AMERICAN EAGLE GOLD

American Eagle Gold Corp.

Consolidated Financial Statements

For the years ended December 31, 2023 and 2022

(*Expressed in Canadian Dollars)*

McGovern Hurley

Audit. Tax. Advisory.

Independent Auditor's Report

To the Shareholders of American Eagle Gold Corp.

Opinion

We have audited the consolidated financial statements of American Eagle Gold Corp. and its subsidiary (the "Company"), which comprise the consolidated statements of financial position as at December 31, 2023 and 2022, and the consolidated statements of loss and comprehensive loss, consolidated statements of changes in equity and consolidated statements of cash flows for the years then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

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 consolidated cash flows for the years 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. We have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgement, 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 were no key audit matters to communicate in our report.

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Other information

Management is responsible for the other information. The other information comprises Management's 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 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.

We obtained Management's Discussion and Analysis prior to the date of this auditor's report. 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 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 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 judgement 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 risks 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.

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.

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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 of the audit resulting in this independent auditor's report is Jessica Glendinning.

McGovern Hurley LLP

McGovern Hurley LLP

Chartered Professional Accountants
Licensed Public Accountants

Toronto, Ontario
April 26, 2024

American Eagle Gold Corp.
Consolidated Statements of Financial Position
(Expressed in Canadian dollars)

As at	Notes	December 31, 2023	December 31, 2022
ASSETS			
Current			
Cash		**$4,393,661**	$706,651
Amounts receivable		**119,901**	295,765
Prepaid expenses and deposits		**45,239**	7,208
Total current assets		**4,558,801**	1,009,624
Reclamation deposit		**50,518**	36,518
Investment	5	**105,000**	120,000
TOTAL ASSETS		**$4,714,319**	$1,166,142
LIABILITIES			
Current			
Accounts payable and accrued liabilities		**311,244**	1,193,226
Due to related party	11	**833**	-
Flow-through share premium liability	7	**879,000**	-
TOTAL LIABILITIES		**1,191,077**	1,193,226
SHAREHOLDERS' EQUITY			
Share capital	10	**14,990,643**	7,108,612
Share-based reserve	10	**2,421,061**	1,699,834
Deficit		**(13,888,462)**	(8,835,530)
TOTAL SHAREHOLDERS' EQUITY (DEFICIENCY)		**3,523,242**	(27,084)
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY (DEFICIENCY)		**$4,714,319**	$1,166,142

Nature of operations and going concern (Notes 1 and 2)
Commitments and contingencies (Notes 6, 7 and 13)
Subsequent events (Note 14)

Approved on behalf of the Directors:

"Alex Stewart"	*"Stephen" Stewart"*
Alex Stewart – Director	Stephen Stewart – Director

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

American Eagle Gold Corp.
Consolidated Statements of Loss and Comprehensive Loss
(Expressed in Canadian dollars)

		Year Ended December 31,	
	Notes	**2023**	**2022**
EXPENSES			
Exploration and evaluation expenses	6,11	**$4,998,857**	$2,494,789
Consulting and management fees	11	**509,207**	370,779
Office, general and administrative		**91,476**	35,734
Amortization		**-**	15,680
Audit, accounting and legal		**105,645**	109,460
Transfer agent, filing fees and shareholder communications		**248,384**	171,134
Share-based compensation	10,11	**434,743**	66,678
Unrealized loss on investment	5	**15,000**	45,000
Interest income		**(139,580)**	(8,858)
TOTAL EXPENSES		**$6,263,732**	$3,300,396
Deferred income tax recovery			
Flow-through share premium liability renunciation	7	**(1,210,800)**	-
NET LOSS FOR THE YEAR		**$5,052,932**	$3,300,396
Weighted average number of shares – basic and diluted		**92,986,493**	69,812,202
Loss per share – basic and diluted		**$0.06**	$0.05

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

American Eagle Gold Corp.
Consolidated Statements of Changes in Equity
(Expressed in Canadian dollars)

	Number of shares	Amount	Share-based Reserve	(Deficit)	Total (deficiency) Equity
Balance at December 31, 2021	69,746,791	$6,961,361	$1,668,657	$(5,535,134)	$3,094,884
Loss for the year	-	-	-	(3,300,396)	(3,300,396)
Warrants exercised	477,500	147,251	(35,501)	-	111,750
Share-based payments	-	-	66,678	-	66,678
Balance at December 31, 2022	**70,224,291**	**$7,108,612**	**$1,699,834**	**$(8,835,530)**	**$(27,084)**
Loss for the year	-	-	-	(5,052,932)	(5,052,932)
Shares issued on hard-dollar private placement	13,428,740	2,150,202	442,627	-	2,592,829
Shares issued on flow-through private placement	20,340,000	3,486,159	-	-	3,486,159
Shares issued for exploration and evaluation expense	7,976,744	1,455,814	-	-	1,455,814
Warrants exercised	2,842,854	789,856	(156,143)	-	633,713
Share-based payments	-	-	434,743	-	434,743
Balance at December 31, 2023	**114,812,629**	**$14,990,643**	**$2,421,061**	**$(13,888,462)**	**$3,523,242**

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

American Eagle Gold Corp.
Consolidated Statements of Cash Flows
(Expressed in Canadian dollars)

For the years ended	**December 31, 2023**	December 31, 2022
Operating activities		
(Loss) for the year	**$(5,052,932)**	$(3,300,396)
Items not involving cash		
Amortization	**-**	15,680
Flow-through premium liability renunciation	**(1,210,800)**	-
Share-based compensation	**434,743**	66,678
Unrealized loss on investment	**15,000**	45,000
Unrealized foreign exchange loss	**-**	3,381
Shares issued for acquisition of interest in NAK	**1,255,814**	-
Shares issued for exploration and evaluation expense	**200,000**	-
Changes in non-cash working capital items		
Prepaid expenses and deposits	**(38,031)**	390,287
Amounts receivable	**175,864**	(198,187)
Due to related party	**833**	17,512
Accounts payable and accrued liabilities	**(881,982)**	681,743
Net cash (used in) operating activities	**$(5,101,491)**	$(2,278,302)
Financing activities		
Shares issued on hard-dollar private placement, net	**2,592,829**	-
Proceeds on exercise of warrants	**633,713**	111,750
Shares issued on flow-through private placements, net	**5,575,959**	-
Payments on equipment loan	**-**	(8,764)
Net cash provided by financing activities	**$8,802,501**	$102,986
Investing activities		
Reclamation deposit	**(14,000)**	(19,340)
Net cash used in investing activities	**$(14,000)**	$(19,340)
Net increase (decrease) in cash	**3,687,010**	(2,194,656)
Cash, beginning of year	**706,651**	2,901,307
Cash, end of year	**$4,393,661**	$706,651

Supplemental information:		
Brokers warrants issued	**$ 42,000**	$ -
Brokers units issued	**$ 37,590**	$ -

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

1. NATURE OF OPERATIONS

American Eagle Gold Corp. ("American Eagle Gold" or "Company"), was incorporated under the Business Corporations Act (Canada) on June 22, 2018. The Company's principal business is the acquisition and exploration of mineral properties. To date, the Company has not earned revenue as it is in the exploration stage. The ability of the Company to carry out its business plan rests with its ability to secure equity and other financing. The head and principal office of the Company is located at 55 University Avenue, Suite 1805, Toronto, Ontario, M5J 2H7.

The financial statements were authorized for issuance on April 26, 2024 in accordance with a resolution by the board of directors of the Company.

2. GOING CONCERN

The Company is in the process of exploring its mineral properties and has not yet determined whether the properties contain reserves that are economically recoverable. The recoverability of the amounts expended on mineral properties is dependent upon future profitable production or proceeds from the disposition of properties.

The business of mining and exploration involves a high degree of risk and there can be no assurance that the Company's exploration programs will result in profitable mining operations. The Company's continued existence is dependent upon the discovery of economically recoverable reserves and resources, securing and maintaining title and beneficial interest in its properties, making the required payments pursuant to mineral property option agreements and/or securing additional financing; all of which are uncertain.

Although the Company has taken steps to verify title to the properties on which it is conducting its exploration activities, these procedures do not guarantee the Company's title. Property title may be subject to government licensing requirements or regulations, unregistered prior agreements, social licensing requirements, aboriginal land claims and non-compliance with regulatory and environmental requirements. The Company's property interests may also be subject to increases in taxes and royalties, renegotiation of contracts, currency exchange fluctuations and restrictions, and political uncertainty.

The Company has raised funds in the year ended December 31, 2023 and will utilize these funds for its exploration programs and working capital requirements. The ability of the Company to arrange such financing in the future will depend in part upon the prevailing capital market conditions as well as the business performance of the Company. There can be no assurance that the Company will be successful in its efforts to arrange additional financing on terms satisfactory to the Company. If additional financing is raised by the issuance of shares from the treasury of the Company, control of the Company may change and existing shareholders may have their interest diluted. If adequate financing is not available, the Company may be required to relinquish rights to certain of its interests or terminate its operations.

As at December 31, 2023, the Company had working capital of $4,246,724 (2022 – deficiency of $(183,602)) excluding the flow-through liability, and an accumulated deficit of $13,888,462 (2022 - $8,835,530). The Company has no proven history of performance or success.

Management believes the Company has sufficient funds or access to sufficient funds to cover planned operations throughout the next twelve-month period. However, management plans on securing additional financing through the issue of new equity, among other things. Nevertheless, there is no assurance that these initiatives will be successful. These financial statements have been prepared on the basis of accounting principles applicable to a going concern, which assumes the Company will continue in operation for the foreseeable future and will be able to realize its assets and discharge its liabilities in the normal course of operations. Accordingly, it does not give effect to adjustments, if any that would be necessary should the Company be unable to continue as a going concern and, therefore, be required to realize its assets and liquidate its liabilities in other than in the normal course of business and at amounts that may differ from those shown in these financial statements. Such adjustments could be material.

3. SIGNIFICANT ACCOUNTING POLICIES AND BASIS OF PREPARATION

Statement of compliance

The consolidated financial statements of the Company comply with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and interpretations of the International Financial Reporting Interpretations Committee ("IFRIC"). The policies applied in these consolidated financial statements are based on IFRS issued and effective December 31, 2023.

Basis of presentation

The consolidated financial statements of the Company have been prepared on an accrual basis except for cash flow information and are based on historical costs, except for certain financial instruments which are measured at fair value as explained in the accounting policies.

Basis of consolidation

The consolidated financial statements include the financial statements of American Eagle and its wholly-controlled subsidiary American Eagle Gold Nevada Corp. Control is achieved when the Company has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. The results of subsidiaries acquired or disposed of during the period are included in the consolidated statements of loss from the effective date of acquisition or up to the effective date of disposal, as appropriate. All intra-company transactions, balances, income and expenses are eliminated through the consolidation process.

Functional and presentation currency

The functional currency of the Company is determined using the currency of the primary economic environment in which that entity operates. The consolidated financial statements are presented in Canadian dollars which is the Company's functional and presentation currency. The functional currency of the Company's subsidiary is the Canadian dollar.

Transactions in currencies other than the functional currency are recorded at the rates of exchange prevailing on the dates of the transactions. At each reporting date, monetary assets and liabilities that are denominated in foreign currencies are translated at the rates prevailing at the reporting date. Exchange differences are recognized in operations in the period in which they arise.

Significant accounting judgements, estimates and assumptions

The preparation of these consolidated financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the consolidated financial statements and reported amounts of expenses during the reporting period. Actual outcomes could differ from these estimates. These consolidated financial statements include estimates, which, by their nature, are uncertain. The impacts of such estimates are pervasive throughout the consolidated financial statements and may require accounting adjustments based on future occurrences. Revisions to accounting estimates are recognized in the period in which the estimate is revised and the revision affects both current and future periods. The Company regularly reviews its estimates and assumptions; however, actual results could differ from these estimates and these differences could be material.

(a) Estimation of decommissioning and restoration costs and timing of expenditure

Decommissioning, restoration and similar liabilities are estimated based on the Company's interpretation of current regulatory requirements and constructive obligations and are measured at fair value. Fair value is determined based on the net present value of estimated future cash expenditures for the settlement of decommissioning, restoration or similar liabilities that may occur upon decommissioning of the mine. Such estimates are subject to change based on changes in laws and regulations and negotiations with regulatory authorities.

The cost estimates are updated annually during the life of a project to reflect known developments, (e.g. revisions to cost estimates and to the estimated lives of operations) and are subject to review at regular intervals.

(b) Income, value added, withholding and other taxes
The Company is subject to income, value added, withholding and other taxes. Significant judgment is required in determining the Company's provisions for taxes. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The Company recognizes liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. The determination of the Company's income, value added, withholding and other tax liabilities requires interpretation of complex laws and regulations. The Company's interpretation of taxation law as applied to transactions and activities may not coincide with the interpretation of the tax authorities. All tax related filings are subject to government audit and potential reassessment subsequent to the financial statement reporting period. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the tax related accruals and deferred income tax provisions in the period in which such determination is made.

(c) Share-based payments
Management determines costs for share-based payments using market-based valuation techniques. The fair value of the market-based and performance-based share awards are estimated at the date of grant using generally accepted valuation techniques. Assumptions are made and judgment used in applying valuation techniques. These assumptions and judgments include estimating the future volatility of the stock price, expected dividend yield, future employee turnover rates and future employee stock option exercise behaviours and corporate performance. Such judgments and assumptions are inherently uncertain. Warrants are valued in a similar way. Changes in these assumptions affect the fair value estimates.

(d) Contingencies refer to note 13.

Exploration and evaluation expenditures
Mineral property acquisition costs are expensed as incurred. Exploration expenditures are the costs incurred in the initial search for mineral deposits with economic potential. Exploration expenditures typically include costs associated with prospecting, sampling, mapping, diamond drilling and other work involved in searching for ore. All exploration expenditures are expensed as incurred.

When economically viable reserves have been determined and the decision to proceed with development has been approved, the expenditures incurred subsequent to this date related to development and construction are capitalized as construction-in-process and classified as a component of property, plant and equipment.

Government tax credits are recorded as a reduction to exploration expense.

Once the technical feasibility and commercial viability of the extraction of mineral resources in an area of interest are demonstrable, exploration and evaluation assets attributable to that area of interest are first tested for impairment and then reclassified to mining property and development assets within property, plant and equipment.

Mining properties and process facility assets are amortized upon commencement of commercial production either on a unit-of-production basis over measured and indicated resources included in the mine plan or the life of mine.

Where the Company has granted an option on one of its properties, the Company does not record any expenditures made by the optionee on its account. Any cash consideration received directly from the optionee related to an option or sale agreement is credited against the exploration expenditures incurred.

Loss per share

The Company presents basic and diluted loss per share data for its common shares, calculated by dividing the loss attributable to common shareholders of the Company by the weighted average number of common shares outstanding during the period. The diluted loss per share calculation assumes that any proceeds from the exercise of dilutive stock options and warrants would be used to repurchase common shares at the average market price during the period, with the incremental number of shares being included in the denominator of the diluted loss per share calculation. Diluted loss per share does not adjust the loss attributable to common shareholders or the weighted average number of common shares outstanding when the effect is anti-dilutive. All of the Company's outstanding stock options and warrants were anti-dilutive for the years ended December 31, 2023 and 2022.

Financial instruments

Financial assets

Initial recognition and measurement
Non-derivative financial assets within the scope of IFRS 9 are classified and measured as "financial assets at fair value", as either fair value through profit on loss ("FVPL") or fair value through other comprehensive income ("FVOCI"), and "financial assets at amortized costs", as appropriate. The Company determines the classification of financial assets at the time of initial recognition based on the Company's business model and the contractual terms of the cash flows.

All financial assets are recognized initially at fair value plus, in the case of financial assets not at FVPL, directly attributable transaction costs on the trade date at which the Company becomes a party to the contractual provisions of the instrument.

Financial assets with embedded derivatives are considered in their entirety when determining their classification at FVPL or at amortized cost. Other accounts receivable held for collection of contractual cash flows are measured at amortized cost.

Subsequent measurement – Financial assets at amortized cost
After initial recognition, financial assets measured at amortized cost are subsequently measured at the end of each reporting period at amortized cost using the Effective Interest Rate ("EIR") method. Amortized cost is calculated by taking into account any discount or premium on acquisition and any fees or costs that are an integral part of the EIR. The EIR amortization is included in other income in the consolidated statements of loss. The Company's cash and amounts receivable are measured at amortized cost.

Subsequent measurement - Financial assets at FVPL
Financial assets measured at FVPL include financial assets management intends to sell in the short term and any derivative financial instrument that is not designated as a hedging instrument in a hedge relationship. Financial assets measured at FVPL are carried at fair value in the consolidated statements of financial position with changes in fair value recognized in other income or expense in the consolidated statements of loss. The Company's investment in shares of Orecap Invest Corp. (formerly Orefinders Resources Inc.) ("Orecap"). is measured at FVPL.

Subsequent measurement - Financial assets at FVOCI
Financial assets measured at FVOCI are non-derivative financial assets that are not held for trading and the Company has made an irrevocable election at the time of initial recognition to measure the assets at FVOCI. The Company has no assets measured at FVOCI.

After initial measurement, investments measured at FVOCI are subsequently measured at fair value with unrealized gains or losses recognized in other comprehensive income or loss in the statements of comprehensive loss. When the investment is sold, the cumulative gain or loss remains in accumulated other comprehensive income or loss and is not reclassified to profit or loss.

Derecognition
A financial asset is derecognized when the contractual rights to the cash flows from the asset expire, or the Company no longer retains substantially all the risks and rewards of ownership.

Impairment of financial assets
The Company has elected to apply the simplified approach to impairment as permitted by IFRS 9, which requires the expected lifetime loss to be recognized at the time of initial recognition of the receivable. To measure estimated credit losses, accounts receivable have been grouped based on shared credit risk characteristics, including the number of days past due. An impairment loss is reversed in subsequent periods if the amount of the expected loss decreases and the decrease can be objectively related to an event occurring after the initial impairment was recognized.

Financial liabilities

Initial recognition and measurement
Financial liabilities are measured at amortized cost, unless they are required to be measured at FVPL as is the case for held for trading or derivative instruments, or the Company has opted to measure the financial liability at FVPL. The Company's financial liabilities include accounts payable and accrued liabilities and due to related party, which are each measured at amortized cost. All financial liabilities are recognized initially at fair value and in the case of long-term debt, net of directly attributable transaction costs.

Subsequent measurement - financial liabilities at amortized cost
After initial recognition, financial liabilities measured at amortized cost are subsequently measured at the end of each reporting period at amortized cost using the Effective Interest Rate ("EIR") method. Amortized cost is calculated by taking into account any discount or premium on acquisition and any fees or costs that are an integral part of the EIR. The EIR amortization is included in finance cost in the consolidated statements of loss.

Derecognition
A financial liability is derecognized when the obligation under the liability is discharged, cancelled or expires with any associated gain or loss recognized in other income or expense in the consolidated statements of loss.

Financial instruments fair value hierarchy
Financial instruments recorded at fair value on the statement of financial position are classified using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

- Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly; and
- Level 3: Inputs for the assets or liabilities that are not based on observable market data.

Income tax
Income tax expense is comprised of both current and deferred income taxes. Income tax expense is recognized in the statement of loss and comprehensive loss except to the extent that it relates to items recognized directly in equity, in which case it is recognized in equity. Current tax is the expected tax payable on the taxable income for the period, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred income tax is provided for temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes. The carrying amount of deferred income tax assets is reviewed at the end of each reporting period and recognized only to the extent that it is probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilized.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

Deferred income tax assets and deferred income tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current income tax liabilities and the deferred income taxes relate to the same taxable entity and the same taxation authority.

Flow-through share issuances
The Company finances a portion of its exploration activities through the issue of flow-through shares issued pursuant to the Canadian Income Tax Act ("Tax Act"). Proceeds received from the issuance of flow-through shares are restricted to be used only for qualifying Canadian exploration and development expenses as defined in the Tax Act.

Pursuant to the terms of the flow-through share subscription agreements, these shares transfer the tax deductibility of qualifying expenditures to flow-through investors. On issuance, the Company allocates a portion of the subscription proceeds as a flow-through share premium, equal to the estimated premium, if any, that investors pay for the flow-through feature, which is recognized as a flow-through share premium liability. As expenditures are incurred and applied against the Company's associated flow-through commitment, the premium liability is reduced proportionately, charged as a recovery in operations.

Asset retirement obligations ("ARO")
The Company records the present value of estimated costs of legal and constructive obligations required to restore operating locations in the period in which the obligation is incurred. The nature of these restoration activities includes dismantling and removing structures, rehabilitating mines and tailings dams, dismantling operating facilities, closure of plant and waste sites, and restoration, reclamation and re-vegetation of affected areas.

The obligation generally arises when the asset is installed or the ground / environment is disturbed at the production location. When the liability is initially recognized, the present value of the estimated cost is capitalized by increasing the carrying amount of the related mining assets to the extent that it was incurred prior to the production of related ore.

Over time, the discounted liability is increased for the change in present value based on the discount rates that reflect current market assessments and the risks specific to the liability. The periodic unwinding of the discount is recognized in loss as a finance cost. Additional disturbances or changes in rehabilitation costs will be recognized as additions or charges to the corresponding assets and rehabilitation liability when they occur. For closed sites, changes to estimated costs are recognized immediately in loss. The Company does not currently have any such significant legal or constructive obligations and therefore, no rehabilitation provision has been recorded as at December 31, 2023 and 2022.

Share-based payments
The Company has adopted an employee stock option plan. Share-based payments to employees are measured at the fair value of the instruments issued and amortized over the vesting periods. Share-based payments to non-employees are measured at the fair value of goods or services received or the fair value of the equity instruments issued, if it is determined the fair value of the goods or services cannot be reliably measured, and are recorded at the date the goods or services are received. Share-based payments to employees and others providing similar services are measured at the fair value of the equity instruments issued at the grant date. The corresponding amount is recorded to the share-based payment reserve. The fair value of options is determined using a Black–Scholes pricing model which incorporates market and vesting conditions.

The number of shares and options expected to vest is reviewed and adjusted at the end of each reporting period such that the amount recognized for services received as consideration for the equity instruments granted shall be based on the number of equity instruments that eventually vest.

(Expressed in Canadian dollars)

The share-based payment reserve records items recognized as share-based payments expense until such time that the stock options are exercised, at which time the corresponding amount will be transferred to share capital. If the options expire unexercised, the amount remains in share-based payment reserve.

4. FUTURE ACCOUNTING PRONOUNCEMENTS

During the year ended December 31, 2023, the Company adopted a number of amendments and improvements of existing standards. These included IAS 1 – Disclosure of Accounting Policies, IAS 12 – Deferred Tax Related to Assets and Liabilities Arising from a Single Transaction and IFRS 10 - Consolidated Financial Statements. These new standards and changes did not have any material impact on the Company's financial statements.

Certain pronouncements were issued by the IASB or the IFRIC that are mandatory for accounting periods commencing on or after January 1, 2024. Many are not applicable or do not have a significant impact to the Company and have been excluded. Management is currently evaluating the impact of these pronouncements on the Company's financial statements.

IAS 1 – Presentation of Financial Statements ("IAS 1") was amended in January 2020 to provide a more general approach to the classification of liabilities under IAS 1 based on the contractual arrangements in place at the reporting date. The amendments clarify that the classification of liabilities as current or noncurrent is based solely on a company's right to defer settlement at the reporting date. The right needs to be unconditional and must have substance. The amendments also clarify that the transfer of a company's own equity instruments is regarded as settlement of a liability, unless it results from the exercise of a conversion option meeting the definition of an equity instrument. The amendments are effective for annual periods beginning on January 1, 2024.

IFRS 10 – Consolidated Financial Statements ("IFRS 10") and IAS 28 – Investments in Associates and Joint Ventures ("IAS 28") were amended in September 2014 to address a conflict between the requirements of IAS 28 and IFRS 10 and clarify that in a transaction involving an associate or joint venture, the extent of gain or loss recognition depends on whether the assets sold or contributed constitute a business. The effective date of these amendments is yet to be determined, however early adoption is permitted.

5. INVESTMENT

Investment in Orecap Invest Corp.	No. of Shares	$/share	Value
Balance, December 31, 2021	3,000,000	0.055	$165,000
Unrealized loss on fair value	-	(0.015)	(45,000)
Balance, December 31, 2022	**3,000,000**	**0.040**	**$120,000**
Unrealized loss on fair value	-	(0.005)	(15,000)
Balance, December 31, 2023	**3,000,000**	**0.035**	**$105,000**

During the year ended December 31, 2023, the Company recorded an unrealized loss on investment of $15,000 (2022 – $45,000).

6. EXPLORATION AND EVALUATION EXPENSES

The following are details of the Company's exploration and evaluation expenses for the years ended December 31, 2023 and 2022:

(Expressed in Canadian dollars)

	2023	2022	Accumulated From Property Inception
Golden Trend and Garden Gate (Golden Gate) and Cerros Rojas, Nevada, USA	**$ -**	$860,798	**$3,200,109**
NAK Property, British Columbia*	**4,998,857**	1,633,991	**7,042,848**
	$4,998,857	$2,494,789	**$10,242,957**

*The NAK properties' expenses, include accrued tax credits receivable from the British Columbia government related to exploration activities of $52,000 (2022 - $4,215). The Company has estimated the recoverable amount of these tax credits based on its interpretation of eligibility, but they are subject to government audits to confirm the interpretations and amounts. These tax credits are included in amounts receivable at December 31, 2023 and 2022.

Nakinilerak (NAK), British Columbia, Canada

On December 10, 2021, the Company entered into an agreement to acquire a 100% interest in the NAK Property, British Columbia. The Company will assume all rights and interest of the vendor under the terms of an option agreement with the underlying claim owner executed on April 28, 2021. The total purchase price payable by the Company to the optionor for the property consisted of the issue of 2,000,000 common shares of the Company at a value of $300,000 and the transfer of 2,000,000 shares of Orefinders held by the Company at a value of $110,000. The valuations were determined using the quoted market price of the common shares of the Company and Orefinders respectively at the transaction date.

The vendor is currently earning a 100% interest in the property under the terms of the option agreement which calls for cash payments, in tranches, totaling of $450,000 over three years and $1,100,000 in work obligations over three years to earn 100%, subject to a 2% NSR royalty to the optinoor which can be bought down to 1% by paying $1,500,000. The owner has the right to receive shares of the Company in lieu of the tranches totaling $450,000 in cash payments, provided that the value of such shares, at the respective time of issue of the tranche, cannot exceed an aggregate of $750,000 for the initial $300,000 in tranches, based on a ten-day volume weighted price calculation prior to issue of the tranche. The optionor retains a 1% NSR with an option by the Company to buyback 0.5% for $1 million.

Summary of Option Stages

Option Stage	Payment	Exploration Expenditure	Timeline
Stage 1	$75,000 or 1,000,000 shares[1] (Paid)	$100,000 (Complete)	April 30, 2022
Stage 2	$75,000 or 1,000,000 shares[1] (Paid)	$100,000 (Complete)	April 30, 2023
Stage 3	$75,000 or 1,000,000 shares[2]	$900,000 (Complete)	April 30, 2024
Stage 4	$75,000 or 1,000,000 shares (Shares issued Jan. 2023)		Earlier of July 31, 2025 and completing 2,500 meters of drilling
Stage 5	$150,000 or 1,000,000 shares		30 days following public disclosure of inferred or greater resources with a minimum of 1,000,000 ounces of gold or gold equivalent

(Expressed in Canadian dollars)

Total	$450,000 or 5,000,000 shares[1,2]	$1,100,000 (Complete)	

In January 2023, the Company issued 1,000,000 shares with a value of $200,000 based on the market price on the settlement date.

1. Maximum value of shares for each tranche will not exceed $150,000 based on 10-day volume weighted average price on day payment comes due.
2. Maximum value of shares for each tranche will not exceed $225,000 based on 10-day volume weighted average price on day payment comes due.

In 2022, Orecap Invest Corp. ("Orecap") earned a 20% interest in the NAK project in return for an aggregate of $1 million in exploration work obligations. American Eagle had an option to repurchase the 20% interest at a price of $1.5 million anytime before April 30, 2024, which is subject to regulatory approvals. The $1.5 million payment for the repurchase may be paid in cash or common shares of the Company, at the sole option of the Company. The Company and Orecap have certain directors and officers in common. In November 2023, the Company reacquired the 20% interest in the NAK project. The Company elected to settle the $1.5 million repurchase through the issuance of 6,976,744 common shares of the Company which were valued based on the market price on the settlement date for $1,225,814. See Note 11.

The optionor retains a 1% NSR with an option by the Company to buyback 0.5% for $1 million.

Golden Trend and Garden Gate (Golden Gate) and Cerros Rojas, Nevada, USA
During the year ended December 31, 2022, the Company terminated its agreements for Golden Trend, Golden Gate, and Cerros Rojos.

7. FLOW-THROUGH SHARE LIABILITY

Flow-through common shares require the Company to incur an amount equivalent to the proceeds of the issued flow-through common shares on Canadian qualifying exploration expenditures. The Company may be required to indemnify the holders of such shares for any tax and other costs payable by them in the event the Company has not incurred the required exploration expenditures. Under the IFRS framework, the increase to share capital when flow-through shares are issued is measured based on the current market price of the common shares. The incremental proceeds, or "premium", are recorded as a flow-through liability. During the year ended December 31, 2023, the Company recognized a flow-through share premium renunciation of $1,210,800 (2022 - $Nil). As of December 31, 2023, the flow-through liability was $879,000 (2022 - $Nil).

8. CAPITAL MANAGEMENT

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern, so that it can provide returns to shareholders and benefits to other stakeholders.

The Company considers the items included in equity as capital. The Company manages the capital structure and adjusts it in light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Company may issue new shares through equity offerings or return capital to shareholders. There can be no assurance that the Company will be successful in its efforts to arrange additional financing, if needed, on terms satisfactory to the Company.

Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Company, is reasonable. There were no changes in the Company's approach to capital management during the years ended December 31, 2023 and 2022. The Company is not subject to externally imposed capital restrictions, other than of the TSX Venture Exchange ("TSXV") which requires adequate working capital or financial resources of the greater of (i) $50,000 and (ii) an amount required in order to maintain operations and cover general and administrative expenses for a period of 6 months. As at December 31, 2023, the Company believes it is compliant with the policies of the TSX-V.

(Expressed in Canadian dollars)

9. FINANCIAL RISK MANAGEMENT

The Company is exposed in varying degrees to a variety of financial instrument related risks. The type of risk exposure and the way in which such exposure is managed is provided as follows:

Fair value of financial instruments
The fair value of financial instruments approximates their carrying value due to the short-term maturity of these instruments. At December 31, 2023 and 2022, the Company's investment is classified as Level 1 in the fair value hierarchy.

Credit risk
Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. Amounts receivable are due from the Government and the Company believes the risk of loss related to these is remote. The Company's exposure to credit risk is on its cash held in bank accounts. Cash is held with major banks in Canada. Management assesses the credit risk of cash and related party receivable as remote.

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 strives to ensure that there are sufficient funds to meet its short-term business requirements, taking into account its anticipated cash flows from operations and its holdings of cash. The Company's accounts payable and accrued liabilities generally have contractual maturities of less than 30 days and are subject to normal trade terms. In the long-term, the Company may have to issue additional equity to ensure there is sufficient capital to meet long-term objectives. See note 8.

Currency and interest rate risk
The Company is exposed to foreign currency risk on financial assets and liabilities that are denominated in a currency other than the Canadian dollar. The currencies giving rise to this risk are the US dollar.

Market price risk
The Company was exposed to market risk relating to its investment and unfavourable market conditions could result in dispositions of its investment at less than favourable prices. The Company's investment is comprised of a publicly-traded corporation. The Company's investment is subject to fair value fluctuations. As at December 31, 2023, if the fair value of the investments fluctuated by 10% all other factors held constant, consolidated net loss would change by approximately $10,500 (2022 - $12,000) based on the value of the investment as at December 31, 2023.

Classification of financial instruments

Financial assets and liabilities included in the statement of financial position are as follows:

	December 31, 2023	**December 31, 2022**
Financial assets at amortized cost:		
Cash	**$4,393,661**	$706,651
Amounts receivable	**119,901**	295,765
Financial assets at FVPL:		
Investment in Orecap	**105,000**	120,000
	$4,618,562	$1,122,416

(Expressed in Canadian dollars)

	December 31, 2023	December 31, 2022
Financial liabilities at amortized cost:		
Accounts payable and accrued liabilities	**$311,244**	$1,193,226
Due to related party	**833**	-
	$312,077	$1,193,226

10. SHARE CAPITAL

Authorized share capital
Unlimited number of voting common shares without par value.

Issued share capital

(a) On January 23, 2023, the Company completed a private placement consisting of 10,050,000 units at a price of $0.20 per unit for gross proceeds of $2,010,000, where each unit consists of one common share and one half of one common share purchase warrant. Each whole warrant will entitle the holder to purchase one additional common share of the Company at a price of $0.30 until January 23, 2025. The valuation of the warrants was estimated in the amount of $436,679 using the Black-Scholes option pricing model. In connection with the financing, the Company has issued 405,450 finders' warrants. Each finders' warrant entitles the holder, on exercise thereof, to purchase one common share at a price of $0.20 until January 23, 2025. The valuation of the finders' warrants was estimated in the amount of $42,000 using the Black-Scholes option pricing model. In connection with financing the Company incurred cash finder's fees and other financing costs totaling $73,271. An officer and director of the Company acquired 50,000 shares for gross proceeds of $10,000.

The following assumptions were used in the Black-Scholes option pricing model calculations: expected dividend yield rate of 0%, expected volatility of 100% based on historical volatility, risk free interest rate of 3.66%, share price of $0.16 and an expected life of 2 years.

(b) On May 25, 2023, the Company completed a flow through private placement consisting of 14,400,000 shares at a price of $0.205 per unit for gross proceeds of $2,952,000. The Company recognized a flow through liability of $1,080,000 in connection with the financing. In connection with financing the Company incurred cash finder's fees and other financing costs totaling $23,705.

(c) On September 7, 2023 the Company completed a flow through private placement consisting of 5,940,000 shares at a price of $0.450 per unit for gross proceeds of $2,674,782 The Company recognized a flow through liability of $1,009,800 in connection with the financing. In connection with financing the Company incurred cash finder's fees and other financing costs totaling $17,765.

(d) On November 20, 2023 the Company completed a private placement consisting of 3,187,790 shares at a price of $0.215 per unit for gross proceeds of $685,375. In connection with financing the Company incurred financing costs totaling $21,704.

(e) On November 9, 2023, the Company reacquired the 20% interest in the NAK project. The Company elected to settle the $1.5 million repurchase through the issuance of 6,976,744 common shares of the Company which were valued based on the market price of the settlement date for $1,225,814. See Note 6.

(Expressed in Canadian dollars)

Warrants

Refer to the Share Capital Issued section for warrants valuation and details.A summary of the changes in the Company's warrants is set out below:

For the year ended	**December 31, 2023**			**December 31, 2022**		
	Number of warrants	**Weighted average exercise price**	**Weighted average life (years)**	**Number of warrants**	**Weighted average exercise price**	**Weighted average life (years)**
Outstanding, beginning of the year	**15,517,839**	**$0.28**	**0.59**	15,995,339	$0.27	1.44
Issued – hard-dollar financing	**5,025,000**	**0.30**	**2.00**	**-**	-	-
Brokers' warrants issued	**500,925**	**0.20**	**2.00**	**-**	-	-
Expired	**(3,841,911)**	**(0.20)**	**-**	-	-	-
Exercised	**(2,842,854)**	**(0.22)**	**-**	(477,500)	(0.23)	-
Outstanding, end of the year	**14,358,999**	**$0.30**	**0.62**	15,517,839	$0.28	0.59

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

Number of warrants outstanding	**Exercise Price**	**Expiry Date**
8,833,074	$ 0.30	May 3, 2024*
405,450	0.20	January 23, 2025
95,475	0.20	January 23, 2025
5,025,000	0.30	January 23, 2025
14,358,999	$ 0.28	

*In April 2023, the Company extended the expiry of these warrants from May 3, 2023 to May 3, 2024 and added an acceleration in the event that the volume weighted average trading price of the common shares of the Company on the TSX Venture Exchange is at least $0.40 for a minimum of 10 consecutive trading days (whether or not trading occurs on all such days), the Company may, in its sole discretion issue a news release announcing that the exercise period has been reduced to 30 days following the date of the issuance of such news release. The extension did not result in a change to the valuation of the warrants.

Stock option plan

The Company has adopted a 20% fixed stock option plan.

(a) On August 2, 2023, the Company granted 3,600,000 stock options to directors, officers and consultants of the Company. Each option is exercisable to acquire one common share at a price of $0.30 and a term of 5 years. These options vest one year from the date of issuance. The total fair value of $788,858 was estimated using the Black-Scholes option pricing model assuming an expected life of 5 years, a risk-free interest rate of 3.6%, an expected volatility of 120% based on historical volatility, share price of $0.265 and expected dividend yield of rate of 0%.

(b) On October 17, 2022, the Company granted 4,025,000 stock options to directors, officers and consultants of the Company. Each option is exercisable to acquire one common share at a price of $0.10 and a term of 5 years. These options vest one year from the date of issuance. The total fair value of $137,022 was estimated using the Black-Scholes option pricing model assuming an expected life of 5 years, a risk-free interest rate of 3.6%, an expected volatility of 145% based on historical volatility, share price of $0.04 and expected dividend yield of rate of 0%.

(c) On April 2, 2022, the Company granted 410,000 stock options to officers and consultants of the Company.

(Expressed in Canadian dollars)

Each option is exercisable to acquire one common share at a price of $0.13 and a term of 5 years. These options vested immediately with the exception of 100,000 options which will vest in one year. The total fair value of $34,528 was estimated using the Black-Scholes option pricing model assuming an expected life of 5 years, a risk-free interest rate of 2.46%, an expected volatility of 99% based on historical volatility, share price of $0.115 and expected dividend yield of rate of 0%.

During the year ended December 31, 2023, the Company recorded share-based compensation of $434,743 (2022 - $66,678).

A summary of the changes in the Company's stock options is set out below:

For the years ended	**December 31, 2023**			**December 31, 2022**		
	Number of options	**Weighted average exercise price**	**Weighted average life (years)**	**Number of options**	**Weighted average exercise price**	**Weighted average life (years)**
Outstanding, beginning of year	**10,700,000**	**$0.16**	**4.00**	6,475,000	$0.20	4.48
Granted	**3,600,000**	**0.30**	**4.59**	4,435,000	0.10	5.00
Forfeited	**(1,475,000)**	**0.20**	**3.90**	(210,000)	0.20	4.20
Options outstanding, end of year	**12,825,000**	**$0.19**	**3.51**	10,700,000	$0.16	4.00
Options exercisable, end of year	**9,225,000**	**$0.15**	**3.00**	6,575,000	$0.20	3.51

The following incentive stock options were outstanding and exercisable at December 31, 2023:

Number of options outstanding	**Number of options exercisable**	**Exercise Price**	**Expiry Date**
3,750,000	3,750,000	$0.20	May 3, 2026
1,075,000	1,075,000	$0.20	December 20, 2026
400,000	400,000	$0.13	April 1, 2027
4,000,000	4,000,000	$0.10	October 17, 2027
3,600,000	-	$0.30	August 2, 2028
12,825,000	9,225,000	$0.19	

The weighted average fair value of the grants in the year ended December 31, 2023 was $0.22 (2022 - $0.02) per share.

11. RELATED PARTY TRANSACTIONS

Key management personnel compensation

Key management includes directors and executive officers. The remuneration of the key management of the Company during the years ended December 31, 2023 and 2022 was as follows:

	2023	**2022**
Geological consulting included in exploration expenses	**$ -**	$60,431
Management and consulting fees	**413,629**	358,669
Share-based payments (note 10)	**305,464**	66,678
	$719,093	$485,778

(Expressed in Canadian dollars)

Standard Ore is controlled by a director of the Company. Standard Ore provides corporate and administrative services to the Company, including office space. For the year ended December 31, 2023, Standard Ore charged the Company $120,000 of management fees (2022 - $120,000), which is included in the amounts in the above chart.

The following is the balance due from related party as at December 31, 2023 and 2022:

	2023	2022
Due to Standard Ore Corporation	**$833**	$ -

As at December 31, 2023 the Company owed $3,111 to a director of the Company.

All of the amounts owing are unsecured, non-interest bearing with no fixed terms of repayment.

Refer to Note 6 for details of the option agreement with Orecap on the NAK Property.

In the private placement on January 23, 2023, a director and officer of the Company acquired 50,000 units for gross proceeds of $10,000. Refer to note 10.

As at December 31, 2023, the Company held 3,000,000 common shares of Orecap at a fair value of $105,000 (2022 – 3,000,000 common shares - $120,000) based on the quoted market price of the Orecap's shares. The Company has directors in common with Orecap.

A person related to a director of the Company provided services to the Company totaling $13,000 for the year ended December 31, 2023 (2022 - $6,000).

12. INCOME TAXES

a) Provision for Income Taxes

Major items causing the Company's effective income tax rate to differ from the combined Canadian federal and provincial statutory rate of 26.5% (2022 – 26.5%) were as follows:

	2023	2022
(Loss) before income taxes	**$(6,263,732)**	$(3,300,396)
Expected income tax recovery based on statutory rate	**(1,667,000)**	(875,000)
Adjustment to expected income tax benefit:		
Stock-based compensation	**115,000**	18,000
Unrealized loss on investment	**4,000**	12,000
Flow-through renunciation	**868,000**	-
Change in benefit of tax assets not recognized	**(530,800)**	845,000
Income tax provision (recovery)	**(1,210,800)**	-

(Expressed in Canadian dollars)

b) Deferred Income Tax

Deferred income tax assets have not been recognized in respect of the following deductible temporary differences:

	2023	2022
Non-capital loss carry-forwards	**$3,781,000**	$1,872,000
Exploration and evaluation property	**2,289,000**	4,430,000
Capital losses	**240,000**	240,000
Share issue costs	**310,000**	124,000
Total	**$6,620,000**	$6,666,000

The Company had unused non-capital loss carry forwards which expire as follows:

2038	$9,000
2039	68,000
2040	69,000
2041	987,000
2042	1,719,000
2043	929,000
Total unused non-capital losses	$3,781,000

The tax benefits have not been recorded in the consolidated financial statements because it is not probable that future taxable profit will be available against which the Company can use the benefits.

13. COMMITMENTS AND CONTINGENCIES

(i) Flow-through common shares require the Company to spend an amount equivalent to the proceeds of the issued flow-through common shares on Canadian qualifying exploration expenditures. As at December 31, 2023, the Company is committed to spend a further $2.35 million by December 31, 2024, to utilize funds raised from the issuance of flow-through shares. Certain interpretations are required to assess the eligibility of flow-through expenditures that if changed, could result in the denial of renunciation.

The Company has indemnified the subscribers of the flow-through share offerings against any tax-related amounts that become payable by the shareholder as a result of the Company not meeting its expenditure commitments.

(ii) The Company's exploration activities are subject to various federal and state laws and regulations governing the protection of the environment. These laws and regulations are continually changing and generally becoming more restrictive. The Company has made, and expects to make in the future, expenditures to comply with such laws and regulations.

(iii) The Company is party to certain contracts and agreements. These contracts and agreements contain minimum commitments of approximately $20,000 due within one year.

14. SUBSEQUENT EVENTS

Subsequent to year end, the Company issued 7,675,565 common shares from the exercise of 7,475,565 warrants and 200,000 stock options for gross proceeds of $2,234,270 and $35,000, respectively.