ability of the Company to realize the carrying values of its deferred property costs will also depend on its ability to develop an economically feasible project or projects and to ultimately achieve commercial production on that basis, or to profitably dispose of such interests to other parties.

The mineral exploration sector in general involves significant levels of inherent business risk and is subject to multiple variables which are not controllable by the Company, such as commodity prices and matters related to land access and use. The impact of these factors on the Company is not yet determinable; however, they may have a material impact on the Company's financial position, results of operations and cash flows in future periods. In particular, there may be heightened risk of mineral property impairment and going concern uncertainty.

2. BASIS OF PREPARATION

a) Statement of compliance

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

b) Basis of consolidation

These consolidated financial statements include the accounts of the Company and its wholly-owned subsidiary, JT Mining, Inc. ("JT Mining"). The Company's previously wholly-owned subsidiary, Epica Gold Inc. ("Epica"), ceased to be a wholly-owned subsidiary upon completion of the Plan of Arrangement with Onyx Gold Corp. ("Onyx Gold") effective on June 6, 2023 (Note 13). Inter-company balances and transactions are eliminated on consolidation.

c) Basis of measurement

These consolidated financial statements have been prepared on a historical cost basis except for financial instruments classified as financial instruments at fair value through profit or loss, which are stated at their fair value. In addition, these consolidated financial statements have been prepared using the accrual basis of accounting except for cash flow information.

These consolidated financial statements are presented in Canadian dollars, which is also the Company's functional currency. The functional currency of JT Mining is also the Canadian dollar.

d) Judgments and estimates

The preparation of these consolidated financial statements requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, revenues and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances and which form the basis of making judgments about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an on-going basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised, if the revision affects only that period, or in the period of the revision and further periods if the revision affects both current and future periods.

- Significant areas requiring the use of estimates relate to the determination of impairment of exploration and evaluation properties, determination of the inputs to the Black Scholes option pricing model, the determination of the incremental borrowing rate used in the measurement of the lease liability, and any required provisions for closure and reclamation.

- Significant judgment was required to determine that the deferred carrying costs applicable to the Company's gold property assets formed a reasonable and fair basis for the proceeds received on their disposition. Refer to Note 13.

- Judgment was also involved in the determination that the Company and its wholly-owned subsidiary shared a common functional currency.

e) Accounting Standards Adopted, or Issued but not yet Effective

The Company adopted no material new accounting standards during the current fiscal year, and is unaware of any applicable, but not-yet-adopted standards that are expected to materially affect the financial statements of future periods.

3. SUMMARY OF MATERIAL ACCOUNTING POLICY INFORMATION

a) Cash and cash equivalents

The Company considers deposits with banks or highly liquid short-term interest-bearing securities that are readily convertible to known amounts of cash and those that have maturities of three months or less when acquired to be cash equivalents. As at December 31, 2023, the Company had $3,700,000 (2022- $6,750,000) in cash equivalents.

b) Foreign currency translation

The functional and reporting currency of the Company and its subsidiaries is the Canadian dollar. Transactions in currencies other than the functional currency are recorded at the rate of exchange prevailing on the dates of transactions. Monetary assets and liabilities that are denominated in foreign currencies are translated at the rates prevailing at each reporting date. Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are retranslated to the functional currency at the exchange rate at the date the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated. Foreign currency translation differences are recognized in profit or loss.

c) Financial Instruments

The classification of a financial asset or liability is determined at the time of initial recognition. The Company does not enter into derivative contracts.

i) Financial assets

A financial asset is recognized when the Company has the contractual right to collect future cash flows. Financial assets are derecognized when the contractual rights to the cash flows from the financial asset expire, or when the financial asset and substantially all the risks and rewards are transferred. Financial assets are recognized at fair value through profit or loss ("FVTPL"), fair value through other comprehensive income ("FVOCI") or amortized cost.

Cash and cash equivalents are recognized at their fair value and carried at amortized cost.

Receivables, excluding GST, are initially recognized at their fair value, less transaction costs and subsequently carried at amortized cost using the effective interest method less impairment losses.

Interest income is recognized by applying the effective interest rate except for short-term receivables when the recognition of interest would be immaterial.

<u>Effective interest method</u>

The effective interest method calculates the amortized cost of a financial asset and allocates interest income over the corresponding period. The effective interest rate is the rate that discounts estimated future cash receipts over the expected life of the financial asset, or, where appropriate, a shorter period, to the net carrying amount on initial recognition. Income is recognized on an effective interest basis for debt instruments other than those financial assets classified as FVTPL.

Impairment of financial assets

IFRS 9 replaces the incurred loss model from IAS 39 with an expected loss model ("ECL"). The new impairment model applies to financial assets measured at amortized cost, contract assets and debt investments measured at FVOCI. Under IFRS 9, credit losses will be recognized earlier than under IAS 39. The ECL model applies to the Company's trade receivables.

Recognition of credit losses is no longer dependent on the Company first identifying a credit loss event. Instead, the Company considers a broader range of information when assessing credit risk and measuring expected credit losses, including past events, current conditions and forecasts that affect the expected collectability of future cash flows of the instrument.

In applying this forward-looking approach, the Company separates instruments into the following categories:

1. financial instruments that have not deteriorated significantly since initial recognition or that have low credit risk.
2. financial instruments that have deteriorated significantly since initial recognition and whose credit loss is not low.
3. financial instruments that have objective evidence of impairment at the reporting date.

12-month expected credit losses are recognized for the first category while 'lifetime expected credit losses' are recognized for the second category.

Trade and other receivables

The Company makes use of a simplified approach in accounting for trade receivables and records the loss allowance as lifetime expected credit losses. These are the expected shortfalls in contractual cash flows, considering the potential for default at any point during the life of the financial instrument. To calculate, the Company uses historical experience, external indicators and forward-looking information to calculate the expected credit losses using a provision matrix.

The Company assesses impairment of trade receivables on a collective basis when they possess shared credit risk characteristics and days past due.

For financial assets carried at amortized cost, the amount of the impairment is the difference between the asset's carrying amount and the present value of the estimated future cash flows, discounted at the financial asset's original effective interest rate.

Financial assets, other than those at FVTPL and amortized cost, are assessed for indicators of impairment at each reporting period. Financial assets are impaired when there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been impacted.

<u>De-recognition of financial assets</u>

A financial asset is derecognized when the contractual right to the asset's cash flows expire or the Company transfers the financial asset and substantially all risks and rewards of ownership to another entity.

ii) Financial liabilities

The Company classifies its financial liabilities in the following category:

Amortized cost

A financial liability is recognized when the Company has the contractual obligation to pay future cash flows. Financial liabilities such as accounts payable and accrued liabilities are recognized at amortized cost using the effective interest rate method.

d) Income taxes

Tax expense recognized in profit or loss comprises the sum of deferred tax and current tax not recognized in other comprehensive income or directly in equity.

i) Current income tax

Current income tax assets and/or liabilities comprise those claims from, or obligations to, fiscal authorities relating to the current or prior reporting periods that are unpaid at the reporting date. Current tax is payable on taxable profit, which differs from profit or loss in the consolidated financial statements. Calculation of current tax is based on tax rates and tax laws that have been enacted or substantively enacted by the end of the reporting period.

ii) Deferred income tax

Deferred income taxes are calculated using the liability method on temporary differences between the carrying amounts of assets and liabilities and their tax bases. Deferred tax assets and liabilities are calculated, without discounting, at tax rates that are expected to apply to their respective period of realization, provided they are enacted or substantively enacted by the end of the reporting period. Deferred tax liabilities are always provided for in full.

Deferred tax assets are recognized to the extent that it is probable that they will be able to be utilized against future taxable income. Deferred tax assets and liabilities are offset only when the Company has a right and intention to offset current tax assets and liabilities from the same taxation authority.

Changes in deferred tax assets or liabilities are recognized as a component of tax income or expense in profit or loss, except where they relate to items that are recognized in other comprehensive income or directly in equity, in which case the related deferred tax is also recognized in other comprehensive income or equity, respectively.

e) Related parties

Parties are considered to be related if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions. Parties are also considered to be related if they are subject to common control. Related parties may be individuals or corporate entities.

A transaction is considered to be a related party transaction when there is a transfer of resources or obligations between related parties.

f) Exploration and evaluation properties

Costs directly related to the exploration and evaluation of resource properties are capitalized once the legal rights to explore the resource properties are acquired or obtained. When the technical and commercial viability of a mineral resource have been demonstrated and a development decision has been made, the capitalized costs of the related property are transferred to mining assets and depreciated using the units of production method on commencement of commercial production.

If it is determined that capitalized acquisition, exploration and evaluation costs are not recoverable, or the property is abandoned or management has determined an impairment in value, the property is written down to its recoverable amount. Resource properties are reviewed for impairment at each reporting date.

From time to time, the Company acquires or disposes of properties pursuant to the terms of option agreements. Options are exercisable entirely at the discretion of the optionee and, accordingly, are recorded as mineral property costs or recoveries when the payments are made or received. After costs are recovered, the balance of the payments received are recorded as a gain on option or disposition of mineral property.

Although the Company has taken steps to verify title to the properties on which it is conducting exploration and in which it has an interest, in accordance with industry standards for the current stage of exploration of such properties, these procedures do not guarantee the Company’s title. Property title may be subject to unregistered prior agreements and non-compliance with regulatory requirements.

g) Equipment

Equipment is stated at historical cost less accumulated depreciation and accumulated impairment losses.

Subsequent costs are included in the asset’s carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the statement of loss and comprehensive loss during the financial period in which they are incurred.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognized in profit or loss.

Depreciation on assets directly used for exploration and evaluation is capitalized to exploration and evaluation assets. All other depreciation is charged to earnings. Assets under construction are not depreciated until available for their intended use.

Depreciation is charged over the estimated useful lives using the declining balance method of 20% per annum for equipment, except in the year of acquisition when one-half of the rate is used.

h) Impairment of non-current assets

The Company's tangible and intangible assets are reviewed for an indication of impairment at the end of each reporting period. If an indication of impairment exists, the Company makes an estimate of the asset's recoverable amount. Individual assets are grouped for impairment assessment purposes at the lowest level at which there are identifiable cash flows that are largely independent of the cash flows of other groups of assets. The recoverable amount of an asset group is the higher of its fair value less costs to sell and its value in use. Where the carrying amount of an asset group exceeds its recoverable amount, the asset group is considered impaired and is written down to its recoverable amount. Impairment losses are recognized in profit or loss to the extent the carrying amount exceeds the recoverable amount. In assessing value in use, the estimated future cash flows are adjusted for the risks specific to the asset group and are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money.

An assessment is made at each reporting date as to whether there is any indication that previously recognized impairment losses may no longer exist or may have decreased. If such indication exists, the recoverable amount is estimated. A previously recognized impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation, if no impairment loss had been recognized.

i) Provision for closure and reclamation

The Company recognizes liabilities for legal or constructive obligations associated with the retirement of resource properties and equipment. The net present value of future rehabilitation costs is capitalized to the related asset along with a corresponding increase in the rehabilitation provision in the period incurred.

Discount rates using a pre-tax rate that reflect the time value of money are used to calculate the net present value.

The Company's estimates of reclamation costs could change as a result of changes in regulatory requirements, discount rates and assumptions regarding the amount and timing of the future expenditures. These changes are recorded directly to the related assets with a corresponding entry to the rehabilitation provision. The increase in the provision due to the passage of time is recognized as interest expense.

j) Loss per share

Loss per share is calculated using the weighted average number of common shares issued and outstanding during the reporting period. Diluted loss per share is the same as basic loss per share, as the issuance of shares on the exercise of stock options and share purchase warrants is anti-dilutive.

k) Share-based compensation

The fair value method of accounting is used for share-based payment transactions. Under this method, the cost of stock options and other share-based payments is recorded based on the estimated fair value using the Black-Scholes option-pricing model at the grant date and charged to profit over the vesting period. The amount recognized as an expense is adjusted to reflect the number of equity instruments expected to vest.

Upon the exercise of stock options and other share-based payments, consideration received on the exercise of these equity instruments is recorded as share capital and the related share-based payment reserve is transferred to share capital.

Charges for options that are forfeited before vesting are reversed from contributed surplus.

l) Share capital

The Company records proceeds from share issuances, net of issue costs. Common shares issued for consideration other than cash are valued based on their market value at the date the agreement to issue shares was concluded.

m) Flow-through shares

The Company may, from time to time, issue flow-through common shares to finance its Canadian exploration program. Pursuant to the terms of the flow-through share agreements, these shares transfer the tax deductibility of qualifying resource expenditures to investors. On issuance, the Company bifurcates the flow-through share using the residual value method 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 shareholders. 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. The Company indemnifies the subscribers of flow-through shares against certain tax related amounts that become due related to their flow-through subscriptions.

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 liability until paid.

n) Valuation of equity units in private placements

Proceeds received on the issuance of units, consisting of common shares and warrants, are allocated first to common shares based on the market trading price of the common shares at the time the units are priced, and any excess is allocated to warrants.

o) Leases

At inception of a contract, the Company assesses whether the contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

Leases of right-of-use assets are recognized at the lease commencement date at the present value of the lease payments that are not paid at that date. The lease payments are discounted using the interest rate implicit in the lease, if that rate can be readily determined, and otherwise at the Company's incremental borrowing rate. At the commencement date, a right-of-use asset is measured at cost, which is comprised of the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any decommissioning and restoration costs, less any lease incentives received.

Each lease payment is allocated between repayment of the lease principal and interest. Interest on the lease liability in each period during the lease term is allocated to produce a constant periodic rate of interest on the remaining balance of the lease liability. Except where the costs are included in the carrying amount of another asset, the Company recognizes in profit or loss (a) the interest on a lease liability and (b) variable lease payments not included in the measurement of a lease liability in the period in which the event or condition that triggers those payments occurs. The Company subsequently measures a right-of-use asset at cost less any accumulated depreciation and any accumulated impairment losses; and adjusted for any remeasurement of the lease liability. Right-of-use assets are depreciated over the shorter of the asset's useful life and the lease term, except where the lease contains a bargain purchase option a right-of-use asset is depreciated over the asset's useful life.

The Company has elected to exclude non-lease components related to premises leases in the determination of the lease liability. The Company has elected not to recognize right-of-use assets and lease liabilities for short-term leases that have a lease term of twelve-months or less and leases of low-value assets. The lease payments associated with these leases are charged directly to income on a straight-line basis over the lease term.

(Expressed in Canadian dollars)

4. MARKETABLE SECURITIES

During the year ended December 31, 2023, the Company sold 100,000 (2022 – 120,000) shares of Fireweed Zinc Ltd. for proceeds of $139,940 (2022 - $95,270) resulting in a gain of $48,627 (2022 – loss of $14,305). As at December 31, 2023, the fair value of the 50,000 (2022 – 150,000) shares was $59,500 (2022 - $153,000) resulting in an unrealized gain of $8,500 (2022 – $60,000) for the year ended December 31, 2023.

During the year ended December 31, 2023, the Company sold 75,000 (2022 - 250,000) shares of Snowline Gold Corp. for total proceeds of $341,680 (2022 - $207,604) resulting in a gain of $135,430 (2022 - $82,604) during the year ended December 31, 2023. As at December 31, 2023, the fair value of the 25,000 (2022 – 100,000) shares was $123,750 (2022 - $294,000) resulting in an unrealized gain of $50,250 (2022 – gain of $19,000) for the year ended December 31, 2023.

During the year ended December 31, 2023, the Company received 5,000,000 shares of Onyx Gold related to the plan of arrangement with Onyx Gold (Note 13). A portion of the Onyx Gold shares are held under an escrow agreement, to be released at the rate of 750,000 shares every six months over the next 36 months. At December 31, 2023 4,500,000 were held in escrow. As at December 31, 2023, the fair value of the 5,000,000 (2022 – Nil) shares was $1,075,000 (2022 - $Nil) resulting in an unrealized loss of $1,425,000 (2022 – $Nil) for the year ended December 31, 2023.

	Fireweed	Snowline	Onyx Gold	Total
Opening balance, December 31, 2021	$ 167,400	$ 180,000	$ -	$ 347,400
Additions	-	275,000	-	275,000
Disposal	(109,575)	(125,000)	-	(234,575)
Reclassification on disposal	35,175	(55,000)	-	(19,825)
Unrealized gain	60,000	19,000	-	79,000
Ending balance, December 31, 2022	153,000	294,000	-	447,000
Additions	-	-	2,500,000	2,500,000
Disposal	(91,313)	(206,250)	-	(297,563)
Reclassification on disposal	(10,687)	(14,250)	-	(24,937)
Unrealized gain(loss)	8,500	50,250	(1,425,000)	(1,366,250)
Ending balance, December 31, 2023	**$ 59,500**	**$ 123,750**	**$ 1,075,000**	**$ 1,258,250**

(Expressed in Canadian dollars)

5. EQUIPMENT AND RIGHT-OF-USE ASSET

Cost	Equipment	Right-of-use asset	Total
Opening balance, December 31, 2021	$ 137,850	$ -	$ 137,850
Additions	107,266	152,827	260,093
Ending balance, December 31, 2022	245,116	152,827	397,943
Additions	97,151	-	97,151
Ending balance, December 31, 2023	$ 342,267	$ 152,827	$ 495,094
Accumulated Depreciation			
Opening balance, December 31, 2021	$ 23,040	$ -	$ 23,040
Depreciation	33,688	25,471	59,159
Ending balance, December 31, 2022	56,728	25,471	82,199
Depreciation	47,393	61,131	108,524
Ending balance, December 31, 2023	$ 104,121	$ 86,602	$ 190,723
Net Book Value			
Balance, December 31, 2022	$ 188,388	$ 127,356	$ 315,744
Balance, December 31, 2023	**$ 238,146**	**$ 66,225**	**$ 304,371**

6. EXPLORATION AND EVALUATION ASSETS

	Balance December 31, 2021	Fiscal 2022 Expenditures	Balance December 31, 2022	Fiscal 2023 Expenditures	Balance December 31, 2023
Johnson Tract Property, Alaska, USA					
Acquisition from Constantine	$ 967,668	$ -	$ 967,668	$ -	$ 967,668
Subsequent acquisition costs	199,428	97,583	297,011	-	297,011
Administration	395,804	173,247	569,051	192,524	761,575
Assaying and testing	1,121,338	555,300	1,676,638	483,762	2,160,400
Camp costs and field support	2,636,678	1,492,577	4,129,255	1,202,370	5,331,625
Community relations and advocacy	35,877	107,283	143,160	150,290	293,450
Construction and development	-	-	-	5,293	5,293
Depreciation	23,040	33,688	56,728	46,751	103,479
Drilling	10,615,021	5,197,115	15,812,136	2,443,248	18,255,384
Environmental	129,836	219,251	349,087	1,260,627	1,609,714
Geology and project management	3,115,694	1,546,083	4,661,777	1,388,953	6,050,730
Geophysics	694,836	64,775	759,611	147,029	906,640
Permitting	95,025	64,719	159,744	208,049	367,793
Property maintenance	-	-	-	134,970	134,970
Share-based compensation	625,469	434,458	1,059,927	131,455	1,191,382
Technical consulting and engineering	153,730	318,289	472,019	865,468	1,337,487
Transportation	5,901,361	317,435	6,218,796	2,385,713	8,604,509
	$ 26,710,805	$ 10,621,803	$ 37,332,608	$ 11,046,502	$ 48,379,110

HIGHGOLD MINING INC.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022

(Expressed in Canadian dollars)

	Balance December 31, 2021	Fiscal 2022 Expenditures	Balance December 31, 2022	Fiscal 2023 Expenditures	Balance December 31, 2023
Munro-Croesus Property, Ontario, Canada					
Acquisition from Constantine	$ 2,099,902	$ -	$ 2,099,902	$ -	$ 2,099,902
Subsequent acquisition costs	3,117,679	165,725	3,283,404	909	3,284,313
Administration	134,226	52,737	186,963	27,199	214,162
Assaying and testing	244,873	684,283	929,156	19,218	948,374
Camp costs and field support	84,120	71,669	155,789	22,545	178,334
Community relations and advocacy	246,095	46,589	292,684	79,031	371,715
Construction and development	-	52,047	52,047	107	52,154
Drilling	1,276,648	1,213,393	2,490,041	-	2,490,041
Geology and project management	856,842	679,217	1,536,059	176,249	1,712,308
Geophysics	235,071	380,975	616,046	-	616,046
Property maintenance	21,907	20,645	42,552	6,087	48,639
Share-based compensation	227,150	98,710	325,860	17,255	343,115
Technical consulting and engineering	15,667	-	15,667	20,678	36,345
Transportation	92,981	188,973	281,954	24,006	305,960
Disposition upon spin-out	-	-	-	(12,701,408)	(12,701,408)
	$ 8,653,161	$ 3,654,963	$ 12,308,124	$ (12,308,124)	$ -
Golden Mile Property, Ontario, Canada					
Acquisition from Constantine	$ 306,751	$ -	$ 306,751	$ -	$ 306,751
Subsequent acquisition costs	2,300	1,150	3,450	-	3,450
Administration	55,310	14,737	70,047	5,909	75,956
Advance royalty payments	30,000	10,000	40,000	-	40,000
Assaying and testing	43,142	-	43,142	-	43,142
Camp costs and field support	13,520	2,876	16,396	118	16,514
Community relations and advocacy	117,402	2,079	119,481	2,055	121,536
Drilling	168,443	-	168,443	-	168,443
Geology and project management	134,883	38,703	173,586	9,945	183,531
Geophysics	1,696	62,772	64,468	-	64,468
Share-based compensation	54,360	14,150	68,510	2,953	71,463
Transportation	13,202	2,225	15,427	2,547	17,974
Disposition upon spin-out	-	-	-	(1,113,228)	(1,113,228)
	$ 941,009	$ 148,692	$ 1,089,701	$ (1,089,701)	$ -

HIGHGOLD

HIGHGOLD MINING INC.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022

(Expressed in Canadian dollars)

	Balance December 31, 2021	Fiscal 2022 Expenditures	Balance December 31, 2022	Fiscal 2023 Expenditures	Balance December 31, 2023
Timmons South Property, Ontario, Canada					
Acquisition from Constantine	$ 133,307	$ -	$ 133,307	$ -	$ 133,307
Subsequent acquisition costs	114,650	264,080	378,730	-	378,730
Administration	88,881	14,841	103,722	5,909	109,631
Assaying and testing	105,550	-	105,550	-	105,550
Camp costs and field support	66,428	5,166	71,594	118	71,712
Community relations and advocacy	123,096	500	123,596	1,240	124,836
Drilling	217,906	-	217,906	-	217,906
Geology and project management	290,246	78,783	369,029	10,585	379,614
Geophysics	260,610	-	260,610	-	260,610
Share-based compensation	65,139	18,956	84,095	3,045	87,140
Technical consulting and engineering	3,428	-	3,428	-	3,428
Transportation	54,645	4,349	58,994	2,547	61,541
Disposition upon spin-out	-	-	-	(1,934,005)	(1,934,005)
	$ 1,523,886	$ 386,675	$ 1,910,561	$ (1,910,561)	$ -
Yukon, Canada					
Acquisition from Constantine	$ 1	$ -	$ 1	$ -	$ 1
Subsequent acquisition costs	-	242,454	242,454	610	243,064
Administration	18,469	475	18,944	1,551	20,495
Camp costs and field support	-	-	-	70	70
Community relations and advocacy	-	-	-	75	75
Geology and project management	3,658	7,270	10,928	71,693	82,621
Permitting	-	-	-	2,490	2,490
Share-based compensation	-	1,685	1,685	3,988	5,673
Transportation	-	1,185	1,185	5,089	6,274
Cost recoveries	(22,127)	(244,629)	(266,756)	-	(266,756)
Disposition upon spin-out	-	-	-	(94,007)	(94,007)
	$ 1	$ 8,440	$ 8,441	$ (8,441)	$ -
Total	**$ 37,828,862**	**$ 14,820,573**	**$ 52,649,435**	**$ (4,270,325)**	**$ 48,379,110**

a) Johnson Tract Property, Alaska

The Company has an agreement ("Agreement") with Cook Inlet Region, Inc. ("CIRI") for the lease rights to the 20,942 acre Johnson Tract property located 200 kilometers southwest of Anchorage, in Southcentral Alaska. Commercial terms outlined in the Agreement provide for an initial 10-year lease (the "Initial Term") commencing May 2018, with a renewal option. During the Initial Term the Company is required to make a cash payment of US$50,000 due on signing of the Agreement (paid), incur US$10 million in expenditures (incurred) and make annual lease payments of US$75,000 for years one through five, escalating to US$150,000 from year six onwards. Upon completing such expenditure requirements and satisfying other lease conditions, the Company may renew the lease for an additional 5 years (11 through 15) by making annual lease payments of US$150,000 per year (inflation adjusted) and incurring an additional US$10 million in expenditures. The lease rights are subject to certain back-in rights by CIRI, pursuant to which, upon a construction decision CIRI has the one-time option to acquire up to a 25% participating interest in the project. No cash payments are required for CIRI to exercise its option. The one-time right is exercisable upon completion of a feasibility study and a decision to construct a mine. Upon exercise of the back-in, a joint venture would be formed for the development, construction and operation of a mine on the property in which the Company and CIRI would each contribute pro-rata to any such expenditures. The Agreement also includes net smelter return ("NSR") royalties payable to CIRI of 2-3% on the base metals and a gold NSR ranging from 2.5% to 4.0%, depending on the price of gold at the time.

b) Spin-out of Canadian Mineral Properties

On June 6, 2023, the Company completed a spin-out of its Canadian gold property assets (the "Gold Projects) into Onyx Gold. The following Gold Projects were spun-out as of June 6, 2023 and no longer form part of the Company's assets (Note 13):

- Munro-Croesus Property
- Golden Mile Property
- Timmins South Property
- Yukon, Canada Property

On August 8, 2023, the Company issued a total of 80,000 common shares valued at $36,800, as the final option payment due to acquire 255 mining claims which were part of the Company's formerly-owned Timmins South mining claims (Note 8). During September 2023, Onyx Gold paid $36,800 in cash to the Company as reimbursement for this final payment related to the properties distributed (Note 13).

(Expressed in Canadian dollars)

7. LEASE LIABILITY

As at August 1, 2022, the Company became the sublessee to an office. The incremental rate of borrowing for this lease was estimated by management to be 12% per annum.

Minimum lease payments in respect of lease liabilities and the effect of discounting are as follows:

Undiscounted minimum lease payments		
Less than one year	$	70,358
Two to three years		5,863
		76,221
Effect of discounting		(4,368)
Present value of minimum lease payments		71,853
Less: current portion		(65,990)
Long-term portion	$	5,863

The net change in the lease liability is shown in the following continuity table:

Opening balance, December 31, 2021	$	-
Additions		152,827
Interest		6,904
Payments		(29,315)
Ending balance, December 31, 2022		130,416
Interest		11,795
Payments		(70,358)
Ending balance, December 31, 2023	$	71,853

8. SHARE CAPITAL

Authorized

The Company has authorized share capital of an unlimited number of common shares and preferred shares without par value. Disclosures on any shares issued are provided in the Statements of Changes in Shareholders' Equity. Common and/or preferred shareholders are entitled to receive dividends if and when declared by the Directors.

During the year ended December 31, 2023

On April 11, 2023, the Company completed a non-brokered private placement, consisting of 14,029,243 shares at a price of $0.66 per share, for aggregate gross proceeds of $9,259,300. In connection with the private placement, the Company paid finder's fees of $28,263 in cash to qualified finders and paid other share issue costs of $249,442.

On August 8, 2023, the Company issued a total of 80,000 common shares valued at $36,800, as part of the final payment related to the acquisition of the Company's formerly owned Timmins South mining claims (Note 6).

(Expressed in Canadian dollars)

During the year ended December 31, 2023, an aggregate of 281,375 share purchase warrants of the Company were exercised resulting in the issuance of 281,375 common shares of the Company for total cash proceeds of $126,619.

During the year ended December 31, 2022

On August 26, 2022, the Company issued 80,000 common shares valued at $78,400 related to the acquisition of certain claims in the Timmins South property (Note 6).

On September 30, 2022, the Company issued a total of 220,000 common shares valued at $147,400 related to the acquisition of certain claims in the Yukon property (Note 6).

On December 5, 2022, the Company issued 50,000 common shares valued at $37,500 related to the acquisition of the Timmins South property (Note 6).

Stock Options

Under the Company's stock option plan, the maximum number of shares that may be reserved for issuance is limited to 10% of the issued and outstanding common shares of the Company at any time. Under the plan, the exercise price of an option may not be less than the discounted market price. The options may have a maximum term of 10 years and be vested at the discretion of the board of directors.

On April 5, 2022, the Company granted 1,057,500 stock options to certain directors, officers, employees and/or consultants of the Company with an exercise price of $1.00 expiring in 5 years. A total of 352,500 stock options vested immediately and the remaining 705,000 stock options vest over 2 years. The fair value of these options was calculated to be $0.74 per option.

During the year ended December 31, 2023, the Company recognized share-based compensation related to stock options in administrative expenses and capitalized to exploration and evaluation assets in the amount of $136,766 (2022 - $488,926) and $158,346 (2022 - $567,959), respectively.

The Black-Scholes option pricing model requires the input of highly subjective assumptions. Changes in the subjective input assumptions can materially affect the fair value estimate, and therefore the existing models may not necessarily provide a single reliable measure of the fair value.

	Year ended December 31, 2023		Year ended December 31, 2022	
	Number of options	**Weighted average exercise price**	**Number of options**	**Weighted average exercise price**
Opening	5,559,162	$ 1.01	4,669,157	$ 1.02
Granted	-	-	1,057,500	1.00
Expired/cancelled	(356,666)	1.34	(167,495)	1.21
Ending	**5,202,496**	**$ 0.99**	**5,559,162**	**$ 1.01**

(Expressed in Canadian dollars)

As at December 31, 2023, the following options are outstanding:

Number of options	Exercisable	Exercise price	Expiry date
199,164	199,164	$1.16	June 14, 2024
1,283,332	1,283,332	$0.45	September 16, 2024
1,285,000	1,285,000	$1.00	March 3, 2025
1,432,500	1,432,500	$1.43	May 19, 2026
1,002,500	668,333	$1.00	April 5, 2027
5,202,496	**4,868,329**		

Share Purchase Warrants

	Year ended December 31, 2023		Year ended December 31, 2022	
	Number of warrants	Weighted average exercise price	Number of warrants	Weighted average exercise price
Opening	4,679,910	$ 2.02	4,679,910	$ 2.02
Exercised	(281,375)	0.45	-	-
Expired	(4,323,035)	2.15	-	-
Ending	**75,500**	**$ 0.45**	**4,679,910**	**$ 2.02**

As at December 31, 2023, the following warrants are outstanding:

Number of warrants	Exercise price	Expiry date
75,500	$0.45	August 19, 2024
75,500		

Restricted Share Units ("RSUs")

Under the omnibus incentive plan, an RSU entitles the recipient to receive a cash payment equal to the market value of a share or, at the sole discretion of the Board, a common share of the Company subject to such restrictions and conditions on vesting as the Board may determine at the time of grant, unless such an RSU expires prior to being settled. The number of RSUs that may be reserved for issuance is limited to a maximum of 2,500,000 RSUs of the Company at any time. The RSUs are subject to a minimum of 12 month vesting period following the date the RSUs are granted.

On December 29, 2023, the Company granted 260,000 RSUs to certain officers and directors of the Company pursuant to the Company's omnibus incentive plan. The RSUs will vest over one year from the date of grant. The fair value of these RSUs were calculated to be $0.34 per RSU.

(Expressed in Canadian dollars)

As at December 31, 2023, the following restricted share units are outstanding:

	Year ended December 31, 2023 Number of RSUs	Year ended December 31, 2022 Number of RSUs
Opening	-	-
Granted	260,000	-
Ending	**260,000**	**-**

During the year ended December 31, 2023, the Company recognized share-based compensation related to RSUs in administrative expenses and capitalized to exploration and evaluation assets in the amount of $363 (2022 - $Nil) and $350 (2022 - $Nil), respectively.

9. RELATED PARTY TRANSACTIONS

Details of transactions between the Company and other related parties, in addition to those transactions disclosed elsewhere in these consolidated financial statements, are described as follows.

a) Compensation of Key Management Personnel

The compensation paid or payable to key management personnel, including consulting and professional fees for administrative, management, accounting and legal services, and salaries, wages and benefits and share-based compensation provided by these related parties, during the year ended December 31, 2023 and 2022 are as follows:

	Year ended December 31, 2023 $	Year ended December 31, 2022 $
Fees capitalized to exploration and evaluation assets	372,058	609,369
Consulting fees	150,000	33,333
Salaries, wages, bonuses and benefits	494,650	411,000
Share issue costs	100,000	-
Share-based compensation	91,604	342,953
	1,208,312	1,396,655

All related party transactions were in the ordinary course of business and were measured at their exchange amount as agreed between the related parties.

(Expressed in Canadian dollars)

b) Related Party Balances

As at December 31, 2023 and 2022, the Company has the following amounts owed to related parties, included in accounts payable, that are non-interest bearing, unsecured, and have no specified terms of repayment.

	December 31, 2023 $	December 31, 2022 $
Due to Chief Executive Officer	-	20,766
Due to Senior Vice President of Operations	-	905
Due to Chief Financial Officer	-	2,671
Due to a Director	1,193	-
	1,193	24,342

As at December 31, 2023, the Company has amounts receivable of $42,508 (2022 - $Nil) from Epica Gold and Onyx, companies with certain management and directors in common, for reimbursement of geologist expense. The amounts are noninterest bearing, unsecured, and have no specified terms of repayment.

10. FINANCIAL INSTRUMENTS

Classification of financial instruments

As at December 31, 2023	Financial assets – FVTPL	Financial assets – amortized cost	Financial liabilities – amortized cost
	$	$	$
Cash and cash equivalents	-	3,908,915	-
Amounts receivable	-	42,508	-
Marketable securities	1,258,250	-	-
Accounts payable and accrued liabilities	-	-	184,340

Financial instruments measured at fair value are classified into one of three levels in the fair value hierarchy according to the relative reliability of the inputs used to estimate the fair values. The three levels of the fair value hierarchy are:

Level 1 – Unadjusted quoted prices in active markets for identical assets and liabilities
Level 2 – Inputs other than quoted prices that are directly or indirectly observable for the asset or liability; and
Level 3 – Inputs that are not based on observable market data.

The fair value of the Company's cash and cash equivalents, amounts receivable, accounts payable and accrued liabilities approximates the carrying amount due to the short-term nature of these instruments.

The Company's marketable securities carried at fair value have been classified as Level 1 within the fair value hierarchy.

Management of Industry and Financial Risk

The Company is exposed to various risks in relation to financial instruments. The Company's risk management is coordinated at its head office in Canada in close cooperation with the board of directors and focuses on actively securing the Company's short to medium-term cash flows and raising finances for the Company's capital expenditure program. The Company does not actively engage in the trading of financial assets for speculative purposes. The most significant financial risks to which the Company is exposed are described below.

a) Credit risk

Credit risk is the risk of loss associated with a counterparty's inability to fulfil its payment obligations. The Company limits its exposure to credit loss for cash by placing its cash with high quality financial institutions and for trade receivables by performing standard credit checks. The credit risk for cash is considered negligible since the counterparties are reputable banks with high quality external credit ratings.

b) Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations when they become due. The Company ensures, as far as reasonably possible, that it will have sufficient capital in order to meet short-term business requirements, after taking into account cash flows from operations and the Company's holdings of cash. As at December 31, 2023, the Company had working capital of $5,539,716 (2022 - $8,284,288). There can be no assurance that the Company will be successful with generating and maintaining profitable operations or will be able to secure future debt or equity financing for its working capital and expansion activities.

c) Foreign exchange risk

The Company operates internationally and is exposed to foreign currency risk arising from currency exposures to Canadian dollars. The main currency to which the Company has an exposure is the U.S. dollar. The Company is exposed to currency risk to the extent of its cash and trade and other payables that are denominated in U.S. dollars. The Company does not hedge its exposure to fluctuations in the related foreign exchange rates.

Based on the Company's net US currency exposure as at December 31, 2023, and assuming all other variables remain constant, a 15% weakening or strengthening of the Canadian dollar against the US dollar would result in an increase/decrease of approximately $57,000 in comprehensive income/loss for the year.

d) Interest Rate Risk

Interest rate risk is the risk that future cash flows will fluctuate as a result of changes in market interest rates. The Company does not hold any assets or liabilities subject to variable interest rates, and as such, the Company is not exposed to significant interest rate risk.

e) Equity Price Risk

Equity price risk arises from market fluctuations in equity prices that could adversely affect the Company's operations. The Company's current exposure to equity price risk is limited to declines in the values and volumes including those of its own shares, which could impede its ability to raise additional funds when required and movements in individual equity prices or general movements in the level of the stock market. The Company closely monitors the individual equity movements and the stock market to determine the appropriate course of action to be taken by the Company. As at December 31, 2023, the Company's marketable securities of $1,258,250 are subject to fair value fluctuations.

Based on the Company's marketable securities as at December 31, 2023, and assuming all other variables remain constant, a 10% increase/decrease in the fair value of marketable securities would result in an increase/decrease of approximately $126,000 in comprehensive income/loss for the year.

11. CAPITAL DISCLOSURES

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to pursue the development and expansion of its business and to maintain a flexible capital structure which optimizes the costs of capital at an acceptable risk level.

The Company manages its capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust its capital structure, the Company may attempt to issue new shares or debt, dispose of assets, or adjust the amount of cash and cash equivalents. There can be no assurance that the Company will be able to obtain debt or equity capital in the case of operating cash deficits.

In order to facilitate the management of its capital requirements, the Company prepares expenditure budgets that are updated as necessary depending on various factors, including successful capital deployment and general industry conditions. The Company does not pay out dividends in order to conserve cash reserves and to maximize ongoing exploration efforts. The Company's share capital is not subject to external restrictions. The Company has not paid or declared any dividends since the date of incorporation, nor are any contemplated in the foreseeable future.

The Company is not subject to externally imposed capital requirements except when the Company issues flow-through shares for which the amount should be used for exploration work. On December 5, 2019 and December 23, 2020, the Company completed flow-through private placements totalling $2,304,000 and $3,700,000, respectively. As of December 31, 2022, the Company incurred sufficient eligible expenditures to satisfy its flow-through spending obligations.

(Expressed in Canadian dollars)

12. SEGMENTED INFORMATION

The assets and operations of the Company are located in Canada and the United States.

	Canada	United States	TOTAL
	$	$	$
Year ended December 31, 2023			
Net income (loss)	(3,071,202)	44,810	(3,026,392)
As at December 31, 2023			
Current assets	5,349,210	440,836	5,790,046
Non-current assets	72,003	48,611,478	48,683,481
Total liabilities	192,867	63,326	256,193

	Canada	United States	TOTAL
	$	$	$
Year ended December 31, 2022			
Net loss	(1,393,660)	(107,329)	(1,500,989)
As at December 31, 2022			
Current assets	8,369,292	213,228	8,582,520
Non-current assets	15,444,184	37,520,995	52,965,179
Total liabilities	309,689	55,193	364,882

13. DISPOSITION OF ASSETS UPON SPIN-OUT

On June 6, 2023, the Company completed a spin-out of its Canadian Gold Projects (Note 6) into a new company, Onyx Gold Corp. (“Onyx Gold”) and in exchange, shares of Onyx Gold were distributed to the Company and to the Company’s shareholders on a basis proportionate to their shareholdings of the Company.

The spin-out was conducted by way of a Plan of Arrangement (the “Arrangement”) under the British Columbia Business Corporations Act. Pursuant to the Arrangement, the Company spun out its wholly-owned subsidiary Epica Gold Inc., and in return received 5,000,000 Onyx Gold shares (Note 4) valued at $2,500,000 and the shareholders of the Company received an aggregate of 21,920,214 Onyx Gold shares, distributed on a basis of one Onyx Gold share for every four shares of the Company held.

On the basis that an accurate and fair valuation of these properties, individually and in the aggregate, is not otherwise reasonably determinable, these dispositions to Onyx Gold have been recorded at fair value, defined to be equal to the current balances of deferred mineral property costs applicable to each in the accounts of the Company. The fair values of the other assets and liabilities of Epica were considered to equal their carrying amounts as well, and the common shares of Onyx Gold received have been recorded at their estimated aggregate fair value of $2,500,000. Accordingly, no gain or loss has been recognized on the transfers to Onyx Gold.

(Expressed in Canadian dollars)

A breakdown of these amounts and of the resultant net reduction in the Company's equity is as follows:

	$
Cash and cash equivalents	50,618
Amounts receivable	118
Prepaid expenses	1,200
Munro-Croesus Property	12,701,408
Golden Mile Property	1,113,228
Timmins South Property	1,934,005
Yukon Land Position and Joint Venture	94,007
Accounts payable and accrued liabilities	(14,654)
	15,879,930
Less: value assigned to the Onyx Gold shares received	(2,500,000)
	13,379,930

14. INCOME TAXES

A reconciliation of income taxes at statutory rates is as follows:

	Year ended December 31, 2023 $	**Year ended December 31, 2022 $**
Net loss	(3,026,392)	(1,500,989)
Expected income tax expense (recovery)	(811,301)	(419,220)
Deductible and non-deductible amounts	296,920	148,467
Change in prior year estimates	2,430	98,093
Change in valuation allowance	511,951	172,660
Deferred income tax recovery	-	-

There are no deferred tax assets presented in the consolidated statements of financial position.

(Expressed in Canadian dollars)

Subject to confirmation with regulatory authorities, deductible temporary differences, unused tax losses and unused tax credits for which no deferred tax assets have been recognized are attributable to the following:

Deferred Tax Assets (Liabilities)	2023 $	2022 $
Non-capital losses	9,456,000	7,121,000
Share issue costs	878,000	1,308,000
Exploration and evaluation assets	-	(5,275,000)
	10,334,000	3,154,000

As at December 31, 2023, the Company has Canadian non-capital losses of $9,441,000 (2022 - $7,052,000) and US non-capital losses of US$11,000 (2022 - US$8,000) which will be available to reduce future taxable income earned in Canada and the United States respectively. The Canadian non-capital losses will expire in 2043 and the US non-capital losses will carry forward indefinitely.

15. EVENT SUBSEQUENT TO THE END OF THE YEAR

On January 3, 2024, the Company granted 3,185,000 stock options and 940,000 RSUs to certain directors, officers, employees and/or consultants of the Company. The options were granted with an exercise price of $0.35 expiring in 5 years and vest in four equal parts over 18 months. The RSUs vest over 12 to 36 months.