



**Consolidated Financial Statements**

**For the Years Ended November 30, 2023 and 2022**

Expressed in Canadian Dollars

## INDEPENDENT AUDITOR'S REPORT

**To the Shareholders of Precipitate Gold Corp.**

### **Report on the Audit of the Consolidated Financial Statements**

#### **Opinion**

We have audited the consolidated financial statements of Precipitate Gold Corp. (the "Company"), which comprise the statement of financial position as at November 30, 2023, and the statements of income and comprehensive income, changes in equity and cash flows for the year then ended, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of the Company as at November 30, 2023 and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards ("IFRS").

#### **Basis for Opinion**

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit 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.

#### **Other Matter**

The consolidated financial statements of the Company for the year ended November 30, 2022 were audited by another auditor who expressed an unqualified opinion on those statements on March 28, 2023.

#### **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.

<b>Key audit matter:</b>	<b>How our audit addressed the key audit matter:</b>
Assessment of impairment indicators of the Mineral property interest assets.	Our approach to addressing the matter included the following procedures, among others:
<i>Refer to note 3 – Accounting policy for Mineral properties, note 3 – Critical accounting judgements and estimates and note 4 Mineral properties</i>	Evaluated the reasonableness of management's assessment of impairment indicators, which included the following:
Management assesses at each reporting period whether there is an indication that the carrying value of the mineral property interests 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	<ul style="list-style-type: none"><li>Assessed the Company's market capitalization in comparison to the Company's net assets, which may be an indication of impairment.</li><li>Assessed the completeness of the factors that could be considered indicators of impairment, including consideration of evidence obtained in other areas of the audit.</li></ul>

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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 impairment.

We considered this a key audit matter due to (i) the significance of the mineral property interests 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.

- 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 mineral property interest assets.
- Assessed the reasonability of the Company's financial statement disclosure regarding their mineral property interest assets.

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## 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 audit 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 audit 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 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.

## 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 Company 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 James Roxburgh.

A handwritten signature in black ink that reads "De Visser Gray LLP". The signature is written in a cursive, flowing style.

**Chartered Professional Accountants**

Vancouver, BC, Canada  
March 27, 2024

**PRECIPITATE GOLD CORP.**  
**Consolidated Statements of Financial Position**  
*Expressed in Canadian Dollars*

<b>ASSETS</b>	<b>November 30, 2023</b>	<b>November 30, 2022</b>
<b>Current</b>		
Cash and cash equivalents	\$ 5,446,366	\$ 6,640,147
Amounts receivable	37,103	225,426
Prepaid expenses	28,967	26,571
Investments (Note 5)	<u>-</u>	<u>3,000</u>
	5,512,436	6,895,144
<b>Equipment</b> (Note 6)	6,788	38,465
<b>Mineral Property Interests</b> (Note 4)	<u>898,069</u>	<u>1,065,819</u>
	\$ 6,417,293	\$ 7,999,428
<b>LIABILITIES</b>		
<b>Current</b>		
Accounts payable and accrued liabilities (Note 9)	\$ 380,928	\$ 495,354
Income taxes payable (Note 4 and 12)	<u>-</u>	<u>1,714,832</u>
	<u>380,928</u>	<u>2,210,186</u>
<b>SHAREHOLDERS' EQUITY</b>		
<b>Share Capital</b> (Note 7)	16,968,427	16,968,427
<b>Reserves</b> (Note 7)	4,439,108	4,439,108
<b>Deficit</b>	<u>(15,371,170)</u>	<u>(15,618,293)</u>
	<u>6,036,365</u>	<u>5,789,242</u>
	\$ 6,417,293	\$ 7,999,428

**Nature of Operations and Going Concern** (Note 1)  
**Subsequent Events** (Note 13)

Approved by the Board of Directors on March 27, 2024.

"Jeffrey Wilson"

Jeffrey Wilson, Director

"Lon Shaver"

Lon Shaver, Director

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

**PRECIPITATE GOLD CORP.**  
**Consolidated Statements of Income and Comprehensive Income**  
*Expressed in Canadian Dollars*

<b>For the Years Ended November 30,</b>	<b>2023</b>	<b>2022</b>
<b>Expenses</b>		
Exploration and evaluation (Note 4 and 9)	\$ 413,472	\$ 1,770,014
Salaries and wages (Note 9)	202,252	254,254
Audit and accounting (Note 9)	165,524	143,431
Consulting and directors' fees (Note 9)	40,000	130,000
Marketing, conferences and investor relations	27,751	71,220
Legal	628	12,557
Property investigation costs	160,827	6,405
Office and administrative	128,668	130,777
Rent	31,900	40,141
Transfer agent and filing fees	40,320	37,437
Share-based compensation (Note 7 and 9)	-	16,163
Depreciation (Note 6)	31,677	18,448
Foreign exchange gain	<u>(26,229)</u>	<u>(138,502)</u>
<b>Total expenses</b>	<b>(1,216,790)</b>	<b>(2,492,345)</b>
Interest income	72,984	-
Gain on sale of mineral property interests (Note 4)	-	5,570,570
Write-off of mineral property interests (Note 4)	(163,550)	(38,700)
Recovery of exploration expenses	68,075	-
Recovery of flow through premium (Note 7)	-	158,500
Unrealized loss on investments (Note 5)	<u>(3,000)</u>	<u>(3,000)</u>
<b>Net income (loss) for the year before taxes</b>	<b>(1,242,281)</b>	<b>3,195,025</b>
Income tax recovery (provision) (Note 4, 12)	<u>1,600,888</u>	<u>(1,643,660)</u>
<b>Net income for the year</b>	<b>\$ 358,607</b>	<b>\$ 1,551,365</b>
Earnings per share, basic and diluted	\$ 0.00	\$ 0.01
Weighted average shares outstanding – basic	130,366,808	128,031,566
Weighted average shares outstanding – diluted	130,385,839	128,152,677

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

**Precipitate Gold Corp.**  
**Consolidated Statements of Cash Flows**  
*Expressed in Canadian Dollars*

For the years ended November 30,	2023	2022
<b>Operating activities:</b>		
Net income for the year	\$ 358,607	\$ 1,551,365
Items not affecting cash:		
Depreciation	31,677	18,448
Gain on sale of mineral property interests	-	(5,570,570)
Write-off of mineral property interests	163,550	38,700
Recovery of prior year income tax	(1,639,098)	-
Recovery of flow through premium	-	(158,500)
Unrealized loss on investments	3,000	3,000
Share-based compensation	-	16,163
Change in non-cash working capital:		
Amounts receivable	188,323	(184,961)
Prepaid expenses	(2,396)	16,429
Accounts payable and accrued liabilities	(225,910)	215,952
Income taxes payable	(75,734)	1,714,832
	<u>(1,197,981)</u>	<u>(2,339,142)</u>
<b>Investing activities:</b>		
Mineral property acquisition cost recovery	4,200	(52,000)
Proceeds from sale of mineral property interests	-	6,476,500
	<u>4,200</u>	<u>6,424,500</u>
<b>Financing activities:</b>		
Proceeds from issuance of shares	-	2,179,390
Share issue costs paid	-	(70,946)
	<u>-</u>	<u>2,108,444</u>
<b>Change in cash and cash equivalents</b>	<b>(1,193,781)</b>	<b>6,193,802</b>
<b>Cash and cash equivalents- beginning of year</b>	<b>6,640,147</b>	<b>446,345</b>
<b>Cash and cash equivalents - end of year</b>	<b>\$ 5,446,366</b>	<b>\$ 6,640,147</b>
<b>Supplemental non-cash transaction information:</b>		
Mineral property acquisition costs paid with common shares	\$ -	\$ 45,500
Fair value of finders' warrants	-	38,444
Fair value of finders' shares	-	16,000
Withholding tax on dividends	111,484	144,470

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

**PRECIPITATE GOLD CORP.**  
**Consolidated Statements of Changes in Equity**  
*Expressed in Canadian Dollars*

	Share Capital		Reserves		Deficit	Total
	Shares	Amount	Warrants	Options		
<b>Balance, November 30, 2021</b>	<b>107,068,031</b>	<b>\$ 15,325,317</b>	<b>\$ 1,743,997</b>	<b>\$ 2,326,614</b>	<b>\$ (17,025,188)</b>	<b>\$ 2,370,740</b>
Private placement – flow-through	15,850,000	1,585,000	-	-	-	1,585,000
Flow-through liability	-	(158,500)	-	-	-	(158,500)
Relative fair value of warrants	-	(221,500)	221,500	-	-	-
Private placement	6,604,333	594,390	-	-	-	594,390
Relative fair value of warrants	-	(92,390)	92,390	-	-	-
Fair value of finders' fee warrants	-	(35,000)	35,000	-	-	-
Finders' fee units	194,444	16,000	3,444	-	-	19,444
Share issue costs	-	(90,390)	-	-	-	(90,390)
Shares issued for mineral property acquisition	650,000	45,500	-	-	-	45,500
Share based compensation	-	-	-	16,163	-	16,163
Withholding tax on dividends	-	-	-	-	(144,470)	(144,470)
Net income and comprehensive income	-	-	-	-	1,551,365	1,551,365
<b>Balance, November 30, 2022</b>	<b>130,366,808</b>	<b>16,968,427</b>	<b>2,096,331</b>	<b>2,342,777</b>	<b>(15,618,293)</b>	<b>5,789,242</b>
Withholding tax on dividends	-	-	-	-	(111,484)	(111,484)
Net income and comprehensive income	-	-	-	-	358,607	358,607
<b>Balance, November 30, 2023</b>	<b>130,366,808</b>	<b>\$ 16,968,427</b>	<b>\$ 2,096,331</b>	<b>\$ 2,342,777</b>	<b>\$ (15,371,170)</b>	<b>\$ 6,036,365</b>

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



**PRECIPITATE GOLD CORP.**  
**Notes to the Consolidated Financial Statements**  
**For the Years Ended November 30, 2023 and 2022**  
*Expressed in Canadian Dollars*

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**1. Nature of Operations and Going Concern**

Precipitate Gold Corp. (the "Company") was incorporated on January 31, 2011, under the laws of the province of British Columbia, Canada, and its principal activity is the acquisition and exploration of mineral properties in Canada and the Dominican Republic. The head office, principal address, and records office of the Company are located at 625 Howe Street, Suite 580, Vancouver, British Columbia, V6C 2T6, Canada. The Company's shares trade on the TSX Venture exchange under the symbol PRG.

The recoverability of amounts shown as mineral properties is dependent upon the discovery of economically recoverable reserves, the Company's ability to obtain financing to develop the properties and the ultimate realization of profits through future production or sale of the properties. Realized values may be substantially different than carrying values as recorded in these financial statements.

These consolidated financial statements have been prepared on a going concern basis which assumes that the Company will be able to continue its operation as a going concern for the foreseeable future and will be able to realize its assets and discharge its liabilities in the normal course of business. At November 30, 2023, the Company had a working capital surplus of \$5,131,508. Management estimates that the Company has sufficient financial resources to carry out currently planned exploration and operations through the next twelve months.

Although the Company has been successful in the past in obtaining financing, there can be no assurances that the Company will continue to obtain the additional financial resources necessary and/or achieve profitability or positive cash flows from its future operations. If the Company is unable to obtain adequate additional financing, the Company would be required to curtail its planned operations, and exploration and development activities. These consolidated financial statements do not give effect to adjustments which would be necessary should the Company be unable to continue as a going concern and therefore be required to realize its assets and discharge its liabilities in other than the normal course of business and at amounts different from those reflected in the financial statements.

**2. Basis of Presentation**

**a) Statement of compliance**

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

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

The accounting policies set out in Note 3 have been applied consistently by the Company during the years presented.

**PRECIPITATE GOLD CORP.**  
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**2. Basis of Presentation** (continued)

**b) Basis of Consolidation**

These consolidated financial statements include the financial statements of the Company and its four wholly-owned subsidiaries: 0945044 BC Ltd., incorporated in British Columbia, Canada, which owns 100% of Corporacion Minera San Juan, S.R.L. located in the Dominican Republic; Precipitate Dominicana S.R.L. located in the Dominican Republic, which owns 50% of Toro Negro Drilling S.R.L. located in the Dominican Republic; and 1246871 BC Ltd., incorporated in British Columbia, Canada.

**c) Functional and Presentation Currency**

The functional currency of a company is the currency of the primary economic environment in which a company operates. The presentation currency for a company is the currency in which a company chooses to present its financial statements.

These consolidated financial statements are presented in Canadian dollars, which is the Company's presentation and functional currency. The functional currencies of the Company's subsidiaries do not differ from that of the parent company.

Transactions in foreign currencies are translated into the functional currency at exchange rates as at the date of the transaction. Foreign currency differences arising on translation are recognized in profit or loss. Foreign currency monetary assets and liabilities are translated at the functional currency exchange rate at the date of the statement of financial position. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using exchange rates as at the date of the initial transaction. All gains and losses on translation of these foreign currency transactions are included in profit or loss.

**3. Significant Accounting Policies**

**a) Cash**

Cash consist of amounts held in banks and demand deposits.

**b) Mineral Properties**

**i) Exploration and Evaluation**

Property option payments, common shares issued, and other costs associated with acquiring the legal rights to explore a specific resource property are capitalized as mineral property interests and classified as intangible exploration and evaluation assets, whereas exploration and evaluation expenditures are recognized as expenses as they are incurred during the period. Exploration and evaluation expenditures include costs of assaying, community development, consumables and supplies, drilling, geological consulting, scoping and feasibility study, site administration and other costs to maintain legal rights to explore an area.

**ii) Development**

Upon completion of a technical feasibility study and when commercial viability is demonstrated, capitalized exploration and evaluation assets are tested for impairment and transferred to and classified as mineral property development costs. Costs associated with the commissioning of new assets incurred in the period before they are operating in the way intended by management, are capitalized. Development costs are net of the proceeds of the sale of metals from ore extracted during the development phase.

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**3. Significant Accounting Policies – Continued**

**b) Mineral Properties – Continued**

**ii) Development – Continued**

Interest on borrowings related to the construction and development of assets are capitalized until substantially all the activities required to make the asset ready for its intended use are complete.

Mineral property interests are derecognized upon disposal or when no future economic benefits are expected. Gains and losses on disposal are determined by comparing the proceeds from disposal with the carrying amount of the item with any excess proceeds recognized in profit or loss.

**iii) Impairment**

The carrying value of all categories of mineral property are reviewed at least annually by management for indicators that the recoverable amount may be less than the carrying value. When indicators of impairment are present, the recoverable amount of an asset is evaluated at the level of a cash generating unit (CGU), the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or groups of assets, where the recoverable amount of a CGU is the greater of the CGU's fair value less costs to sell and its value in use. An impairment loss is recognized in profit or loss to the extent the carrying amount exceeds the recoverable amount.

Value-in-use is based on estimates of discounted future cash flows expected to be recovered from an asset or CGU through their use. Estimated future cash flows are calculated using estimates of future recoverable reserves and resources, future commodity prices and expected future operating and capital costs. Once calculated, 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.

Fair value less costs to sell is the amount obtainable from either quotes from an active market or the sale of an asset or CGU in an arm's length transaction between knowledgeable and willing parties, less the costs of disposal. Costs of disposal are incremental costs directly attributable to the disposal of an asset or CGU, excluding finance costs and income tax expense.

Impairment losses recognized in respect of CGUs are allocated to reduce the carrying amounts of the other assets in the unit or group of units on a pro rata basis. Assumptions, such as commodity prices, discount rate, and expenditures, underlying the fair value estimates are subject to risk uncertainties. Impairment charges are recorded in the reporting period in which determination of impairment is made by management.

Impairment losses recognized in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the 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 depletion or amortization, if no impairment loss had been recognized.

**iv) Proceeds from Sale of Property**

Proceeds from partial sale or option of any interest in a property are credited against the carrying value of the property. When the proceeds exceed the carrying cost, the excess is recorded in profit or loss in the year the excess is received.

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**3. Significant Accounting Policies – Continued**

**c) Equipment**

Equipment is stated at cost less accumulated depreciation and accumulated impairment losses. The cost of an item consists of the purchase price and costs of parts directly attributable to bringing the asset to the condition necessary for its intended use and an initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located. Any other costs are expensed as incurred.

The Company depreciates the cost less estimated residual values on a straight-line method over the estimated useful life of the asset. The estimated useful lives of the assets are as follows:

Tools and equipment	6 years
Light transport vehicles	2 years
Heavy transport vehicles	2 years
Drilling equipment	4 years

An asset is derecognized upon disposal, when held for sale or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on disposal of the asset, determined as the difference between the net disposal proceeds and the carrying amount of the asset, is recognized in profit or loss.

The Company conducts an annual assessment of the residual balances, useful lives and depreciation methods being used for equipment and any changes arising from the assessment are applied by the Company prospectively.

**d) Provisions**

Provisions are recorded when a present legal or constructive obligation exists as a result of past events where it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate of the amount of the obligation can be made.

The amount recognized as a provision is the best estimate of the consideration required to settle the present obligation at the statement of financial position date, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows. The increase in the obligation due to the passage of time is recognized as finance expense.

**e) Site Closure and Reclamation Provision**

The Company recognizes a provision for statutory, contractual, constructive or legal obligations associated with decommissioning of mining operations and reclamation and rehabilitation costs arising when environmental disturbance is caused by the exploration or development of mineral properties, plant and equipment. Provisions for site closure and reclamation are recognized in the period in which the obligation is incurred or acquired, and are measured based on expected future cash flows to settle the obligation, discounted to their present value. The discount rate is a pre-tax rate that reflects current market assessments of the time value of money and risks specific to the liability.

When an obligation is initially recognized, the corresponding cost is capitalized to the carrying amount of the related asset in mineral properties, plant and equipment. These costs are depreciated on a basis consistent with depreciation, depletion, and amortization of the underlying assets.

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**3. Significant Accounting Policies – Continued**

**f) Income Taxes**

Provision for income taxes consists of current and deferred tax expense. Income tax expense is recognized in profit or loss except to the extent that it relates to items recognized either in other comprehensive income, or directly in equity, in which case it is recognized in other comprehensive income or in equity, respectively.

Current tax expense is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at period end, adjusted for amendments to tax payable with regards to previous years. Taxes on income in the interim periods are accrued using the tax rate that would be applicable to expected total annual earnings.

Deferred tax is recognized in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognized for temporary differences associated with the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable income or loss and temporary differences relating to investments in subsidiaries to the extent that it is probable that they will not reverse in the foreseeable future. Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse based on the laws that have been enacted or substantively enacted at the reporting date.

A deferred tax asset is recognized to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

**g) Share Capital**

- i) The proceeds from the exercise of stock options, common share purchase warrants and purchase of common shares are recorded as share capital in the amount for which the option, warrant or share enabled the holder to purchase a common share in the Company.
- ii) Share capital issued for non-monetary consideration is recorded at an amount based on fair value of these common shares.
- iii) The proceeds from the issue of units is allocated between common shares and common share purchase warrants on a prorated basis using relative fair values of common shares and warrants. The fair value of common share purchase warrants is determined using the Black-Scholes option pricing model.
- iv) The Company may from time to time, issue flow-through common shares to finance a significant portion of its 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 separates the flow-through common share into i) a flow-through common share premium, equal to the estimated premium, if any, investors pay for the flow-through feature, which is recognized as a liability and; ii) share capital. When the resource property expenditures are incurred, the Company derecognizes the liability and recognizes a deferred tax recovery.

All costs related to issuances of share capital are charged against the proceeds received from the related share capital.

**PRECIPITATE GOLD CORP.**  
**Notes to the Consolidated Financial Statements**  
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**3. Significant Accounting Policies – Continued**

**h) Earning (Loss) per Share**

Basic earning (loss) per share is calculated using the weighted average number of common shares issued and outstanding during the period. Diluted earning (loss) per share is calculated by adjusting the weighted average number of common shares outstanding by an amount that assumes that the proceeds to be received on the exercise of dilutive stock options and warrants are applied to repurchase common shares at the average market price for the period in calculating the net dilution impact.

**i) Comprehensive Income**

Comprehensive income or loss includes net income or loss and other comprehensive income or loss. Other comprehensive income or loss may include holding gains and losses on fair value through other comprehensive income ("FVOCI") securities and foreign gains and losses from self-sustaining foreign operations.

**j) Share-based Payments**

From time to time, the Company grants stock options to directors, officers, employees and non-employees to purchase common shares. The Company accounts for share-based payments, including stock options, at their fair value on the grant date and recognizes the cost as a compensation expense over the period that the employees become entitled to the award. The fair value of the stock options on the grant date is determined using the Black-Scholes pricing model for stock option awards. The amount recognized as an expense is adjusted to reflect the number of awards for which the related service conditions are expected to be met such that the amount ultimately recognized as an expense is based on the number of awards that do meet the related service conditions at the vesting date. A corresponding increase is recognized in shareholders' equity for these costs.

**k) Financial Instruments**

*Financial Assets*

On initial recognition, financial assets are recognized at fair value and are subsequently classified and measured at: amortized cost; FVOCI; or fair value through profit or loss ("FVTPL"). The classification of financial assets depends on the purpose for which the financial assets were acquired and is generally based on the business model in which a financial asset is managed and its contractual cash flow characteristics. Financial assets are measured at fair value net of transaction costs that are directly attributable to its acquisition except for financial assets at FVTPL where transaction costs are expensed. All financial assets not classified and measured at amortized cost or FVOCI are measured at FVTPL. On initial recognition of an equity instrument that is not held for trading, the Company may irrevocably elect to present subsequent changes in the investment's fair value in other comprehensive income. The classification determines the method by which the financial assets are carried on the statement of financial position subsequent to inception and how changes in value are recorded. Financial assets are classified as current assets or non-current assets based on their maturity date. The Company's financial assets which consist of cash and amounts receivable are classified as amortized cost. Investments are classified at FVTPL.

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**3. Significant Accounting Policies – Continued**

**k) Financial Instruments – Continued**

*Financial Liabilities*

Financial liabilities are designated as either: FVTPL or amortized cost. All financial liabilities are classified and subsequently measured at amortized cost except for financial liabilities at FVTPL. The classification determines the method by which the financial liabilities are carried on the statement of financial position subsequent to inception and how changes in value are recorded.

The Company's financial liabilities which consist of accounts payables and accrued liabilities are classified as amortized cost.

*Impairment of Financial Assets*

An expected credit loss ("ECL") model applies to financial assets measured at amortized cost, contract assets and debt investments at FVOCI, but not to investments in equity instruments. The ECL model requires a loss allowance to be recognized based on expected credit losses. The estimated present value of future cash flows associated with the asset is determined and an impairment loss is recognized for the difference between this amount and the carrying amount as follows: the carrying amount of the asset is reduced to estimated present value of the future cash flows associated with the asset, discounted at the financial asset's original effective interest rate, either directly or through the use of an allowance account and the resulting loss is recognized in profit or loss for the period. In a subsequent period, if the amount of the impairment loss related to financial assets measured at amortized cost decreases, the previously recognized impairment loss is reversed through profit or loss to the extent that the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortized cost would have been had the impairment not been recognized. The Company's financial assets measured at amortized cost are subject to the ECL model.

**l) 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.

**m) Critical Accounting Judgments and Estimates**

The preparation of these financial statements requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, and income and expenses.

Although management uses historical experience and its best knowledge of the amount, events or actions to form the basis for judgments and estimates, actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing 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 review affects both current and future periods. The most significant accounts that require estimates as the basis for determining the stated amounts include: recoverability and impairment of mineral properties and valuation of share-based payments.

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**3. Significant Accounting Policies – Continued**

**m) Critical Accounting Judgments and Estimates – Continued**

Significant estimates that have the most significant effect on the amounts recognized in the financial statements are as follows:

Recoverability of capitalized mineral property costs

The Company uses the cost model and the value of the mineral property interests is based on expenditures incurred, less any recoveries or impairment. At every reporting period, management assesses the potential impairment which involves assessing whether or not facts and circumstances exist that suggests the carrying amount exceeds the recoverable amount.

Share-based payments

The Company uses the Black-Scholes Option Pricing Model to calculate the fair value of stock options and of common share purchase warrants issued. The model requires the input of highly subjective assumptions including the expected price volatility. Changes in the subjective input assumptions can materially affect the fair value estimate, and therefore the existing models do not necessarily provide a reliable single measure of the fair value of the Company's stock options and common share purchase warrants. The Company discloses assumptions and models used for estimating fair value of stock options and common share purchase warrants.

Income taxes

The Company recognizes income tax provisions based on the facts and circumstances of the relevant tax position in light of all available evidence and interpretations of applicable tax laws. Where applicable tax laws and regulations are either unclear or subject to ongoing varying interpretations, it is reasonably possible that changes in these estimates can occur that materially affect the income tax provision that is recognized. Adjustments for differences between amounts recognized and final amounts as assessed by the taxation authorities are made during the period such differences are identified.

Information about critical judgments in applying accounting policies that have the most significant effect of amounts recognized in the consolidated financial statements is included in the following notes:

Note 1 – going concern assessment

Note 3 – functional currency

Note 4 – impairment of exploration and evaluation assets

Note 12 – income taxes



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**4. Mineral Properties**

**Acquisition Costs Summary**

	<b>Juan de Herrera Project</b>	<b>Pueblo Grande and Ponton Projects</b>	<b>Motherlode Gold Project</b>	<b>Ace Gold Project</b>	<b>Total</b>
Balance – November 30, 2021	\$ 898,068	\$ 905,930	\$ 70,250	\$ 38,700	\$ 1,912,948
Acquisition costs – cash	-	-	52,000	-	52,000
Acquisition costs – shares	-	-	45,500	-	45,500
Write-off of mineral property	-	-	-	(38,700)	(38,700)
Sale of mineral property	-	(905,929)	-	-	(905,929)
Balance – November 30, 2022	898,068	1	167,750	-	1,065,819
Recovery of mineral property costs	-	-	(4,200)	-	(4,200)
Write-off of mineral property	-	-	(163,550)	-	(163,550)
Balance – November 30, 2023	\$ 898,068	\$ 1	\$ -	\$ -	\$ 898,069

**Exploration and Evaluation Expenditures Summary**

Exploration and evaluation expenditures for the year ended November 30, 2023:

	<b>Juan de Herrera Project</b>	<b>Pueblo Grande Project</b>	<b>Ponton Project</b>	<b>Motherlode Gold Project</b>	<b>Total</b>
Assay	\$ 191,190	\$ -	\$ -	\$ 666	\$ 191,856
Camp and general	551	783	-	18,075	19,409
Consulting	3,565	36,998	50,202	-	90,765
Field equipment and supplies	1,354	2,976	-	1,047	5,377
Fuel	709	2,567	-	-	3,276
Geological consulting	13,442	3,729	-	26,129	43,300
License and registration	1,774	5,737	-	2,075	9,586
Office	621	42,864	-	96	43,581
Recovery of exploration expenses	-	(33,237)	-	-	(33,237)
Salaries and benefit	746	27,838	-	-	28,584
Travel, meals, and accommodation	9,458	1,517	-	-	10,975
Total exploration and evaluation costs	\$ 223,410	\$ 91,772	\$ 50,202	\$ 48,088	\$ 413,472

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**4. Mineral Properties – Continued**

**Exploration and Evaluation Expenditures Summary**

Exploration and evaluation expenditures for the year ended November 30, 2022:

	<b>Juan de Herrera Project</b>	<b>Pueblo Grande Project</b>	<b>Ponton Project</b>	<b>Motherlode Gold Project</b>	<b>Ace Gold Project</b>	<b>Total</b>
Assay	\$ -	\$ -	\$ -	\$ 54,612	\$ 13,423	\$ 68,035
Camp and general	893	969	407	75,438	3,232	80,939
Consulting	-	-	51,327	-	-	51,327
Drilling	-	-	-	572,990	-	572,990
Field equipment and supplies	287	180	-	84,390	6,095	90,952
Foreign sales tax	98	4,328	-	-	-	4,426
Fuel	517	402	-	4,216	-	5,135
Geological consulting	-	26,175	-	321,506	74,780	422,461
Geophysics	-	-	-	251,489	47,633	299,122
License and registration	-	-	-	322	-	322
Maps, orthophotos, and reports	-	380	1,987	1,921	175	4,463
Office	4,356	42,210	-	-	-	46,566
Road building	-	-	-	102,899	-	102,899
Salaries and benefit	-	2,552	-	-	-	2,552
Travel, meals, and Accommodation	268	81	-	12,792	4,684	17,825
Total exploration and evaluation costs	\$ 6,419	\$ 77,277	\$ 53,721	\$1,482,575	\$ 150,022	\$1,770,014

**a) Juan de Herrera Project, Dominican Republic**

The Company, through 0945044 BC Ltd., owns a 100% interest in four concessions, the Juan de Herrera Fase II, Helios, Hercules, and Escalibur Fase II concession ("Dominican Republic properties") in the Dominican Republic through Corporacion Minera San Juan, S.R.L. ("CMSJ"), its wholly-owned subsidiary.

The properties are subject to a 3% net smelter returns ("NSR") royalty from any base and precious metal commercial production. The Company may acquire 50% of the NSR royalty by paying \$2,000,000.

**b) Pueblo Grande Project, Dominican Republic**

On October 24, 2018, the Company entered into a Purchase and Sale Agreement with Everton Resources Inc. and Everton Minera Dominicana A SRL ("Everton") to acquire an 100% interest in the Pueblo Grande Project.

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**4. Mineral Properties – Continued**

**b) Pueblo Grande Project, Dominican Republic – Continued**

Pre-existing advanced stage or mining-related commitments to a third party include (i) a sliding scale NSR royalty ranging from 1%, where gold is under US\$1,000/oz, to 2%, where gold is over US \$1,400/oz and (ii) sum of cash or shares valued at the greater of \$5,000,000 or the value of 5,000,000 common shares based on a 20 day VWAP, in the event a resource of 1,000,000 gold equivalent ounces or greater are delineated at certain grades and in various indicated and inferred categories.

On April 13, 2020 the Company signed a definitive earn-in agreement with Barrick Gold Corporation (“Barrick”) whereby Barrick has the right to earn a 70% interest in the Company’s Pueblo Grande Project by incurring a minimum US\$10.0 million in exploration expenditures and delivering a qualifying Pre-feasibility Study prior April 13, 2026.

In accordance with the terms of the earn-in agreement, to acquire a 70% interest in the Project, Barrick must (the “Earn-in Conditions”):

- Incur a minimum of US\$10.0 million in qualifying exploration expenditures before April 13, 2026 as follows:
  - US\$2.0 million in aggregate before April 13, 2022, with a US\$1.0 million guaranteed minimum expenditure if Barrick elects to terminate the agreement before April 13, 2022 (completed)
  - US\$3.5 million in aggregate before September 30, 2023; (completed)
  - US\$5.0 million in aggregate before April 12, 2024; (completed)
  - US\$7.0 million in aggregate before April 13, 2025; and
  - US\$10.0 million in aggregate before April 13, 2026;
- Complete a minimum of 7,500 metres of drilling before April 13, 2026; and
- Deliver a qualifying pre-feasibility study before April 13, 2026.

Shortfalls in required exploration expenditures may be paid by Barrick to Precipitate as cash in lieu. Barrick may at any time accelerate the earn-in requirements.

Upon satisfaction of the Earn-in Conditions and delivery of an exercise notice, Barrick and the Company will form a joint venture to be owned 70% by Barrick and 30% by the Company. At the Company’s election, which must be made within 120 days of the approval by the joint venture of a feasibility study, Barrick will be obligated to provide the Company’s portion of any debt financing or arrange for third party financing of the Company’s portion of any debt financing required to construct a mine on the Project described in the Feasibility Study in consideration for the transfer by the Company to Barrick of an additional 5% interest in the joint venture. Dilution of the Company’s interest in the joint venture below 10% will result in the conversion of the Company’s interest to a 1.5% NSR royalty on any concessions without pre-existing NSRs as of the date hereof, and a 1.0% NSR royalty on any concessions with pre-existing NSRs as of the date hereof, applicable to all recovered products.

On May 13, 2022, the Company and Barrick entered into an amendment to the earn-in agreement whereby the Company has agreed to relinquish certain claims (“Target Area 1, 2 and 3”) of the Pueblo Grande project to Barrick for cash consideration of \$6,476,500 (US\$5,000,000) (received) and granting a 3% NSR royalty to the Company. The Company recorded a gain of \$5,570,570 in connection with the sale. In addition, Barrick will use best efforts to obtain drilling permits for Target Area 3 and within 3 months after receipt of the permit, conduct a drilling program.

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**4. Mineral Properties – Continued**

**b) Pueblo Grande Project, Dominican Republic - Continued**

If following the drilling program, Barrick determines that the extraction of mineralization with certain portion of Target Area 3 is justifiable, Barrick will transfer the mining rights of Target Area 3 back to Precipitate at no cost, at which time the area will be reinstated as part of the project under the initial earn-in agreement and the NSR royalty will be amended to remove any royalties with respect to the area.

Barrick has also agreed to provide advance notice to the Company if, at anytime prior to the 10-year anniversary of the amendment, Barrick intends to relinquish the mining rights over Target Area 1, 2, and 3, and will transfer such mining rights back to the Company if the Company wishes to retain the rights.

In relation to the sale to Barrick, the Company initially estimated taxes owing of \$1,714,832, which was recorded to income taxes payable and income tax provision (Note 12). During the year ended November 30, 2023, the Company paid \$113,944 and following subsequent review, it was determined that no further taxes were payable and the remaining provision of \$1,600,888 was reversed to the income statement.

**c) Ponton Project, Dominican Republic**

The Ponton Project was acquired 100% as part of the agreement with Everton Resources Inc.

**d) Motherlode Gold Project, Newfoundland, Canada**

On August 5, 2021, and August 10, 2021, the Company entered into option and staking agreements whereby the Company could acquire a 100% interest in the Motherlode Gold Project, located in Newfoundland, by paying staged cash payments totaling \$343,000 and issuing a total of 5,080,000 common shares.

Additionally, the Company acquired a 100% interest in an adjoining project through staking and execution of a purchase agreement by paying \$1,000 and issuing 25,000 common shares (valued at \$2,500). During the year ended November 30, 2023, the Company received a refund for staking costs of \$4,200 from the government of Newfoundland and Labrador. During the year ended November 30, 2021, the Company paid \$3,750 of staking costs and \$25,900 toward a deposit relating to the staking licenses.

During the year ended November 30, 2023, the Company terminated the option agreement for the Motherlode project and consequently, the Company recognized an impairment of all associated capitalized costs of \$163,550 during the year ended November 30, 2023.

**e) Ace Gold Project, Newfoundland, Canada**

On October 1, 2021, the Company entered into Option Agreement whereby the Company could acquire a 100% interest in the Ace Gold Project, located in Newfoundland, by paying staged cash payments totaling \$130,000 and issuing a total of 1,600,000 common shares.

During the year ended November 30, 2022, the Company terminated the option agreement for the Ace project and consequently, the Company recognized a write-off of all associated capitalized costs of \$38,700 during the year ended November 30, 2022.

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**5. Investments**

Management has determined it appropriate to record the warrants of Sabre Gold Mines Corp. (formerly Golden Predator Mining Corp.) as FVTPL. The initial investment of warrants was recorded using the Black-Scholes option pricing model. The Company revalues the warrants at each reporting period. Any changes in the fair value of the warrants is recorded as unrealized gain or loss on investments until the warrants are sold or impaired for an extended period, at which point any gains and losses recorded to date will be recognized as gain or loss on investments. On April 1, 2023 the warrants expired unexercised.

Balance as at November 30, 2021	\$	6,000
Change in fair value		(3,000)
Balance as at November 30, 2022		3,000
Change in fair value		(3,000)
Balance as at November 30, 2023	\$	-

The fair value of the warrants was based on the Black-Scholes valuation model using the following inputs:

	Year ended November 30, 2022
Risk-free interest rate	3.89%
Expected life of options	0.33 years
Expected annualized volatility	145.41%
Expected dividend rate	0%

**6. Equipment**

	Tools and Equipment	Light Transport Vehicles	Heavy Transport Vehicles	Drilling Equipment	Total
<b>Cost</b>					
Balance, November 30, 2021, 2022 and 2023	\$ 16,808	\$ 22,703	\$ 2,700	\$ 32,154	\$ 74,365
<b>Accumulated depreciation</b>					
Balance, November 30, 2021	\$ 2,038	\$ 8,437	\$ 1,003	\$ 5,974	\$ 17,452
Depreciation	2,153	8,918	1,061	6,316	18,448
Balance, November 30, 2022	4,191	17,355	2,064	12,290	35,900
Depreciation	6,512	5,348	636	19,181	31,677
Balance, November 30, 2023	\$ 10,703	\$ 22,703	\$ 2,700	\$ 31,471	\$ 67,577
<b>Carrying Value</b>					
At November 30, 2022	\$ 12,617	\$ 5,348	\$ 636	\$ 19,864	\$ 38,465
At November 30, 2023	\$ 6,105	\$ -	\$ -	\$ 683	\$ 6,788

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**7. Shareholders' Equity**

**a) Authorized**

Unlimited number of common shares without par value.

**b) Issued Share Capital**

During the year ended November 30, 2023, the Company did not issue any common shares.

Share transactions for the year ended November 30, 2022:

- (i) On December 30, 2021, the Company closed a non-brokered private placement of 15,850,000 flow-through units at \$0.10 per unit and 6,604,333 non flow-through units at \$0.09 per unit for gross proceeds of \$2,179,390. Each flow-through and non flow-through unit consisted of one flow-through common share and one-half warrant. Each warrant is exercisable for one additional non flow-through common share at \$0.15 per share until December 30, 2023.

Of the cash proceeds received from non flow-through shares, \$502,000 was allocated to share capital and \$92,390 was allocated to warrants based on their relative fair value.

The amount of the flow-through share liability associated with the flow-through shares was determined to be \$158,500 based on the difference between the fair value price per share of the flow-through and the non flow-through shares. The remaining proceeds from the flow-through shares, after deducting the flow-through share liability was \$1,426,500, of which \$1,205,000 was allocated to share capital and \$221,500 was allocated to warrants based on their relative fair value.

The Company paid share issue costs of \$70,946, issued 194,444 non flow-through units valued at \$19,444 and issued 771,000 finders' fee warrants valued at \$35,000 associated with the private placement. Each non flow-through unit consisted of one non flow-through common share and one-half warrant. Each warrant is exercisable for one additional non flow-through common share at \$0.15 per share until December 30, 2023. Of the value of non flow-through shares of \$19,444, \$16,000 was allocated to share capital and \$3,444 was allocated to warrants based on their relative fair value. Of the 771,000 finders' fee warrants issued, 123,000 finders' fee warrants entitles the holder to purchase one additional non flow-through share at \$0.09 per share, 486,000 finders' fee warrants entitles the holder to purchase one additional non flow-through share at \$0.10 per share, and 162,000 finders' fee warrants entitles the holder to purchase one additional non flow-through share at \$0.15 per share, all exercisable until December 30, 2023.

- (ii) On August 23, 2022, the Company issued 650,000 common shares as part of the option and staking agreements relating to the Motherlode Gold Project (Note 4) valued at \$45,500.

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**7. Shareholders' Equity – Continued**

**c) Warrants**

Details of warrant activity for the years ended November 30, 2023 and 2022 are as follows:

November 30, 2021	Issued	November 30, 2022	November 30, 2023	Exercise Price	Expiry Date
-	11,324,388	11,324,388	11,324,388	\$0.15	December 30, 2023
-	123,000	123,000	123,000	\$0.09	December 30, 2023
-	486,000	486,000	486,000	\$0.10	December 30, 2023
-	162,600	162,600	162,600	\$0.15	December 30, 2023
-	12,095,988	12,095,988	12,095,988	\$0.15	

\*Subsequent to the year ended November 30, 2023, all 12,095,988 warrants expired unexercised.

**d) Share Options**

The Company has a rolling share option plan, which authorizes the Board of Directors to grant options to directors, officers, employees and consultants to acquire up to 10% of the issued and outstanding common shares of the Company. Under the plan, the exercise price of each option may not be less than market price of the Company's shares calculated on the date of the grant less the applicable discount. The options can be granted for a maximum term of 10 years. The Company's share option plan contains no vesting requirements, but permits the Board of Directors to specify a vesting schedule at its discretion.

Details of activity in share purchase options for years ended November 30, 2023 and 2022 are as follows:

November 30, 2022	Cancelled	Expired	November 30, 2023	Exercise Price	Expiry Date
2,625,000	-	(2,625,000)	-	\$0.08	November 20, 2023
2,670,000	(40,000)	-	2,630,000	\$0.15	May 25, 2025
75,000	-	-	75,000	\$0.28	October 21, 2025
2,690,000	(40,000)	-	2,650,000	\$0.21	January 29, 2026
2,150,000	(40,000)	-	2,110,000	\$0.095	October 18, 2026
400,000	-	-	400,000	\$0.065	September 30, 2027
10,610,000	(120,000)	(2,625,000)	7,865,000	\$0.15	

November 30, 2021	Issued	November 30, 2022	Exercise Price	Expiry Date
2,625,000	-	2,625,000	\$0.08	November 20, 2023
2,670,000	-	2,670,000	\$0.15	May 25, 2025
75,000	-	75,000	\$0.28	October 21, 2025
2,690,000	-	2,690,000	\$0.21	January 29, 2026
2,150,000	-	2,150,000	\$0.095	October 18, 2026
-	400,000	400,000	\$0.065	September 30, 2027
10,210,000	400,000	10,610,000	\$0.13	

During the year ended November 30, 2023, the Company granted nil stock options (2022: 400,000) to its directors, officers and consultants with a fair value of \$nil (2022 - \$16,163) or \$nil (2022: \$0.04) per option.

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**7. Shareholders' Equity – Continued**

**d) Share Options - Continued**

All options vested immediately. The following weighted average assumptions were used for the Black-Scholes option pricing model valuation of options issued in the year ended November 30, 2022:

	<b>2022</b>
Stock price volatility	120.16%
Risk-free interest rate	3.32%
Expected life of options	5.00 years
Expected dividend yield	0.00%

**e) Weighted average shares outstanding – basic and diluted**

The following summarized the calculation of basic and diluted earnings per share:

<b>For the year ended November 30,</b>	<b>2023</b>	<b>2022</b>
Earnings for the year	\$ 358,607	\$ 1,551,365
Basic weighted average number of shares outstanding	130,366,808	128,031,566
Effect of dilutive securities:		
Stock options	19,031	121,111
Diluted weighted average number of shares outstanding	130,385,839	128,152,677
<b>Earnings per shares</b>		
Basic	\$ 0.00	\$ 0.01
Diluted	\$ 0.00	\$ 0.01

**8. Segmented Information**

**a) Operating Segment**

The Company's operations are primarily directed towards the acquisition of mineral properties and exploration for metals in Canada and the Dominican Republic.

**b) Geographic Segments**

The Company's geographic information as at November 30, 2023 and November 30, 2022 are as follows:

As at November 30, 2023	Canada	Dominican Republic	Total
<b>Assets</b>			
Mineral properties	\$ -	\$ 898,069	\$ 898,069
Equipment	-	6,788	6,788
Other assets	5,483,953	28,483	5,512,436
<b>Total</b>	<b>\$ 5,483,953</b>	<b>\$ 933,340</b>	<b>\$ 6,417,293</b>



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**8. Segmented Information – Continued**

**b) Geographic Segments – Continued**

As at November 30, 2022	Canada	Dominican Republic	Mexico	Total
<b>Assets</b>				
Mineral properties	\$ 167,750	\$ 898,069	\$ -	\$ 1,065,819
Equipment	-	38,465	-	38,465
Other assets	6,849,653	39,862	5,629	6,895,144
<b>Total</b>	<b>\$ 7,017,403</b>	<b>\$ 976,396</b>	<b>\$ 5,629</b>	<b>\$ 7,999,428</b>

**9. Related Party Transactions**

Key management personnel consist of directors and senior management including the President, Chief Executive Officer and Vice President of Exploration and Chief Financial Officer. Key management personnel compensation for the years ended November 30, 2023 and 2022 includes:

	<b>2023</b>	<b>2022</b>
Salaries and wages	\$ 189,000	\$ 247,000
Consulting and directors' fees	40,000	130,000
Geological consulting	179,000	186,625
Accounting expense	60,000	57,500
Share-based compensation	-	10,261
	<b>\$ 468,000</b>	<b>\$ 631,386</b>

The accounts payable and accrued liabilities of the Company as at November 30, 2023 included amounts due to related parties of \$54,470 (November 30, 2022 - \$51,715). All related party transactions are in the normal course of operations and are measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties.

**10. Capital Management**

The Company manages its capital to maintain its ability to continue as a going concern and to provide returns to shareholders and benefits to other stakeholders. The capital structure of the Company consists of equity comprised of issued share capital and deficit.

The Company manages its capital structure and makes adjustments to it in light of economic conditions. The Company, upon approval from its Board of Directors, will balance its overall capital structure through new share issues or by undertaking other activities as deemed appropriate under the specific circumstances.

The Company is not subject to externally imposed capital requirements. There have been no changes to the approach with capital management during the year ended November 30, 2023.

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**11. Financial Instruments**

The Company has classified fair value measurements of its financial instruments using a fair value hierarchy that reflects the significance of inputs used in making the measurements as follows:

Level 1: Quoted prices are available in active markets for identical assets or liabilities as of the reporting date. Active markets are those in which transactions occur in sufficient frequency and value to provide pricing information on an ongoing basis.

Level 2: Pricing inputs are other than quoted prices in active markets included in level 1. Prices in level 2 are either directly or indirectly observable as of the reporting date. Level 2 valuations are based on inputs including quoted forward prices for commodities, time value and volatility factors, which can be substantially observed or corroborated in the marketplace.

Level 3: Valuations in this level are those with inputs for the asset or liability that are not based on observable market data.

The fair value of cash, amounts receivable, and accounts payables and accrued liabilities, approximates their carrying value due to their short term maturity. Investment in Sabre Gold Mines Corp. warrants is measured using level 3 of fair value hierarchy (Note 5).

**Management of Risks Arising From Financial Instruments**

The Company is exposed to various types of market risks including credit risk, liquidity risk, interest rate risk and commodity price risk. This is not an exhaustive list of all risks, nor will the mitigation strategies eliminate all risks listed.

(i) Liquidity Risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company currently settles its financial obligations out of cash. The ability to do this relies on the Company raising equity financing in a timely manner and by maintaining sufficient cash in excess of anticipated needs. The Company's financial obligations are limited to accounts payable and accrued liabilities and income taxes payable, all of which have contractual maturities of less than a year. The Company is not exposed to liquidity risk

(ii) Credit Risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations. Financial instruments that potentially subject the Company to a concentration of credit risk consist primarily of cash and cash equivalents and amounts receivable. Cash and cash equivalents is held with a major Canadian financial institution and the receivables are due from Government entities. The Company has no investment in asset backed commercial paper. Cash equivalents consist of cashable guaranteed investment certificates that are readily convertible in a known amount of cash within 90 days or less. As at November 30, 2023, the Company has cash equivalent of \$3,850,596 (US\$2,841,311) (November 30, 2022 - \$nil).

(iii) Interest Rate Risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company has no interest-bearing debt. The Company's sensitivity to interest rates is minimal.

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**11. Financial Instruments - Continued**

**Management of Risks Arising From Financial Instruments - Continued**

(iv) Political Risk

The Company has subsidiaries in the Dominican Republic. These operations are potentially subject to a number of political, economic and other risks that may affect the Company's future operations and financial position.

(v) Foreign Currency Fluctuation Risk

The international nature of the Company's operations results in foreign exchange risk. The Company's operating costs and vendors are primarily in Canada and the Dominican Republic. Any fluctuations of the Canadian dollar in relation to these currencies may affect the profitability of the Company and the value of the Company's assets and liabilities. The Company's exposure to foreign currency fluctuations is minimal.

**12. Income Taxes**

a) Current Income Taxes

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

	<b>2023</b>	<b>2022</b>
Income (loss) for the year	\$ (1,242,281)	\$ 3,195,025
Income tax (recovery) at statutory rates	(335,000)	862,000
Tax Effect of:		
Changes in statutory tax rates, foreign tax rates, foreign exchange rate and other	(3,000)	(12,000)
Permanent differences	1,000	232,000
Impact of flow through shares	-	428,000
Share issue costs	-	(19,000)
Adjustment to prior year's provision versus statutory tax returns and expiry of non-capital losses	(1,576,000)	1,635,000
Change in unrecognized deductible temporary differences	313,000	(1,482,000)
Income tax expense (recovery)	\$ (1,600,000)	\$ 1,644,000

b) Deferred Taxes

The significant components of the Company's deferred tax assets that have not been included on the consolidated statement of financial position are as follows:

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**12. Income Taxes - Continued**

	November 30, 2023	November 30, 2022
Deferred Tax Assets (Liabilities)		
Exploration and evaluation assets	\$ 760,000	\$ 619,000
Equipment	(2,000)	1,000
Share issue costs	18,000	23,000
Allowable capital losses	7,000	9,000
Non-capital losses available for future periods	1,944,000	1,762,000
	2,727,000	2,414,000
Unrecognized deferred tax assets	(2,727,000)	(2,414,000)
Net deferred tax assets	\$ -	\$ -

The significant components of the Company's temporary differences, unused tax credits and unused tax losses that have not been included on the consolidated statement of financial position are as follows:

	2022	Expiry Date Range	2022
Exploration and evaluation assets	\$ 2,567,000	No expiry date	\$ 2,045,000
Investment tax credits	92,000	2030 to 2033	92,000
Equipment	(6,000)	No expiry date	3,000
Share issue costs	66,000	2024 to 2026	84,000
Allowable capital losses	27,000	No expiry date	27,000
Non-capital losses carry forwards	7,199,000	2026 to 2042	6,536,000

Tax attributes are subject to review, and potential adjustment, by tax authorities.

**13. Subsequent Events**

Subsequent to the year ended November 30, 2023, the Company issued 2,570,000 stock options exercisable at a price of \$0.09 per stock option for a period of five years.