VALHALLA METALS INC.

CONSOLIDATED
FINANCIAL STATEMENTS

FOR THE YEARS ENDED
DECEMBER 31, 2023 AND 2022
(Expressed in US Dollars)

17th floor, 1030 West Georgia St., Vancouver, BC, Canada V6E 2Y3

Tel: 604. 714. 3600 **Fax:** 604. 714. 3669 **Web:** manningelliott.com

INDEPENDENT AUDITORS' REPORT

To the Shareholders and Directors of Valhalla Metals Inc.

Opinion

We have audited the consolidated financial statements of Valhalla Metals Inc. and its subsidiaries (together, the Company) which comprise:

- the consolidated statements of financial position as at December 31, 2023 and 2022;
- the consolidated statements of comprehensive loss for the years then ended;
- the consolidated statements of changes in equity for the years then ended;
- the consolidated statements of cash flows for the years then ended; and
- the notes to the consolidated financial statements, including material accounting policy information and other explanatory information.

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

Basis for Opinion

We conducted our audits in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Canada. We have fulfilled our other ethical responsibilities in accordance with these requirements.

Material Uncertainty Related to Going Concern

We draw attention to Note 1 of the accompanying consolidated financial statements, which describes matters and conditions that indicate the existence of a material uncertainty that may cast significant doubt about the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements for the year ended December 31, 2023. 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.

Except for the matter described in the Material Uncertainty Related to Going Concern section, we have determined that there are no other key audit matters to communicate in our report.

Other Information

Management is responsible for the other information. The other information comprises the Company's Management Discussion and Analysis.

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

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

If, based on the work we have performed on this other information, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

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

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

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

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

Auditors' 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 auditors' 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 auditors' 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 auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are, therefore, the key audit matters. We describe these matters in our auditors' 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 auditors' report is Artem Valeev.

Manning Elliott LLP

CHARTERED PROFESSIONAL ACCOUNTANTS
Vancouver, British Columbia
April 22, 2024

VALHALLA METALS INC.

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

(Expressed in US Dollars)

			December 31 2023		December 31 2022
ASSETS					
Current assets					
Cash and cash equivalents		$	1,681,885	$	6,774,914
Amounts receivable			5,152		63,553
Prepaid expense			123,335		284,462
Total current assets			1,810,372		7,122,929
Equipment	(Note 7)		-		36,121
Exploration and evaluation assets	(Note 6)		50,000		1,650,615
		$	**1,860,372**	$	**8,809,665**
LIABILITIES					
Current liabilities					
Accounts payable and accrued liabilities	(Note 9)		153,972		367,209
Total current liabilities			153,972		367,209
Long term liabilities					
Reclamation provision	(Note 7)		100,833		-
Total long term liabilities			100,833		-
			254,805		367,209
EQUITY					
Share capital	(Note 8)		15,154,548		15,154,548
Contributed surplus			988,446		988,446
Deficit			(14,433,988)		(7,616,760)
Accumulated other comprehensive loss			(103,439)		(83,778)
			1,605,567		8,442,456
		$	**1,860,372**	$	**8,809,665**

CORPORATE INFORMATION AND NATURE OF CONTINUANCE OF OPERATIONS (Note 1)

CONTINGENCIES (Note 11)

Approved by the Board of Directors on April 22, 2024

"Raj Chowdhry"	*"Rick Van Nieuwenhuyse"*
Raj Chowdhry, Director	Rick Van Nieuwenhuyse, Director

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

VALHALLA METALS INC.

CONSOLIDATED STATEMENTS OF COMPREHENSIVE LOSS

FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022

(Expressed in US Dollars)

			2023		2022
Operating expenses					
Corporate development		$	41,709	$	-
Exploration and evaluation expenses	(Notes 6 and 7)		4,919,618		150,829
Foreign exchange			-		(852)
Gain on debt settlement	(Note 8)		-		(45,160)
Listing costs	(Note 4)		-		5,378,548
Management fees	(Note 9)		148,200		38,692
Office and miscellaneous			40,065		29,111
Professional fees			125,680		126,774
Regulatory and transfer agent			49,102		4,182
Shareholder communications and investor relations			62,343		-
Share based compensation	(Notes 6 and 9)		-		873,722
Operating loss			**5,386,717**		**6,555,846**
Impairment of mineral properties	(Note 6)		1,603,315		30,846
Interest Income			(172,804)		(22,761)
Net loss for the year			6,817,228		6,563,932
Other comprehensive loss					
Items that may be reclassified subsequently to income or loss:					
Currency translation adjustments			19,661		83,778
Total comprehensive loss for the year		$	**6,836,889**	$	**6,647,710**
Basic and diluted loss per share		$	**(0.08)**	$	**(0.27)**
Weighted average number of shares outstanding (basic and diluted)			**83,225,336**		**24,101,618**

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

VALHALLA METALS INC.

CONSOLIDATED STATEMENTS OF CASH FLOWS

FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022

(Expressed in US Dollars)

		2023		2022
Cash provided by (used for):				
Operating activities				
Net loss for the year	$	(6,817,228)	$	(6,563,932)
Items not involving cash				
Impairment of exploration assets		1,603,315		30,846
Camp reclamation provision		100,833		-
Listing costs		-		5,083,323
Share based compensation admin		-		873,722
Share based compensation exploration		-		114,724
Gain on debt settlment		-		(45,160)
Change in non-cash working capital:				
Amounts receivable		58,401		(54,691)
Prepaid expenses		197,249		(233,313)
Sponsorship agreement liability		-		(219,487)
Accounts payable and accrued liabilities		(213,237)		(388,355)
		(5,070,667)		**(1,402,322)**
Investing activities				
Exploration acquisition costs		(2,700)		(50,615)
Camp equipment purchase		-		(36,121)
Cash acquired on RTO		-		217,338
		(2,700)		**130,602**
Financing activities				
Proceeds from private placement		-		7,700,407
		-		**7,700,407**
Unrealized foreign exchange gain/loss cash		**(19,662)**		**85,162**
Change in cash during the year		(5,073,367)		6,513,848
Cash, beginning of the year		6,774,914		261,065
Cash, end of the year	$	**1,681,885**	$	**6,774,914**

SUPPLEMENTAL DISCLOSURE WITH RESPECT TO CASH FLOW

Cash paid for:				
Interest	$	-	$	-
Taxes	$	-	$	-
Shares issued for debt	$	-	$	59,473
Cash earned from interest income	$	172,804	$	22,761

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

VALHALLA METALS INC.

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022

(Expressed in US Dollars)

	Number of Subordinate Voting Shares	Number of Multiple Voting Shares	Share Capital	Contributed surplus	Deficit	Accumulated other comprehensive loss	Total Equity
Balance, December 31, 2021	112,362	-	$ 2,697,899	$ -	$ (1,052,828)	$ -	$ 1,645,071
Shares returned to treasury	(112,362)	-	-	-	-	-	-
Subordinate voting shares issued	1,791,085	-	-	-	-	-	-
Multiple voting shares issued	-	482,087		-	-	-	
Shares issued for private placement	20,460,761	-	7,700,407	-	-	-	7,700,407
Shares issued for RTO	12,479,790	-	4,696,769	-	-	-	4,696,769
Shares issued for debt	285,000	-	59,473	-	-	-	59,473
Stock options compensation	-	-	-	988,446	-	-	988,446
Net loss for the year	-	-	-	-	(6,563,932)	-	(6,563,932)
Currency translation adjustments	-		-	-	-	(83,778)	(83,778)
Balance, December 31, 2022	**35,016,636**	**482,087**	**$ 15,154,548**	**$ 988,446**	**$ (7,616,760)**	**$ (83,778)**	**$ 8,442,456**
Net loss for the year	-	-	-	-	(6,817,228)	-	(6,817,228)
Currency translation adjustment	-	-	-	-	-	(19,661)	(19,661)
Balance, December 31, 2023	**35,016,636**	**482,087**	**$ 15,154,548**	**$ 988,446**	**$ (14,433,988)**	**$ (103,439)**	**$ 1,605,567**

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

1. CORPORATE INFORMATION AND NATURE OF CONTINUANCE OF OPERATIONS

Valhalla Metals Inc. (the "Company" or "Valhalla"), formerly SolidusGold Inc. ("Solidus") was incorporated on April 13, 2011 under the laws of British Columbia under the name of "Mantra Capital Inc." On September 4, 2014 the Company changed its name to SolidusGold Inc. ("Solidus") and commenced trading on the TSX Venture Exchange ("TSX-V"). On September 16, 2022, the Company completed a share exchange agreement with Valhalla Metals Inc. (a US Company) ("Valhalla US") giving effect to the acquisition of Valhalla US's outstanding common shares by way of a reverse acquisition transaction (Note 4). These consolidated financial statements include the historical operations of Valhalla US, assets and liabilities of Valhalla US, which is deemed to be the continuing entity for financial reporting purposes. Valhalla US was incorporated in the state of Alaska, United States of America on May 13, 2018.

The principal business activity of the Company acquiring and exploring mineral properties. The Company is currently trading on TSX-V under the symbol VMXX. The address of the Company's corporate office and its principal place of business is 2800 Park Place, 666 Burrard Street, Vancouver, British Columbia, V6C 2Z7, Canada.

The consolidated financial statements were prepared on a going concern basis with the assumption that the Company will continue in operation for the foreseeable future and will be able to realize its assets and discharge its liabilities and commitments in the normal course of business. The Company has incurred significant operating losses since inception, including $6,817,228 in the current year, resulting in a deficit of $14,433,988. The Company will require additional financing to continue operations and pursue its projects. While the Company has been successful in obtaining funding in the past through the issuance of additional equity, there is no assurance that such funding will be available in the future. An inability to raise additional funds would adversely impact the future assessment of the Company as a going concern. These factors indicate the existence of a material uncertainty that may cast significant doubt about the Company's ability to continue as a going concern.

The Company is dependent upon its ability to finance its operations and exploration programs through financing activities that may include issuances of additional debt or equity securities. The recoverability of the carrying value of exploration and evaluation assets and, ultimately, the Company's ability to continue as a going concern, is dependent upon the Company's ability to raise financing to complete exploration on a mineral property, the outcome of which is uncertain. The financial statements do not include adjustments to amounts and classifications of assets and liabilities that might be necessary should the Company be unable to continue operations. Such adjustments could be material.

2. BASIS OF PRESENTATION

(a) Statement of compliance:

These consolidated financial statements have been prepared in accordance with IFRS Accounting Standards ("IFRS"), as issued by the International Accounting Standards Board ("IASB").

(b) Approval of consolidated financial statements:

These consolidated financial statements were approved by the Company's Board of Directors on April 22, 2024.

(c) Basis of presentation:

These consolidated financial statements have been prepared on a historical cost basis except for certain financial instruments which are measured at fair value, as disclosed in Note 5. In addition, these consolidated financial statements have been prepared using the accrual basis of accounting, except for cash flow information.

(d) Functional currency and presentation currency:

The functional currency is the Canadian dollar for the Canadian parent entity and US dollar for the US subsidiary. The presentation currency of the Company and its subsidiaries is the US dollar, and accounts denominated in currencies other than the US dollar have been translated as follows:

1. Monetary assets and liabilities at the exchange rate at the consolidated statement of financial position date;
2. Non-monetary assets and liabilities at the historical exchange rates, unless such items are carried at fair value, in which case they are translated at the date when the fair value was determined;
3. Shareholders' equity items at historical exchange rates; and
4. Expense items at the rate of exchange on the transaction date.

Exchange gains and losses arising from translation of the Canadian operations to the Company's US dollar presentation currency are recorded as currency translation adjustments in other comprehensive income (loss), which is included in accumulated other comprehensive loss.

(e) Significant accounting estimates and judgements:

The preparation of these financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of expenses, assets and liabilities, the accompanying disclosures, and the disclosure of contingent liabilities at the date of the financial statements. Estimates and assumptions are continually evaluated and are based on management's experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

2. BASIS OF PRESENTATION (continued)

(e) Significant accounting estimates and judgements: (continued)

In particular, the Company has identified a number of areas where significant judgements, estimates and assumptions are required. These areas include, but are not limited to, the following:

Significant accounting estimates

Significant accounting estimates are estimates and assumptions made by management that may result in a material adjustment to the carrying amounts of assets and liabilities within the next financial year and include, but are not limited to, the following:

- Reclamation provision:

The Company's provision for reclamation represents management's best estimate of the present value of the future cash outflows required to settle estimated reclamation costs at the Sun property. The provision reflects estimates of future reclamation costs, inflation and the applicable risk-free interest rates for discounting the future cash outflows. Changes in the above factors could result in a change to the provision recognized by the Company.

Significant accounting judgments

Information about significant judgments in applying accounting policies that have the most significant effect on the amounts recognized in the financial statements include, but are not limited to, the following:

- Going concern

The assessment of the Company's ability to continue as a going concern and to raise sufficient funds to pay for its ongoing operating expenditures, meet its liabilities for the ensuing year, and to fund planned project-acquisitions, involves significant judgment based on historical experience and other factors, including expectation of future events that are believed to be reasonable under the circumstances (Note 1).

- Exploration and Evaluation assets impairment

The assessment of evidence of impairment in respect of exploration and evaluation assets (capitalized mineral property acquisition costs) requires management to make judgments regarding the status of each project and the future exploration plans. The facts and circumstances indicating that the Company should test its exploration and evaluation assets for impairment are defined in IFRS 6. The nature of exploration and evaluation activities is such that only a proportion of projects are ultimately successful and some assets are likely to become impaired in future periods. Management has determined that there were facts and circumstances indicating that the carrying amount of the Company's exploration and evaluation assets may exceed their recoverable amount at December 31, 2023 (see Note 6).

2. BASIS OF PRESENTATION (continued)

(e) Significant accounting estimates and judgements: (continued)

- Recovery of deferred tax assets:

Judgement is required to determine whether deferred tax assets are recognized in the statement of financial position. Deferred tax assets, including those arising from unutilized tax losses, require the Company to assess the likelihood that it will generate sufficient taxable earnings in future periods, in order to utilize recognized deferred tax assets. Judgement is also required in respect of the application of existing tax laws in each jurisdiction.

Assumptions about the generation of future taxable profits depend on management's estimates of future cash flows. These estimates of future taxable income are based on forecast cash flows from operations (which are impacted by production and sales volumes, commodity prices, reserves, operating costs, closure and rehabilitation costs, capital expenditure, dividends and other capital management transactions). To the extent that future cash flows and taxable income differ significantly from estimates, the ability of the Company to realize the net deferred tax assets recorded at the reporting date could be impacted. In addition, future changes in tax laws in the jurisdictions in which the Company operates could limit the ability of the Company to obtain tax deductions in future periods.

3. MATERIAL ACCOUNTING POLICIES

The accounting policies set out below have been applied consistently to all periods presented in these consolidated financial statements.

(a) Currency

These consolidated financial statements are presented in United States dollars. The functional currency of each entity in the consolidated group is determined with reference to the currency of the primary economic environment in which that entity operates. Accordingly, the functional currency of entities operating principally in the United States will be the United States dollar, while the functional currency of entities operating principally in Canada will be the Canadian dollar.

(b) Basis of consolidation

These consolidated financial statements include the accounts of the Company and its wholly-owned subsidiary, Valhalla Metals AK Inc. The financial statements of subsidiaries are included in the consolidated financial statements from the date control commences until the date control ceases. All significant intercompany transactions and balances are eliminated on consolidation.

3. MATERIAL ACCOUNTING POLICIES (continued)

(c) Income taxes

Income tax on profit or loss for the periods presented comprises current and deferred tax. Income tax is recognized in profit or loss, except to the extent that it relates to items recognized directly in equity or other comprehensive loss, in which case the income tax is recognized in equity or other comprehensive loss.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted, or substantively enacted, at the end of the reporting period, and any adjustment to tax payable in respect of previous years. Current tax assets and current tax liabilities are only offset if a legally enforceable right exists to set off the amounts, and the Company intends to settle on a net basis, or to realize the asset and settle the liability simultaneously.

Deferred tax is provided for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Temporary differences are not provided for the initial recognition of assets or liabilities in a transaction that is not a business combination and affects neither accounting nor taxable profit. The amount of deferred tax provided is based on the expected manner of realization or settlement of the carrying amounts of assets and liabilities, on a non-discounted basis using tax rates at the end of the reporting period applicable to the period of expected realization.

A deferred tax asset is recognized only to the extent that it is probable that future taxable profits will be available against which the asset can be utilized.

(d) Cash and cash equivalents

Cash and cash equivalents consist of cash on deposit with banks or highly liquid short-term interest-bearing securities that are readily convertible to known amounts of cash and those that have original maturities of three months or less or are fully redeemable without penalty prior to maturity.

(e) Financial instruments

(i) Classification

The Company classifies its financial instruments in the following categories: at fair value through profit or loss (“FVTPL”), at fair value through other comprehensive income (“FVTOCI”) or at amortized cost. The Company determines the classification of financial assets at initial recognition. The classification of debt instruments is driven by the Company’s business model for managing the financial assets and their contractual cash flow characteristics. Equity instruments that are held for trading are classified as FVTPL. For other equity instruments, on the day of acquisition the Company can make an irrevocable election (on an instrument-by-instrument basis) to designate them as at FVTOCI. Financial liabilities are measured at amortized cost, unless they are required to be measured at FVTPL (such as instruments held for trading or derivatives) or if the Company has opted to measure them at FVTPL.

(ii) Measurement

<u>Financial assets and liabilities at amortized cost</u>

Financial assets and liabilities at amortized cost are initially recognized at fair value plus or minus transaction costs, respectively, and subsequently carried at amortized cost less any impairment.

3. MATERIAL ACCOUNTING POLICIES (continued)

Financial assets and liabilities at FVTPL

Financial assets and liabilities carried at FVTPL are initially recorded at fair value. Realized and unrealized gains and losses arising from changes in the fair value of the financial assets and liabilities held at FVTPL are included in profit or loss in the period in which they arise.

Financial assets at FVTOCI

Financial assets carried at FVTOCI are initially recorded at fair value. Unrealized gains and losses arising from changes in the fair value of the financial assets held at FVTOCI are included in other comprehensive income or loss in the period in which they arise.

(iii) Impairment of Financial Assets at Amortized Cost

The Company recognizes a loss allowance for expected credit losses on financial assets that are measured at amortized cost. At each reporting date, the Company measures the loss allowance for the financial asset at an amount equal to the lifetime expected credit losses if the credit risk on the financial asset has increased significantly since initial recognition. If at the reporting date, the credit risk on the financial asset has not increased significantly since initial recognition, the Company measures the loss allowance for the financial asset at an amount equal to the twelve month expected credit losses. Regardless of whether credit risk has increased significantly, the loss allowances for trade receivables without a significant financing component classified at amortized cost, are measured using the lifetime expected credit loss approach. The Company shall recognize in the statements of loss and comprehensive loss, as an impairment gain or loss, the amount of expected credit loss (or reversal) that is required to adjust the loss allowance at the reporting date to the amount that is required to be recognized.

(iv) Derecognition

The Company derecognizes financial assets only when the contractual rights to cash flows from the financial assets expire, or when it transfers the financial assets and substantially all of the associated risks and rewards of ownership to another entity. Gains and losses on derecognition are generally recognized in the statements of loss and comprehensive loss.

(f) Share capital

Common shares issued by the Company are classified as equity. Costs directly attributable to the issue of common shares, net of any related income tax effects.

(g) Loss per share

Basic loss per share is computed by dividing the net loss available to common shareholders by the weighted average number of shares outstanding during the reporting year. Diluted loss per share is computed using the treasury stock method, under which the weighted average number of shares outstanding is increased to include additional shares for the assumed exercise of stock options and warrants, if dilutive. The number of additional shares is calculated by assuming that outstanding stock options and warrants are exercised. Shares held in escrow, other than where their release is subject to the passage of time, are not included in the calculation of the weighted average number of common shares outstanding.

3. MATERIAL ACCOUNTING POLICIES (continued)

(h) Exploration and evaluation assets

Exploration and evaluation assets include the purchase price of mineral properties and any costs incurred for mineral properties not classified as exploration and evaluation expenses. When economically viable reserves have been determined, technical feasibility has been determined and the decision to proceed with development has been approved, the capitalized mineral property interests for that project are reclassified as mining properties, a component of property, plant and equipment.

Exploration and evaluation expenses are comprised of costs that are directly attributable to:

- Researching and analysing exploration data;
- Conducting geological studies, exploratory drilling and sampling;
- Examining and testing extraction and treatment methods; and
- Activities in relation to evaluating the technical feasibility and commercial viability of extracting a mineral resource including personnel, community engagement, resource reporting, as well as indirect project support expenses such as flights, fuel, and other camp operation costs.

All exploration and evaluation expenditures including camp equipment and other camp costs directly related to exploration are expensed until properties are determined to contain economically viable reserves.

Development expenditures capitalized as mining properties are net of the proceeds of the sale of ore extracted during the development phase. Interest on borrowings related to the construction and development of assets is capitalized until substantially all the activities required to make the asset ready for its intended use are complete. The costs of removing overburden to access ore are capitalized as pre-production stripping costs and classified as mining properties.

(i) Impairment of exploration and evaluation assets

At the end of each reporting period, the Company's assets are reviewed to determine whether there is any indication that those assets may be impaired. If such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment, if any. The recoverable amount is the higher of fair value less costs to sell and value in use. Fair value less costs to sell is determined as the amount that would be obtained from the sale of the asset price received to sell an asset in an orderly transaction between market participants. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount and the impairment loss is recognized in profit or loss for the period. For an asset that does not generate largely independent cash flows, the recoverable amount is determined for the cash generating unit ("CGU") to which the asset belongs. When a subsequent event causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through profit or loss.

(j) Restoration and environmental obligations

The Company recognizes liabilities for legal or constructive obligations associated with the retirement of exploration and evaluation assets. The net present value of future rehabilitation costs is recorded to exploration expenses with a corresponding increase in the rehabilitation provision in the period incurred. A pre-tax discount rate that reflects the time value of money is used to calculate the net present value.

3. MATERIAL ACCOUNTING POLICIES (continued)

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 exploration expenses with a corresponding entry to the rehabilitation provision.

(k) Fixed assets other than exploration and evaluation assets

Fixed assets are measured initially at cost, unless they are acquired as part of a business combination, in which case they are initially measured at fair value. Thereafter, the fixed assets are recorded net of accumulated depreciation and accumulated impairment losses. Cost includes expenditures that are directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the cost of materials and direct labour, any other costs directly attributable to bringing the assets to a working condition for their intended use, estimated decommissioning provisions and borrowing costs on qualifying assets.

The gain or loss on disposal of an item fixed assets is determined by comparing the proceeds from disposal with the carrying amount of the fixed asset and are recognized within other expense or income in earnings. During the usage period, the fixed assets are reviewed for impairment and if the carrying amount exceeds the recoverable amount, the asset is described as impaired.

(l) Shared based compensation

The Company may grant stock options to acquire common shares of the Company to directors, officers, employees and consultants. An individual is classified as an employee when the individual is an employee for legal or tax purposes, or provides services similar to those performed by an employee. Stock options granted to directors, officers and employees are measured at their fair values determined on their grant date, using the Black-Scholes option pricing model, and are recognized as an expense over the vesting periods of the options on a graded basis. Options granted to consultants or other non-insiders are measured at the fair value of goods or services received from these parties, or at their Black-Scholes fair values if the fair value of goods or services received cannot be measured. A corresponding increase is recorded to equity reserves for share-based compensation recorded. When stock options are exercised, the cash proceeds along with the amount previously recorded as equity reserves are recorded as share capital. When the right to receive options is forfeited before the options have vested, any expense previously recorded is reversed.

(m) New and amended accounting pronouncements

The IASB issued certain new or amended accounting standards that are mandatory for accounting periods on or after January 1, 2023. The effect of such new or amended accounting standards did not have a material impact on the Company's consolidated financial statements.

As part of the new or amended accounting standards, the Company adopted Amendments to IAS 1, *Presentation of Financial Statements Presentation of Financial Statements – Disclosure of Accounting Policies*, requiring entities to disclose material, instead of significant, accounting policy information. The accounting policies disclosed within these financial statements were not impacted by the adoption of these amendments.

4. REVERSE ACQUISITION TRANSACTION

On September 16, 2022, the Company closed a share exchange agreement with Valhalla US, whereby the Company acquired all the issued and outstanding securities in the capital of Valhalla US in exchange for the common shares of the Company. The acquisition of Valhalla US by Valhalla is accounted for as a reverse takeover, whereby, Valhalla US is deemed to be the acquirer and Valhalla is deemed to be the acquiree. The acquisition constitutes an asset acquisition as Valhalla did not meet the definition of a business as defined in IFRS 3, *Business Combinations.* As a result, the acquisition is accounted for in accordance with IFRS 2, *Share-based Payments* whereby Valhalla US is deemed to have issued shares in exchange for the net assets of Valhalla together with its listing status at the fair value of the consideration deemed received by Valhalla US. The share capital of Valhalla is eliminated as a result of the acquisition. The consolidated financial statements on the consolidated entity are issued under the legal parent, Valhalla, but are considered a continuation of the financial statements, assets and operations of the legal subsidiary, Valhalla US.

Pursuant to the share exchange agreement:

- Valhalla consolidated its issued and outstanding capital at a 5 to 1 ratio that resulted in 12,479,790 Valhalla common shares outstanding. The Valhalla common shares issued in connection with the transaction were then issued on a post-consolidation basis.

- Valhalla and Valhalla US completed a three-cornered merger (the “Merger”) whereby a wholly owned subsidiary of Valhalla, Valhalla Mergerco, an Alaska corporation, merged with Valhalla US. Upon completion of the merger:

  - (i) Former 4,025 Valhalla US Common Shares held by non-U.S. Residents were exchanged for 1,791,085 Valhalla Subordinate Voting Shares; and
  - (ii) Former 108,337 Valhalla US Common Shares held by U.S. Residents were exchanged for 482,087 Valhalla Multiple Voting Shares (multiplier factor of 100);

- At the closing of the Transaction, the shareholders of Valhalla US became, in aggregate, the controlling shareholders of the Company. Accordingly, Valhalla US is considered to have acquired Valhalla with the transaction being accounted for as a reverse takeover of Solidus by Valhalla.

- In connection with the reverse acquisition and pursuant to a strategic investment agreement between Marubeni Metals & Minerals (Canada) Inc. (“Marubeni”) and the Company, Marubeni subscribed for 16,580,000 subordinate voting shares of Valhalla for gross proceeds of CAD$8,290,000 (CAD$0.50 per share).

- Concurrent with the Marubeni financing and reverse acquisition the Company undertook a non-brokered private placement and issued 3,880,761 subordinate voting shares at CAD$0.50 per share, for total gross proceeds of CAD$1,940,380.

(Expressed in US Dollars)

4. REVERSE ACQUISITION TRANSACTION (continued)

The 2022 listing expense of $5,378,548 is comprised of the fair value of the common shared of Valhalla retained by the former shareholders of Valhalla and other direct expenses of the transaction less the fair value of the net assets of the Company that were acquired and is summarized as follows:

Common shares issued (12,479,790@CAD$0.50 at USD FX rate 0.7527)	$	4,696,769
Legal and other transaction costs		295,225
		4,991,994
Net liabilities of the Company		
Cash		(217,388)
Receivables		(8,862)
Prepaids expenses		(730)
Mineral properties		(31,504)
Accounts payable and accrued liabilities		644,988
Total net liabilities		386,554
Listing expense	$	5,378,548

5. RISK MANAGEMENT AND FINANCIAL INSTRUMENTS

Financial instruments are agreements between two parties that give rise to a financial asset of one entity and a financial liability or equity instrument of another entity. The Company classifies its financial instruments as follows: cash is classified as fair value through profit or loss (“FVTPL”); and accounts payable and accrued liabilities and sponsorship liability, as amortized cost. The carrying values of these instruments approximate their fair values due to their short term to maturity.

Capital management

The Company does not generate cash flows from operations. The Company’s primary source of funds comes from the issuance of share capital. The Company does not use other sources of financing that require fixed payments of interest and principal due to lack of cash flow from current operations and is not subject to any externally imposed capital requirements.

The Company’s objective when managing capital is to advance its E&E properties while safeguarding the Company’s ability to continue as a going concern.

5. RISK MANAGEMENT AND FINANCIAL INSTRUMENTS (continued)

The Company defines its capital as shareholders' equity. Capital requirements are driven by the Company's general operations. To effectively manage the Company's capital requirements, the Company monitors expenses and overhead to ensure costs and commitments are being paid. There were no changes to the Company's capital management approach during the years ended December 31, 2023 and 2022. The Company is not subject to any externally imposed capital requirements.

Management of financial risk

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 or liabilities;
Level 2 - Inputs other than quoted prices that are observable for the asset or liability either directly or indirectly; and
Level 3 - Inputs that are not based on observable market data.

The Company's financial instruments classified as level 1 in the fair value hierarchy are cash. Accounts payable and accrued liabilities approximate fair value due to the short-term nature of these financial instruments.

The Company's risk exposure and the impact on the Company's financial instruments are summarized below:

Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in market prices. Market risk consists of interest rate risk, foreign currency risk and other price risk. As at December 31, 2023, the Company is not exposed to significant market risk.

Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its obligations as they become due. The Company's approach to managing liquidity risk is to attempt to ensure that it will have sufficient cash or credit available to meet liabilities when due. The Company manages its liquidity risk by forecasting cash flows from operations and anticipating any investing and financing activities. Management and the Board of Directors are actively involved in the review, planning and approval of significant expenditures and commitments.

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. All of the Company's cash is held in reputable financial institutions and as such, the Company believes credit risk is negligible.

5. RISK MANAGEMENT AND FINANCIAL INSTRUMENTS (continued)

All of the liabilities presented as accounts payable and accrued liabilities are due within 90 days of December 31, 2023.

Foreign Exchange Risk

Currency risk is the risk to the Company's earnings that arises from fluctuations of foreign exchange rates and the degree of volatility of these rates. The Company does not use derivative instruments to reduce its exposure to foreign currency risk. The Company is exposed to foreign exchange risk with respect to these transactions. The Company is exposed to currency risk through the following assets and liabilities denominated in Canadian dollars:

	December 31, 2023	December 31,2022
Cash and cash equivalents	1,659,295	6,774,914
Accounts payable	(88,271)	(367,209)

At December 31, 2023, Canadian dollar amounts were converted at a rate of CAD 1.00 to USD 0.7561. A 10% increase or decrease in the Canadian dollar relative to the US dollar would result in a change of approximately $157,102 (December 31, 2022 - $640,770) in the Company's comprehensive loss for the year. Cash equivalents at December 31, 2023 consist of Canadian Guaranteed Investment Certificates of $1,137,931 (December 31, 2022 – $5,910,092).

Categories of financial assets and financial liabilities

The carrying values of the Company's financial instruments are classified into the following categories:

Financial instrument	**Category**		**December 31, 2023**		**December 31, 2022**
Cash and cash equivalents	FVPTL	$	1,681,885	$	6,774,914
Accounts payable	Amortized cost	$	153,972	$	367,209

6. EXPLORATION AND EVALUATION ASSETS

a) Sun Property

On May 15, 2018, Valhalla Mining Inc, a company controlled by a former director of the Company, transferred its 100% interest in certain mineral rights to the Company in exchange of common shares with a fair value of $800,000. The mineral rights (“Sun Property”) are located in the Ambler Mining District of Alaska.

In Q4 2023, given the delay and uncertainty surrounding the approval by the Bureau of Land Management of the road that would provide access to the Ambler Mining District, the Company wrote off the accounting cost of the Sun Property to $25,000. An impairment loss of $775,000 was recorded on the Statement of Consolidated Comprehensive loss for year ended December 31, 2023).

As of December 31, 2023, the Company has ownership of 392 mineral claims at the Sun Property (392 mineral claims at December 31, 2022).

b) Smucker Property

On May 15, 2018, Valhalla Mining, LLC, a company controlled by a former director of the Company, transferred its 100% interest in certain mineral rights to the Company in exchange of common shares with a fair value of $800,000. The mineral rights (“Smucker Property”) are located in the Ambler Mining District of Alaska. As a result of this transaction, the Company acquired 58 mining claims.

During the year ended December 31, 2022, the Company spent $50,615 on staking an additional 76 State of Alaska mining claims immediately adjacent to the original Smucker claim block. During 2023, the Company spent an additional of $2,700 on staking work and staked 10 more claims.

In a decision dated April 21, 2023, the Alaska Supreme Court ruled that 11 of the initial 58 mineral claims staked by Valhalla Mining LLC at the Smucker Property were invalid due to the extent of those claims over-lapping the old Teck Resources claims block at Smucker (see note 11 for additional details). The Company wrote off the book value associated with these 11 claims and recorded an impairment loss ($151,724 loss recorded on the December 31, 2023 Statement of Consolidated Comprehensive loss).

In Q4 2023, given the delay and uncertainty surrounding the approval by the Bureau of Land Management of the road that would provide access to the Ambler Mining District, the Company wrote off the accounting cost of the Smucker Property to $25,000. An impairment loss of $676,591 was recorded on the Statement of Consolidated Comprehensive loss for year ended December 31, 2023).

As of December 31, 2023, the Company has ownership of 133 mineral claims at the Smucker Property (134 mineral claims at December 31, 2022).

c) Honeymoon Property

The Honeymoon property is an early-stage gold-silver-copper property located on the west side of Adams Lake, British Columbia, approximately 85 km northeast of Kamloops, British Columbia. The Company wholly owns the Honeymoon property which consists of six mineral claims covering an area of approximately 2,648 hectares. The Honeymoon property was transferred to the Company as part of the reverse transaction. In Q4 2022, the Company decided not to further pursue this project. As such, the carrying value of the property was written off ($30,846 impairment loss was recorded on the December 31, 2022 Statement of Consolidated Comprehensive loss).

(Expressed in US Dollars)

6. EXPLORATION AND EVALUATION ASSETS (continued)

The following tables present a summary of the exploration and evaluation assets as of December 31, 2023 as well as exploration expenses incurred during the year ended December 31, 2023 and December 31, 2022:

Exploration and evaluation assets

		Sun		Smucker		Total
Balance, December 31, 2021	**$**	**800,000**	**$**	**800,000**	**$**	**1,600,000**
Acquisition of property		-		50,615		50,615
Balance, December 31, 2022	$	**800,000**		**850,615**	**$**	**1,650,615**
Acquisition of property		-		2,700		2,700
Impairment of property		(775,000)		(828,315)		(1,603,315)
Balance, December 31, 2023	$	**25,000**		**25,000**	**$**	**50,000**

Exploration expenses

December 31, 2023		**Sun**		**Smucker**		**Total**
Air transportation	$	1,587,513	$	-	$	1,587,513
Assays		52,851		-		52,851
Drilling		1,014,293		-		1,014,293
Camp equipment		535,003		-		535,003
Camp set up costs		261,177		-		261,177
Camp reclamation provision		100,833		-		100,833
Geology		276,977		-		276,977
Fuel		591,092		-		591,092
Labour		149,756		-		149,756
Mineral claims rents		93,720		20,020		113,740
Other		197,879		-		197,879
Supplies		38,505		-		38,505
December 31, 2023	**$**	**4,899,598**	**$**	**20,020**	**$**	**4,919,618**

December 31, 2022		**Sun**		**Smucker**		**Total**
Mineral claims rents	$	75,254	$	12,760	$	88,014
Geology		29,569		23,345		52,914
Stock based compensation		57,362		57,362		114,724
Recovery of costs under the sponsorship agreement		(104,823)		-		(104,823)
December 31, 2022	**$**	**57,362**	**$**	**93,467**	**$**	**150,829**

(Expressed in US Dollars)

7. RECLAMATION PROVISION

In connection with the Sun project exploration camp site that was built in 2023, the Company recognized a reclamation provision at December 31, 2023 with a present value of $100,833. The present value of the obligation relating to the reclamation provision was calculated using an average risk-free interest rate of 3.1% and an inflation rate of 2% and the life of the mining camp was estimated at 10 years. The undiscounted value of the obligation was $136,832.

A reconciliation of the changes in the Company's reclamation provision is as follows:

Reclamation obligation on completion of Sun project exploration camp	$	100,833
Reclamation work completed during the year		-
Balance at December 31, 2023	$	100,833

8. SHARE CAPITAL

a) **Authorized**:

The Company is authorized to issue an unlimited number of subordinate voting shares without nominal or par value and unlimited number of multiple voting shares without nominal or par value.

The Company has issued 482,087 multiple voting shares a part of the reverse acquisition transaction. Theses shares are restricted and held in escrow and will be released over the 36-month period ending September 16, 2025 and covert to subordinate voting shares with a multiplying factor of 100 (resulting in 48,208,700 subordinate voting shares) when the following conditions are met: (1) vesting from escrow (2) US investors (multiple voting share holders) cumulative ownership of the Company cannot exceed 40% of the issued and outstanding subordinate voting shares.

(b) **Reconciliation of changes in share capital**

On September 16, 2022, the Company closed a share exchange agreement with Valhalla US as described in Note 3. Valhalla US exchanged 112,362 shares and converted 4,025 shares held by non-U.S. residents to 1,791,085 Valhalla Subordinate Voting Shares and 108,337 shares held by U.S. residents for 482,087 Multiple Voting Shares. The Multiple Voting Shares have a multiplier factor of 100.

On September 16, 2022, the Company issued the holders of Solidus common shares 12,479,790 subordinate voting shares with par value of CAD$0.50 (USD$0.3764) on a post 5:1 consolidation basis.

On September 16, 2022, the Company closed the Marubeni private placement and issued 16,580,000 subordinate voting shares of Valhalla for gross proceeds of CAD$8,290,000 (CAD$0.50 per share) and concurrently closed a non-brokered private placement and issued 3,880,761 subordinate voting shares at CAD$0.50 per share, for total gross proceeds of CAD$1,940,380.50.

(Expressed in US Dollars)

8. SHARE CAPITAL (continued)

On December 12, 2022, the Company issued 285,000 subordinate voting shares of the Company to settle $105,023 of debt owed to MA2 Capital Inc., a company controlled by Sorin Posescu, the Company's CEO at a deemed price of CAD$0.50 per share and recorded a gain on debt settlement of $45,160.

Escrow

In connection with the Transaction, certain principals of the Company have entered into a Tier 2 Value Escrow Agreement with Computershare Investor Services, Inc. as escrow agent, in respect of 5,586,538 Subordinate Voting Shares and 330,570 Multiple Voting Shares. Under the terms of the Escrow Agreements, 10% of such escrowed securities will be released upon the date of the exchange bulletin from the TSXV, with the balance to be released in six tranches of 15% every six months thereafter. As at December 31, 2023, 220,382 Multiple Voting Shares and 5,586,538 Subordinate Voting Shares of the Company remain in escrow. Due to administrative delays, none of the Subordinate Voting Shares placed in escrow as a result of the RTO were released as of December 31, 2023. The release of the Subordinate Voting shares from escrow commenced subsequent to December 31, 2023.

Warrants

The following table summarizes the continuity of the Company's warrants:

Exercise Price	January 1, 2022	Transferred on RTO in 2022	Balance December 31, 2022 and 2023	Expiry Date	Weighted average exercise price
CAD$0.60	-	1,333,422	1,333,422	October 8, 2024	CAD$0.60
		1,333,422	1,333,422		

As at December 31, 2023, the Company had 1,333,422 outstanding warrants. These are warrants issued initially by Valhalla, formerly Solidus in October 2020 and transferred on a 5:1 basis to the Company as part of the reverse acquisition transaction. The warrants expiry date was extended to October 8, 2024 and the Company recorded $151,917 of share-based compensation in 2022 in connection with the extension.

Stock Option Plan

The Share Compensation Plan is a "rolling up to 10%" omnibus plan pursuant to which the total number of Subordinate Voting Shares which may be issued pursuant to RSUs and Options granted under the Share Compensation Plan, in the aggregate, is equal to up to a maximum of 10% of the issued and outstanding Subordinate Voting Shares, assuming the conversion of all Multiple Voting Shares (1 multiple coting share to 100 to Subordinate Voting Shares), at the time of the grant or award.

On November 7, 2022, the Company issued to certain directors, officers, employees, and consultants stock options that would allow them to acquire a total of 4,375,000 subordinate voting shares in the capital of the Company at an exercise price of CAD$0.50. The Options are exercisable for a five-year term expiring November 7, 2027. In addition, on RTO date, 55,000 stock options were deemed issued. These RTO stock options have an expiry date of August 15, 2024 and can be exercised for CAD$1.25.

(Expressed in US Dollars)

8. SHARE CAPITAL (continued)

The following table summarizes the continuity of the Company's stock options:

Exercise Price	January 1, 2022	Issued in 2022	Balance December 31, 2022 and 2023	Expiry Date	Weighted average exercise price
CAD$0.50	-	4,375,000	4,375,000	November 7, 2027	CAD$0.50
CAD$1.25	-	55,000	55,000	August 15, 2024	CAD$1.25
		4,430,000	4,430,000		CAD$0.51

In connection to the November 7, 2022 issuance of stock options, the Company recognized a stock based compensation expense of $836,528 ($721,804 recorded as a stock based compensation expense and $114,724 as part of the exploration and evaluation expenses of the Company). The Company used the following parameters/assumptions in the Black Scholes calculation:

- Exercise price: CAD$0.50
- Stock price: CAD$0.34
- Interest rate: 3.77%
- Volatility: 110%
- Expected life: 5 years

9. RELATED PARTY BALANCES AND TRANSACTIONS

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. Related parties may be individuals or corporate entities. A transaction is a related party transaction when there is a transfer of resources or obligations between related parties.

The Company had the following related party balances at December 31:

		2023		2022
Due to Directors and Officer		58,595		9,298
Total due to related parties	$	58,595	$	9,298

The amounts due to related parties were incurred in the normal course of business and have been included in accounts payable. The balances are non-interest bearing, unsecured and are due on demand.

Key management personnel receive compensation in the form of short-term employee benefits, share-based payments, and post-employment benefits. Key management personnel include the Chief Executive Officer, Chief Financial Officer, VP of Exploration and directors of the Company. The remuneration of key management in 2022 and 2023 was as follows:

		2023		2022
Stock based compensation		-		813,748
Remuneration officers		288,960		90,386
Total remuneration	$	288,960	$	922,134

9. RELATED PARTY BALANCES AND TRANSACTIONS (continued)

On December 12, 2022, the Board approved the settlement of $105,023 of debt owed to MA2 Capital Inc., a company controlled by Sorin Posescu, the Company's CEO, through the issuance of subordinate voting shares of the Company (the "Debt Settlement"). Pursuant to the Debt Settlement, the Company issued 285,000 subordinate voting shares of the Company at a deemed price of CAD$0.50 per share and recorded in 2022 a gain on debt settlement of $45,160.

10. BASIC AND DILUTED LOSS PER SHARE

The calculation of basic and diluted loss per share for the years ended December 31, 2023 and 2022 was based on the loss attributable to common shareholders of $6,817,228 (2022 – $6,563,932) and the weighted average number of common shares outstanding of 83,225,336 (2022 – 24,101,618).

11. CONTINGENCIES

The Company's interest in the Smucker Property was subject to an ongoing dispute between Teck Resources ("Teck"), Valhalla Mining LLC ("Valhalla Mining") (a company owned by a former director of the Company), and the State of Alaska Department of Natural Resources ("DNR"). In November 2018, DNR notified Valhalla Mining that 11 of the 58 mineral claims comprising the Smucker property were invalid to the extent of those claims over-lapped the old Teck claims block at Smucker (the "Teck Litigation Claims").

Valhalla Mining succeeded in its claims to quiet title to the disputed mining claims in April 2021 at the Alaska Superior Court (Valhalla Mining, LLC v. State of Alaska, Department of Natural Resources and Teck American Incorporated, Case No. 3AN-19-10673CI, 3rd Judicial District at Anchorage, Alaska Superior Court), however the Court's decision was appealed to the Alaska Supreme Court by Teck and DNR on April 27, 2021.

In a decision dated April 21, 2023, the Alaska Supreme Court, decided to reverse the Alaska Superior Court's decision and affirm DNR's decision that 11 of the 58 mineral claims staked by Valhalla Mining at the Smucker Property were invalid due to the extent of those claims over-lapping the old Teck claims block at Smucker (Valhalla Mining, LLC v. State of Alaska, Department of Natural Resources and Teck American Incorporated, Case No. S-18082/18101, Alaska Supreme Court).

(Expressed in US Dollars)

12. SEGMENTED INFORMATION

The Company's operations are conducted in two reportable segments: mineral exploration in US and Corporate operations in Canada. Neither segment generates revenue. As the operations are in different countries, this equates to allocating resources by geographical area.

Total assets by geographical area:

		December 31, 2023		December 31, 2022
Canada	$	1,694,991	$	6,847,765
US		165,381		1,961,900
Total	$	1,869,372	$	8,809,665

Cash amounting to $1,659,376 was held in Canada (2022 - $6,772,019) and $22,509 was held in US (2022 - $2,894 in US).

Total mineral properties by geographical area:

		December 31, 2023		December 31, 2022
Canada	$	-	$	-
US		50,000		1,650,615
Total	$	50,000	$	1,650,615

Net loss by geographical area:

		December 31, 2023		December 31, 2022
Canada	$	269,093	$	6,033,429
US		6,548,135		530,503
Total	$	6,817,228	$	6,563,932

Exploration expenses by geographical area:

		December 31, 2023		December 31, 2022
Canada	$	-	$	-
US		4,919,618		150,829
Total	$	4,919,618	$	150,829

(Expressed in US Dollars)

13. INCOME TAX

The following table reconciles the amount of income tax expense on application of the combined statutory Canadian federal and provincial income tax rates:

	2023	2022
Combined statutory income tax rate	27.00%	27.00%
Expected income tax recovery at statutory rates	$ (1,841,000)	$ (1,772,000)
Permanent and other differences	135,000	882,000
Change in tax benefits not recognized	1,706,000	890,000
Provision for income tax expense	$ -	$ -

The significant components of deferred income tax assets not recognized are presented below:

	2023	2022
Non-capital loss carry-forwards	$ 2,275,000	$ 932,000
Exploration and evaluation assets	473,000	108,000
Capital loss carry-forwards	42,000	42,000
Share issuance costs	-	2,000
	2,790,000	1,084,000
Unrecognized deferred tax assets	(2,790,000)	(1,084,000)
	$ -	$ -

As at December 31, 2023, the Company had non-capital losses carried forward of approximately $3,074,000 in Canada which expire between 2033 and 2043 and $5,804,000 in the United States which have no expiry date available to reduce income taxes in future years. The Company has capital losses carried forward of approximately $315,000 available to reduce taxable income in future years and which have no expiry date.