

Gold Springs Resource Corp.

(An Exploration Stage Company)

Consolidated Financial Statements
Years ended December 31, 2023 and 2022

(Expressed in U.S. dollars)



Independent auditor's report

To the Shareholders of Gold Springs Resource Corp.

Our opinion

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

What we have audited

The Company's consolidated financial statements comprise:

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

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 believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

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

Material uncertainty related to going concern

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

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Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements for the year ended December 31, 2023. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. In addition to the matter described in the *Material uncertainty related to going concern* section, we have determined the matters described below to be the key audit matters to be communicated in our report.

Key audit matter	How our audit addressed the key audit matter
<p>Assessment of impairment indicators of mining claims and deferred exploration costs</p> <p><i>Refer to note 3 – Summary of material accounting policies and note 5 – Mining claims and deferred exploration costs to the consolidated financial statements.</i></p> <p>The carrying value of mining claims and deferred exploration costs related to the Gold Springs project amounted to \$24.8 million as at December 31, 2023. At each reporting period end, management applies judgment in assessing whether there are any indicators of impairment relating to mining claims and deferred exploration costs. If there are indicators of impairment, the recoverable amount of the related asset is estimated in order to determine the extent of any impairment.</p> <p>Indicators of impairment may include (i) the period during which the entity has the right to explore in the specific area has expired during the year or will expire in the near future and is not expected to be renewed; (ii) substantive expenditure on further exploration for and evaluation of mineral resources in the specific area is neither budgeted nor planned; (iii) exploration for and evaluation of mineral resources in the specific area have not led to the discovery of commercially viable quantities of mineral resources and the entity has decided to discontinue such activities in the specific area; and</p>	<p>Our approach to addressing the matter included the following procedures, among others:</p> <ul style="list-style-type: none">• Obtained, for a sample of mining claims, by reference to government registries and other regulatory bodies, evidence to support (i) the right to explore the area and (ii) claim expiration dates.• Assessed the planned substantive expenditures on further exploration for and evaluation of mineral resources in the specific area by reading board minutes and obtaining evidence of continued and planned substantive expenditures, which included evaluating results of current year programs and management’s longer-term plans.• Assessed whether the exploration for and evaluation of mineral resources in the specific area have not led to the discovery of commercially viable quantities of mineral resources, or whether sufficient data exist to indicate that the carrying value of mining claims and deferred exploration costs related to the Gold Springs project is unlikely to be recovered in full from successful development or by sale, based on evidence obtained in other areas of the audit.



Key audit matter

How our audit addressed the key audit matter

(iv) sufficient data exist to indicate that the carrying amount of the mining claims and deferred exploration costs is unlikely to be recovered in full from successful development or by sale. No impairment indicators were identified by management as at December 31, 2023.

We considered this a key audit matter due to (i) the significance of the mining claims and deferred exploration costs balance and (ii) the judgments made by management in its assessment of indicators of impairment related to mining claims and deferred exploration costs, which have resulted in a high degree of subjectivity in performing audit procedures related to these judgments applied by management.

Other information

Management is responsible for the other information. The other information comprises the 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 identified above and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

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

Responsibilities of management and those charged with governance for the consolidated financial statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRS Accounting Standards, 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.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

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

/s/PricewaterhouseCoopers LLP

Chartered Professional Accountants

Vancouver, British Columbia
March 28, 2024

Gold Springs Resource Corp.

(An Exploration Stage Company)

Consolidated Statements of Financial Position

(Expressed in U.S. dollars)

	Note	December 31, 2023	December 31, 2022
		\$	\$
Assets			
<i>Current</i>			
Cash and cash equivalents		84,576	278,023
Restricted cash	6	-	131,694
Receivables and prepaids	4	94,948	128,449
		179,524	538,166
<i>Non-current assets</i>			
Equipment		180,923	250,550
Reclamation deposit	5	593,983	554,293
Mining claims and deferred exploration costs	5	24,847,410	24,435,720
Total Assets		25,801,840	25,778,729
Liabilities			
<i>Current</i>			
Accounts payable and accrued liabilities	10	453,175	975,373
Redemption liability	6	113,880	131,694
Loan payable	7	-	29,532
Deferred consideration for Gold Springs Project exploration costs	5	-	300,000
		567,055	1,436,599
<i>Non-current liabilities</i>			
Loan payable	7	30,244	-
		597,299	1,436,599
Equity attributable to shareholders			
Share capital	8	101,166,258	99,721,151
Contributed surplus	8	14,241,972	14,140,252
Accumulated other comprehensive loss		(525,140)	(482,741)
Deficit		(89,678,549)	(89,036,532)
		25,204,541	24,342,130
Total Liabilities and Shareholders' Equity		25,801,840	25,778,729

Going concern (Note 1)

Contingencies and Pledge (Note 11)

Approved by the Board of Directors:

(signed) "Tina Woodside-Shaw"

(signed) "Victor Dario"

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

Gold Springs Resource Corp.

(An Exploration Stage Company)

Consolidated Statements of Loss and Comprehensive Loss

For the years ended December 31

(Expressed in U.S. dollars)

	Note	2023	2022
		\$	\$
General and administrative expenses			
Professional fees	10	205,138	242,528
Wage, benefits and management fees	10	134,156	178,853
Office and administration		97,737	99,978
Filing and transfer agent fees		72,044	64,740
Depreciation and amortization		69,627	53,781
Directors' fees	10	43,711	50,743
Shareholder information and investor relations		15,062	37,806
Share-based payments	8,10	58,529	446,707
Total general and administrative expenses		(696,004)	(1,175,136)
Other income (expenses)			
Interest and other income		12,479	27,379
Gain on extinguishment of redemption liability	6	17,814	-
Foreign exchange gain (loss)		23,694	(23,294)
Total other income		53,987	4,085
Net loss for the year		(642,017)	(1,171,051)
Other comprehensive loss			
<i>Items that may be subsequently reclassified to profit or loss:</i>			
Currency translation differences		(42,399)	(74,535)
Total other comprehensive loss for the year		(42,399)	(74,535)
Total comprehensive loss for the year		(684,416)	(1,245,586)
Net loss per share:			
Basic and Diluted		(0.00)	(0.01)
Weighted average number of shares outstanding:			
Basic		267,384,305	257,063,332
Diluted		267,384,305	257,063,332

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

Gold Springs Resource Corp.

(An Exploration Stage Company)

Consolidated Statements of Changes in Equity

For the years ended December 31, 2023 and 2022

(Expressed in U.S. dollars)

	Share Capital		Contributed Surplus	AOCL ¹	Deficit	Total
	Number	\$	\$	\$	\$	\$
Balance, December 31, 2021	254,091,374	98,804,638	14,047,377	(408,206)	(87,865,481)	24,578,328
Common shares issued on option exercise	4,539,506	492,431	(230,338)	-	-	262,093
Common shares issued on Secured Rights Warrants exercise	3,000,000	424,082	(155,236)	-	-	268,846
Share-based payments	-	-	478,449	-	-	478,449
Total comprehensive loss	-	-	-	(74,535)	(1,171,051)	(1,245,586)
Balance, December 31, 2022	261,630,880	99,721,151	14,140,252	(482,741)	(89,036,532)	24,342,130
Common shares returned to treasury	(250,722)	(20,811)	20,811	-	-	-
Common shares issued on private placement	20,000,000	1,482,400	-	-	-	1,482,400
Less: issue costs - cash	-	(16,482)	-	-	-	(16,482)
Secured Rights Warrants issued	-	-	14,017	-	-	14,017
Share-based payments	-	-	66,892	-	-	66,892
Total comprehensive loss	-	-	-	(42,399)	(642,017)	(684,416)
Balance, December 31, 2023	281,380,158	101,166,258	14,241,972	(525,140)	(89,678,549)	25,204,541

¹ Accumulated other comprehensive loss

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

Gold Springs Resource Corp.

(An Exploration Stage Company)

Consolidated Statements of Cash Flows

For the years ended December 31

(Expressed in U.S. dollars)

	2023	2022
	\$	\$
Cash flows (used in) from operating activities		
Net loss for the year	(642,017)	(1,171,051)
<i>Items not affecting cash</i>		
Depreciation and amortization	69,627	53,781
Share-based payments	58,529	446,707
Gain on extinguishment of redemption liability	(17,814)	-
Interest income	(12,479)	(27,379)
Unrealized foreign exchange	(22,982)	21,274
	(567,136)	(676,668)
<i>Changes in non-cash operating working capital</i>		
Change in receivables and prepaids	33,501	55,930
Change in accounts payable and accrued liabilities	124,772	193,316
	(408,863)	(427,422)
Cash flows (used in) from investing activities		
Mining claims and deferred exploration costs	(1,173,998)	(4,063,544)
Consideration received for Gold Springs Project Secured Rights	-	300,000
Transaction costs for Gold Springs Project Secured Rights	(32,527)	-
Reclamation deposit	(39,690)	(34,867)
Purchase of equipment	-	(163,736)
Interest received	12,479	27,379
Receipts from collection of Escalones sales proceeds receivable	-	392,126
	(1,233,736)	(3,542,642)
Cash flows (used in) from financing activities		
Private placement	1,348,484	-
Share issuance costs	(16,482)	-
Receipt of previously restricted cash	131,694	-
Exercise of options	-	262,093
Exercise of Secured Rights Warrants	-	268,846
	1,463,696	530,939
Decrease in cash and cash equivalents	(178,903)	(3,439,125)
Foreign exchange effect on cash and cash equivalents	(14,544)	(106,877)
Cash and cash equivalents - Beginning of year	278,023	3,824,025
Cash and cash equivalents - End of year	84,576	278,023

Supplemental cash flow information (Note 13)

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

Gold Springs Resource Corp.

(An Exploration Stage Company)

Notes to the Consolidated Financial Statements

For the years ended December 31, 2023 and 2022

(Expressed in U.S. dollars)

1 Nature of operations and going concern

Gold Springs Resource Corp. (“GRC” or the “Company”) was incorporated pursuant to the *Canada Business Corporations Act* by articles of incorporation dated September 28, 2006 and was continued under the *Business Corporations Act (British Columbia)* (“BCBCA”) on December 17, 2013. The Company is listed on the Toronto Stock Exchange (“TSX”) under the stock symbol GRC and on the OTCQB Venture Market (“OTCQB”) in the U.S. under the stock symbol GRCAF. The Company’s registered and head office is located at Suite 1100, 1199 West Hastings Street, Vancouver, British Columbia, Canada, V6E 3T5. The Company’s principal activities include the acquisition, exploration and development of mineral properties. The principal country where the Company has been undertaking exploration activities is the United States. Property interests are held through wholly owned subsidiaries.

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards and on a going concern basis, which assumes that the Company will be able to meet its obligations and continue its operations for at least the next twelve months from December 31, 2023.

The Company has incurred losses since inception and expects to incur further losses in the development of its operations and at December 31, 2023, the Company had a working capital deficiency of \$387,531 (2022 – \$898,433). At that date, the Company also had an accumulated deficit of \$89,678,549 which has been funded primarily by the issuance of equity.

The Company’s ability to continue as a going concern is dependent upon its ability to obtain the necessary financing to meet its general operating expenses and to continue to explore its mineral properties. Although the Company has been successful in the past in obtaining financing, there is no assurance that it will be able to obtain adequate financing in the future or that such financing will be on terms advantageous to the Company. These factors give rise to material uncertainty that may cast significant doubt upon the Company’s ability to continue as a going concern and, therefore, whether it may be unable to realize its assets and discharge its liabilities in the normal course of business. These consolidated financial statements do not reflect the adjustments to the carrying values of the assets and liabilities, the reported expenses and the statements of financial position classifications that would be necessary should the Company be unable to continue as a going concern. Such adjustments could be material.

2 Basis of presentation

Statement of compliance

The Company’s consolidated financial statements have been prepared in accordance with IFRS Accounting Standards applicable to the preparation of annual financial statements effective for the Company’s reporting for the year ended December 31, 2023. The consolidated financial statements have been prepared under the historical cost convention except for certain financial instruments carried at fair value. In addition, these consolidated financial statements have been prepared using the accrual basis of accounting except for cash flow information.

These financial statements were approved by the board of directors on March 28, 2024.

Gold Springs Resource Corp.

(An Exploration Stage Company)

Notes to the Consolidated Financial Statements

For the years ended December 31, 2023 and 2022

(Expressed in U.S. dollars)

Basis of consolidation

The consolidated financial statements include the results or financial information of Gold Springs Resource Corp. and its significant wholly-owned subsidiaries listed in the following table:

Name	Country of incorporation
High Desert Gold Corporation	Canada
Gold Springs Resource Corp. (Delaware)	U.S.A.
Gold Springs LLC	U.S.A.

The results of each subsidiary will continue to be included in the consolidated financial statements of the Company until the date that the Company's control over the subsidiary ceases. All significant intercompany transactions and balances have been eliminated.

Recent accounting pronouncements

In 2023, there were amendments announced to IAS 1 and IFRS Practice Statement 2 – Disclosure of Accounting Policies, and IAS 12 – Deferred Tax Related to Assets and Liabilities Arising from a Single Transaction. These standards and amendments to standards and interpretations did not have a material impact on the financial statement amounts or disclosures.

3. Summary of material accounting policies

Cash and cash equivalents

Cash and cash equivalents include cash and highly liquid investments held in the form of money market investments and certificates of deposit with investment terms of less than three months at acquisition.

Equipment

Equipment is carried at cost less accumulated depreciation and any recognized impairment loss, net of reversals. Depreciation is computed using the straight-line method over estimated useful lives as follows:

Furniture and equipment	5 years
Computer hardware	3 years
Computer software	1 year
Vehicles	5 years

Mining claims and deferred exploration costs

The Company is in the exploration stage and defers all exploration and evaluation expenditures related to its mineral properties until such time as the properties are put into commercial production, impaired, sold or abandoned. Exploration and evaluation expenditures include the costs of acquiring licenses and costs associated with exploration and evaluation activity. Mineral property option proceeds, if received, are credited against the deferred costs incurred by the Company on the property or properties being optioned. Proceeds received from a disposal of a property interest which are required to be expended on exploration of the mineral property are deferred and offset against the carrying value of the mineral property on a pro-rata basis of exploration expenditures incurred from the disposal proceeds. Under this method, the amounts shown as mining claims and deferred exploration represent costs incurred to date less amounts amortized, offset and/or written off, and do not necessarily represent present or future values.

Gold Springs Resource Corp.

(An Exploration Stage Company)

Notes to the Consolidated Financial Statements

For the years ended December 31, 2023 and 2022

(Expressed in U.S. dollars)

Once the technical feasibility and commercial viability of the extraction of mineral reserves or resources from a particular mineral property has been determined, expenditures are reclassified to development assets within property, plant and equipment and are carried at cost until the properties to which the expenditures relate are sold, abandoned or determined by management to be impaired in value.

If a property is put into commercial production, the carrying value will be depleted using the unit of production basis. If a property is impaired, sold or abandoned, the expenditures will be charged to profit or loss in the related period.

Exploration costs that are not attributable to a specific property or that are incurred prior to the Company acquiring the legal rights to a property are charged to profit or loss as reconnaissance and sundry exploration.

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

Recognition of Financial Instruments

The Company recognizes a financial asset or financial liability on the statement of financial position when it becomes a party to the contractual provisions of the financial instrument.

The Company classifies its financial instruments in the following categories: at fair value through profit and loss ("FVTPL"), at fair value through other comprehensive income (loss) ("FVTOCI") or at amortized cost. The Company determines the classification of financial assets at initial recognition. The classification of debt instruments is driven by the Company's business model for managing the financial assets and their contractual cash flow characteristics.

Equity instruments that are held for trading are classified as FVTPL. For other equity instruments, on the day of acquisition the Company can make an irrevocable election (on an instrument-by-instrument basis) to designate them as at FVTOCI. Financial liabilities are measured at amortized cost, unless they are required to be measured at FVTPL (such as instruments held for trading or derivatives) or if the Company has opted to measure them at FVTPL.

Financial assets at FVTOCI

Investments in equity instruments designated at FVTOCI are initially recognized at fair value plus transaction costs. Subsequently they are measured at fair value, with both realized and unrealized gains and losses recognized in other comprehensive income (loss) in the period in which they arise.

Financial assets and liabilities at amortized cost

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

Financial assets and liabilities at FVTPL

Financial assets and liabilities carried at FVTPL are initially recorded at fair value and transaction costs are expensed in profit or loss. Realized and unrealized gains and losses arising from changes in the fair value of the financial assets and liabilities held at FVTPL are included in profit or loss in the period in which they arise. Where management has opted to recognize a financial liability at FVTPL, any changes associated with the Company's own credit risk will be recognized in other comprehensive income (loss).

Gold Springs Resource Corp.

(An Exploration Stage Company)

Notes to the Consolidated Financial Statements

For the years ended December 31, 2023 and 2022

(Expressed in U.S. dollars)

Impairment of financial assets at amortized cost

The Company recognizes a loss allowance for expected credit losses on financial assets that are measured at amortized cost.

At each reporting date, the Company measures the loss allowance for the financial asset at an amount equal to the lifetime expected credit losses if the credit risk on the financial asset has increased significantly since initial recognition. If at the reporting date, the financial asset has not increased significantly since initial recognition, the Company measures the loss allowance for the financial asset at an amount equal to the twelve month expected credit losses. The Company shall recognize in the profit or loss, as an impairment gain or loss, the amount of expected credit losses (or reversal) that is required to adjust the loss allowance at the reporting date to the amount that is required to be recognized.

Derecognition of financial assets and liabilities

The Company derecognizes financial assets only when the contractual rights to cash flows from the financial assets expire, or when it transfers the financial assets and substantially all of the associated risks and rewards of ownership to another entity. Gains and losses on derecognition are generally recognized in profit or loss in the period in which they arise. However, gains and losses on derecognition of financial assets designated as FVTOCI are recorded in other comprehensive income (loss) in the period in which they arise. Cumulative gains and losses on derecognized financial assets designated as FVTOCI are reclassified from accumulated other comprehensive income (loss) to deficit.

The Company derecognizes financial liabilities only when its obligations under the financial liabilities are discharged, cancelled or expired. Generally, the difference between the carrying amount of the financial liability derecognized and the consideration paid and payable, including any non-cash assets transferred or liabilities assumed, is recognized in profit or loss.

Impairment of long-lived assets

At the end of each reporting period the carrying amounts of the Company's long-lived assets are reviewed to determine whether there is any indication that those assets are impaired. If any such indication exists, the recoverable amount of the asset (or cash-generating unit) is estimated in order to determine the extent of the impairment, if any. The recoverable amount is the higher of the fair value less costs to sell and the value in use. Fair value is determined as the amount that would be obtained from the sale of the asset in an arm's length transaction between knowledgeable and willing parties. Management's assessment of a property's estimated fair market value may also be based upon a review of other property transactions that have occurred in the same geographic area as that of the property under review.

In assessing value in use, the estimated future pre-tax cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount and the impairment loss is recognized in profit or loss for the period. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but to an amount that does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years.

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Restoration, rehabilitation and environmental obligations

An obligation to incur restoration, rehabilitation and environmental costs arises when environmental disturbance is caused by the exploration or development of a mineral property interest. Such costs arising from the decommissioning of plant and other site preparation work, discounted to their net present value, are provided for and capitalized to the carrying amount of the asset, along with a corresponding liability as soon as the obligation to incur such costs arises. The timing of the actual rehabilitation expenditure is dependent on a number of facts such as the life and nature of the asset, the operating license conditions and, when applicable, the environment in which the mine operates.

Discount rates using a risk-free rate that reflects the time value of money are used to calculate the net present value. The capitalized costs are charged against profit or loss over the economic life of the related asset, through amortization using the unit-of production method. The corresponding liability is progressively increased as the effect of discounting unwinds creating an accretion expense recognized in profit or loss.

Decommissioning costs are also adjusted for changes in estimates. Those adjustments are accounted for as a change in the corresponding capitalized cost, except where a reduction in costs is greater than the unamortized capitalized cost of the related assets, in which case the capitalized cost is reduced to nil and the remaining adjustment is recognized in profit or loss.

The operations of the Company may in the future be affected from time to time by changes in environmental regulations, including those for site restoration costs. Both the likelihood of new regulations and their overall effect upon the Company are not predictable. The Company has no material restoration, rehabilitation or environmental obligation as the disturbance to date is minimal.

Earnings per share

Basic earnings or loss per share represents the profit or loss for the period, divided by the weighted average number of Common shares in issue during the period. Diluted earnings or loss per share represents the profit or loss for the period, divided by the weighted average number of Common shares in issue during the period plus the weighted average number of dilutive shares resulting from the exercise of stock options, warrants and other similar instruments where the inclusion of these would not be anti-dilutive. Diluted earnings or loss per share is calculated using the Treasury Stock Method which assumes proceeds raised from the assumed exercise of stock options, warrants and other similar instruments are used to repurchase Common shares in the open market.

Foreign currencies

The financial statements for the Company and each of its subsidiaries are prepared using their functional currencies. Functional currency is the currency of the primary economic environment in which an entity operates. The functional currency of the parent company, GRC, is the Canadian dollar; and the functional currency of each of the Company's subsidiaries is the U.S. dollar. The presentation currency of these consolidated financial statements is the U.S. dollar.

Foreign currency transactions are translated into the functional currency using exchange rates prevailing at the dates of the transactions. At the end of each reporting period, monetary assets and liabilities that are denominated in foreign currencies are translated at the rates prevailing at that date. Non-monetary assets and liabilities are translated using the historical rate on the date of the transaction. Non-monetary assets and liabilities that are stated at fair value are translated using the historical rate on the date that the fair value was determined. All gains and losses on translation of these foreign currency transactions are charged to profit or loss.

The statement of financial position of the parent company is translated into U.S. dollars using the exchange rate at the statement of financial position date and the statement of operations is translated into U.S. dollars using the

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average exchange rate for the period. All gains and losses on translation from the functional currency to the presentation currency are charged to other comprehensive income (loss).

Income tax

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

Current tax expense is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at year end, adjusted for amendments to tax payable with regards to previous years.

Deferred tax is provided using the balance sheet liability method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The Company does not provide for temporary differences relating to differences relating to investments in subsidiaries, associates, and joint ventures to the extent that they will probably not reverse in the foreseeable future. The amount of deferred tax provided is based on the expected manner of realization or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the financial position reporting date applicable to the period of expected realization or settlement.

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

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Company intends to settle its current tax assets and liabilities on a net basis.

Share capital

Transaction costs directly attributable to the issue of Common shares and share purchase options are recognized as a deduction from equity, net of any tax effects.

Share-based payments

The Company has established a share incentive plan (the "Plan") for the benefit of full-time and part-time employees, officers, directors and consultants of the Company and its affiliates. The Plan includes a stock award plan comprised of stock options and share appreciation rights. The maximum number of shares available under the Plan is limited to 10% of the issued Common shares.

The fair value of all stock options granted is recorded as a charge to operations or deferred exploration costs and a credit to contributed surplus under the graded attribution method. The fair value, as adjusted for the estimated forfeiture rate, is measured at the date of grant and is recognized over the vesting period. The Company's stock options are subject to graded vesting and thus each tranche in the award is considered a separate grant, with a different vesting date and fair value for purposes of recognizing share-based payment expense. Prior to the vesting date, the then-current fair values of stock options granted are recognized as share-based payment expense from the date of grant to the reporting date and credited to contributed surplus. Any consideration received on the exercise of stock options together with the related portion of contributed surplus is credited to share capital. The fair value of stock options is estimated using the Black-Scholes option pricing model.

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Use of estimates, assumptions and judgments

The preparation of the consolidated financial statements requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making judgments about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ significantly 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 future periods if the revision affects both current and future periods.

Significant accounting judgements are made in particular with regard to the Company's assessment of impairment to the carrying value of mineral properties.

Going concern

The Company's management has made an assessment of the Company's ability to continue as a going concern. The Company's ability to continue as a going concern is dependent upon its ability to obtain the necessary financing to meet its general operating expenses and to continue to explore its mineral properties, and to continue in business for at least the next twelve months. Management has determined that the Company will continue in business for at least the twelve months from the end of the reporting period. There are a number of factors considered by management in making this assessment as disclosed in Note 1.

Mining claims and deferred exploration costs

The recoverability of amounts shown as mining claims and deferred exploration costs 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.

At each reporting period end, management applies judgment in assessing whether there are any indicators of impairment relating to mining claims and deferred exploration costs. If there are indicators of impairment, the recoverable amount of the related asset is estimated in order to determine the extent of any impairment. Indicators of impairment may include (i) the period during which the entity has the right to explore in the specific area has expired during the period or will expire in the near future and is not expected to be renewed, (ii) substantive expenditure on further exploration for and evaluation of mineral resources in the specific area is neither budgeted nor planned, (iii) exploration for and evaluation of mineral resources in the specific area have not led to the discovery of commercially viable quantities of mineral resources and the entity has decided to discontinue such activities in the specific area; and (iv) sufficient data exist to indicate that the carrying amount of the mining claims and deferred exploration costs is unlikely to be recovered in full from successful development or by sale. No impairment indicators were identified by management as at December 31, 2023.

Share-based payments

The Company uses the fair-value method of accounting for share-based payments related to incentive stock options and compensation warrants granted, modified or settled. Under this method, compensation cost attributable to options granted is measured at fair value at the grant date and expensed over the vesting period. In determining the fair value, the Company makes estimates of the following key inputs: expected volatility of the stock, the expected life of the options, an estimated risk-free interest rate and for awards with performance targets, the probability of occurrence.

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Warrants

In determining the fair value of warrants included in unit placements, the Company makes estimates of the expected volatility of the stock, the expected life of the warrants, and an estimated risk-free interest rate.

4 Receivables and prepaids

	December 31, 2023	December 31, 2022
	\$	\$
GST receivable	2,720	4,525
Other prepaids and advances	92,228	123,924
	94,948	128,449

5 Mining claims and deferred exploration costs

Mining claims and deferred exploration costs are associated with the following projects:

	Gold Springs
	\$
Balance, December 31, 2021	19,971,593
Land and option payments	229,539
Laboratory	748,256
Field supplies	3,547
Camp	56,296
Geologists and personnel	596,235
Drilling	1,715,395
Environmental and permitting	261,666
Technical consulting	405,823
Travel and accommodation	174,988
Trenching	482,682
Share-based payments	31,742
	4,706,169
Secured Rights consideration, net of transaction costs	(242,042)
Balance, December 31, 2022	24,435,720

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	Gold Springs
	\$
Balance, December 31, 2022	24,435,720
Land and option payments	303,317
Laboratory	133,730
Field supplies	3,182
Camp	24,283
Geologists and personnel	134,355
Drilling	17,817
Environmental and permitting	8,450
Technical consulting	4,500
Travel and accommodation	27,149
Share-based payments	8,363
	665,146
Secured Rights consideration, net of transaction costs	(253,456)
Balance, December 31, 2023	24,847,410

Gold Springs, USA

The Gold Springs mineral property was acquired through the 2013 acquisition of High Desert Gold Corporation (“HDG”). The Company owns 100% of the Gold Springs property free of royalties except as noted below.

During the year ended December 31, 2017 the Company increased the size of the Gold Springs property by entering into lease and surface use agreements. Pursuant to the agreements, the Company has entered into a 30 year lease beginning on October 25, 2017 for the mineral rights on certain patented mining claims and a 30 year surface use agreement on certain homestead lands (“Homestake property”) upon payment as follows: \$41,035 paid on execution of the agreement, \$40,000 on October 25, 2018 (paid), \$45,000 on October 25, 2019 (paid), \$50,000 on October 25, 2020 (paid) and \$55,000 on each anniversary until October 25, 2047 (current as of December 31, 2023).

Royalties

The Company is currently subject to two royalties on two of its property interests. Of the current defined resources, less than 1% are subject to royalties. Upon commencement of commercial production on the Homestake property, the Company is to pay the lessor a 3% net smelter returns royalty (“NSR”). The Company has the right and option, prior to commencement of commercial production, to buy back 0.5% of the net smelter returns royalty for the sum of \$1,000,000, payable within 60 days from and after commencement of commercial production. In addition, the Company entered into a separate mineral lease agreement (no contractual payments outstanding) which requires the Company to pay the lessor of the properties a 3% NSR on any Leased Substances mined and marketed by the Company from the applicable property.

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Reclamation Deposit

As at December 31, 2023 the Company had \$593,983 (2022 - \$554,293) of cash on direct deposit with Nevada and Utah land and environmental regulatory authorities for future remediation costs.

Resource Expansion Program

The Company has undertaken a funding program through the issuance of Series A Secured Rights (the “Series A Secured Rights”) with funds received committed to exploration of the Gold Springs Project (the “Resource Expansion Program”). Participants in each of the Series A Secured Rights tranches (the “Series A Secured Rights Holders”) will also be issued share purchase warrants for each \$1.00 funded, subject to a minimum funding of \$100,000 (previously \$1,000,000), (the “Series A Secured Rights Warrants”), with Series A Secured Rights Warrant entitling the holder to purchase one Common share of the Company for a period of two years from the applicable closing date at an exercise price equal to the volume weighted average trading price of the Common shares on the TSX for the five trading days immediately preceding the business day prior to the closing date or such other greater price as may be required by the TSX.

On April 27, 2021 and June 24, 2021, the Company issued the First and Second Tranches, respectively, of the Series A Secured Rights for aggregate proceeds of \$3,000,000. The first tranche was for a total of \$2,000,000 Series A Secured Rights of the Company and the second tranche was for a total of \$1,000,000 Series A Secured Rights of the Company. The Series A Secured Rights Holders participating in each of the first and second tranches were also issued 2,000,000 Common share purchase warrants and 1,000,000 Series A Secured Rights Warrants, respectively, with each Series A Secured Rights Warrant entitling the holder to purchase one Common share of the Company for a period of two years at an exercise price of Cdn\$0.11 and Cdn\$0.14, respectively, per share.

On February 8, 2023, the Company closed an additional Series A tranche (the “Third Tranche”) for a total of \$300,000 Series A Secured Rights of the Company and 300,000 Series A Secured Rights Warrants, with each Series A Secured Rights Warrant entitling the holder to purchase one Common share of the Company for a period of two years at an exercise price of Cdn\$0.13 per share.

Upon the occurrence of an Exit Transaction, whereby the Company sells the Gold Springs Project or the Company is sold (an “Exit Transaction”) to a third party (an “Acquirer”), the Series A Secured Rights Holders of the first \$10 million raised under the Resource Expansion Program will be entitled to receive 1.5% of the net sale proceeds for every \$1 million (subsequently amended to 0.15% for every \$100,000) invested, being the minimum investment amount. In certain circumstances, the Series A Secured Rights can be converted into a net profit royalty interest.

Consideration received from the Series A Secured Rights under the Resource Expansion Program was accounted for as a disposal of an interest in the Gold Springs Project. When the Series A Secured Rights funds are received they are recorded as deferred consideration, and, subsequent to closing of each applicable Secured Rights tranche, the deferred consideration is offset against the carrying cost of the mineral property as those funds are expended on exploration costs and expansion of the mineral property.

Proceeds received under the Resource Expansion Program are to be used, among others, to fund resource-expansion and definition drilling, extensive metallurgical testing, the completion of a preliminary feasibility study, the completion of an environmental impact statement, and work required to obtain a mine permit. At least 95% of the consideration received must be used for exploration costs and exploration-related capital assets.

The balance of the Series A Secured Rights consideration received and outstanding as at December 31, 2023 is \$nil (2022 - \$300,000) and is included as deferred consideration on the consolidated statements of financial

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position. The recognition of the Series A Secured Rights consideration for the year ended December 31, 2023 is as follows:

	\$
Balance, December 31, 2021	242,152
Use of deferred consideration for exploration expenditures	(265,535)
Use of deferred consideration for administrative expenditures	(110)
Capitalization of aggregate issuance transaction costs	23,493
Total consideration recognized during the year	(242,152)
Advances for Gold Springs project exploration costs ¹	300,000
Balance, December 31, 2022	300,000
Legal and other transaction costs	(32,527)
Fair value of Secured Rights Warrants issued	(14,017)
Initial amount recognized as deferred consideration	253,456
Use of deferred consideration for exploration expenditures	(300,000)
Capitalization of aggregate issuance transaction costs	46,544
Total consideration recognized during the year	(253,456)
Balance, December 31, 2023	-

¹ Funds received prior to December 31, 2022 for the additional tranche which closed on February 8, 2023.

6 Restricted cash and redemption liability

On November 4, 2019 the Class B shares of the Company were redeemed for \$0.09827 per Class B share for an aggregate redemption amount of \$11,436,186. As at December 31, 2023 there was \$nil (2022 - \$131,694) of redemption funds remaining held in trust with the Company's Transfer Agent, and representing amounts not yet claimed for redemption by prior Class B shareholders. On May 9, 2023, the funds, previously held in trust with the Company's Transfer Agent, were returned to the Company as the Company has assumed the redemption payment obligation for the remaining eligible unredeemed Class B shares. On June 15, 2023, 250,722 unexchanged common shares were cancelled and returned to treasury (Note 8). Included in the 250,722 were 180,727 unexchanged shares which carried an associated Class B redemption liability of \$17,814. Upon return to treasury of the 250,722 unexchanged shares, the associated Class B redemption liability was extinguished with a corresponding gain on extinguishment of \$17,814 being recognized in the consolidated statements of loss and comprehensive loss. At December 31, 2023, the remaining redemption liability was \$113,880 (2022 - \$131,694).

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7 Loan payable

In May 2020, the Company received \$30,244 (Cdn \$40,000) in the form of a Canada Emergency Business Account (“CEBA”) loan. CEBA is part of the economic assistance program launched by the Government of Canada to ensure that businesses have access to capital during the COVID-19 pandemic and can only be used to pay non-deferrable operating expenses. During the period from receipt of the CEBA loan to December 31, 2023 (previously December 31, 2022), the “Initial Term”, no interest is charged on the amount outstanding. An extension to the interest free period was announced by the Government of Canada to extend the Initial Term from December 31, 2022 to January 18, 2024 (the “Government Announcement”). The Company did not repay the CEBA loan as of January 18, 2024, and accordingly, from January 19, 2024 to December 31, 2026 (the “Extended Term”) interest will be payable monthly at a rate of 5% per annum on the outstanding balance. The balance of the CEBA loan is fully repayable on or before the end of the Extended Term, if not repaid on or before the end of the Initial Term.

8 Share capital

Authorized

An unlimited number of Class A Common shares (“Common shares”) without par value and up to 127,328,790 Class B shares without par value. The holders of the Common shares are entitled to one vote per share. The holders of the Common shares are entitled to dividends, when and if declared by the directors of the Company. No dividends have ever been declared or paid as at December 31, 2023.

No Class B shares are outstanding as at December 31, 2023 (2022 – nil) (Note 6).

Financings and other share transactions

On September 18, 2023, the Company closed a non-brokered private placement, issuing 20,000,000 Common shares at a price of Cdn \$0.10 per share with no commissions paid or warrants issued, raising gross proceeds of \$1,482,400 (Cdn \$2,000,000), comprised of cash proceeds of \$1,348,484 (Cdn \$1,819,240) and settling outstanding working capital advances and accounts payable of \$133,916 (Cdn \$180,760) (note 10). The Company incurred share issuance costs of \$16,482.

On June 15, 2023, 250,722 unexchanged common shares (the “Subject Shares”) were cancelled and returned to treasury. A value of \$20,811 was transferred from share capital to contributed surplus as a result. The Subject Shares were to be issued pursuant to a plan of arrangement dated December 20, 2013 (the “Arrangement”) to certain shareholders of South American Silver Corp. and High Desert Gold Corporation (both predecessors of the Company) upon surrender of their shares held in such predecessor corporations on or prior to the sixth anniversary of the effective date of the Arrangement (the “Deadline”). Pursuant to the terms of the Arrangement, the Subject Shares were deemed to have been surrendered to the Corporation on December 20, 2019 as the shareholders entitled to the Subject Shares did not surrender their shares in the predecessor corporations by the Deadline.

During the year ended December 31, 2022, a total of 2,435,058 stock options were exercised for gross proceeds of \$262,093². A value of \$162,825 was transferred from the share-based payment reserve to share capital as a result.

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During the year ended December 31, 2022, a total of 3,000,000 Secured Rights Warrants were exercised for gross proceeds of \$268,846 and a value of \$155,236 was transferred from the issuance costs reserve to share capital as a result.

Stock options

The Company's stock options outstanding as at December 31, 2023 and 2022, and the changes for the years then ended are as follows:

	Number of options	Weighted average exercise price (per share)	Weighted average remaining life (years)
		Cdn \$	
Balance – December 31, 2021	19,477,500	0.13	1.47
Granted ¹	13,090,000	0.175	
Exercised ²	(5,401,725)	0.10	
Expired	(6,452,500)	0.12	
Forfeited ³	(5,833,333)	0.17	
Balance – December 31, 2022	14,879,942	0.17	2.22
Granted ⁴	7,162,500	0.085	
Expired	(308,276)	0.14	
Forfeited ⁵	(7,760,000)	0.15	
Balance – December 31, 2023	13,974,166	0.14	1.72
Exercisable – December 31, 2023	9,413,055	0.16	1.33

¹ Included in options granted during the period ended December 31, 2022 are (i) 2,500,000 options which vest subject to the Company's share price reaching target prices of \$0.30; \$0.45; \$0.60 and \$0.75, respectively, by June 30, 2023; (ii) 1,550,000 options which vest subject to the Company announcing gold-equivalent ounce resource of 1,500,000 AuEq Oz (measured and indicated); 2,000,000 AuEq Oz (measured, indicated or inferred); 2,500,000 AuEq Oz (measured, indicated or inferred) and 3,000,000 AuEq Oz (measured, indicated or inferred), respectively, by June 30, 2023; (iii) 1,000,000 options which vest subject to the Company announcing an additional \$7 million in Series A Secured Rights funding by December 31, 2022; (iv) 1,000,000 options which vest subject to the Company announcing an additional \$10 million in Series B Secured Rights funding by June 30, 2023 and (v) 900,000 options which vest subject to the Company securing new funding, based on 100,000 options granted for each \$1 million raised, by June 30, 2023.

² 2,966,667 options were exercised on a cashless basis during the year ended December 31, 2022 resulting in the issuance of 2,104,448 Common shares of the Company. Upon exercise of the options \$67,513, representing the previously recognized grant date fair value of the options exercised, was transferred from contributed surplus to share capital.

³ 5,833,333 options were forfeited at December 31, 2022 as the vesting conditions were not achieved. As a result, \$129,704 of previously recognized share-based compensation expense was reversed and credited against share-based compensation expense in the consolidated statements of loss.

⁴ Included in options granted during the year ended December 31, 2023 are (i) 2,000,000 options which vest subject to the Company's share price reaching target prices as follows: 500,000 options with a target price of \$0.25 by December 31, 2023; 500,000 options with a target price of \$0.40 and 1,000,000 options with a target price of \$0.60, each by June 30, 2024; (ii) 1,000,000 options which vest subject to the Company announcing an additional \$6.7 million in Series A Secured Rights funding by December 31, 2023; (iv) 1,000,000 options which vest subject to the Company announcing an additional \$10 million in Series B Secured Rights funding by December 31, 2024 and (v) 600,000 options which vest

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subject to the Company securing new funding, based on 100,000 options granted for each \$1 million introduced by a director, by December 31, 2024.

- ⁵ 7,760,000 options were forfeited at December 31, 2023 as the vesting conditions were not achieved. As a result, \$72,253 of previously recognized share-based compensation expense was reversed, \$66,609 of which was credited against share-based compensation expense in the consolidated statements of loss and \$5,644 of which to deferred exploration costs during the year ended December 31, 2023.

During the year ended December 31, 2023, the Company recorded share-based payments in respect of the vesting of previously granted and newly granted stock options, of which \$58,529 (2022 – \$446,707) was recorded as a charge to operations, and \$8,363 was included in deferred exploration costs for the year ended December 31, 2023 (2022 - \$31,742).

The weighted average grant date fair value of 5,162,500 options, with no market conditions, granted during the year ended December 31, 2023 was \$0.03 per option (2022 - \$0.07 per option). The fair value of each option grant during the year ended December 31, 2023 was estimated at the time of the grant using the Black-Scholes option pricing model with assumptions for grants as follows:

	2023	2022
Weighted average exercise price	Cdn. \$0.085	Cdn. \$0.177
Weighted average grant date share price	Cdn. \$0.085	Cdn. \$0.185
Risk-free interest rate	4.21%	2.92%
Expected life	3 years	3 years
Expected volatility	76%	76%
Dividend rate	0%	0%

The weighted average grant date fair value of 2,000,000 options, with market conditions, granted during the year ended December 31, 2023 was \$0.004 per share (2022 - \$0.04 per share). The fair value of each market condition option grant during the year ended December 31, 2023 was estimated at the time of the grant using a Barrier option pricing model with assumptions for grants as follows:

	2023	2022
Weighted average exercise price	Cdn. \$0.085	Cdn. \$0.165
Weighted average grant date share price	Cdn. \$0.085	Cdn. \$0.165
Risk-free interest rate	4.63%	3.89%
Expected life	3 years	3 years
Expected volatility	93%	102%
Barrier range	Cdn. \$0.25 - \$0.60	Cdn. \$0.30 - \$0.75
Dividend rate	0%	0%

Grant date share price is the closing market price on the date the options were granted. Expected volatility was determined by measuring the historical volatility of the Company's share price. The historical period used to measure historical volatility was the same as the expected life of the options granted.

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The balance of options outstanding as at December 31, 2023 is as follows:

Expiry date	Exercise price Cdn\$	Number of options outstanding	Number of options exercisable
June 11, 2024	0.120	1,620,000	1,620,000
July 12, 2024	0.175	833,333	833,333
July 27, 2024	0.165	225,000	225,000
May 3, 2025	0.195	4,250,000	4,250,000
July 6, 2025	0.165	1,383,333	922,222
August 17, 2026	0.085	5,662,500	1,562,500
		13,974,166	9,413,055

All of the outstanding options have associated share appreciation rights which allow the optionees to exercise their options on a cashless basis resulting in a lesser number of Common shares to be issued to the optionee pursuant to their exercise.

Warrants

The Company's warrants outstanding as at December 31, 2023 and 2022, and the changes for the years then ended are as follows:

	Number of warrants	Weighted average exercise price (per share) Cdn \$	Weighted average remaining life (years)
Balance – December 31, 2021	3,000,000	0.12	1.37
Exercised	(3,000,000)	0.12	
Balance – December 31, 2022	-	-	-
Issued ¹	300,000	0.13	
Balance – December 31, 2023	300,000	0.13	1.11

¹ During the year ended December 31, 2023, the Company issued 300,000 Series A Secured Rights Warrants to the Series A Secured Rights Holders as part of the Resource Expansion Financing Program. Each Series A Secured Rights Warrant shall entitle the holder to purchase one Common share of the Company for a period of two years at an exercise price of Cdn\$0.13 per share. The aggregate fair value of the Series A Secured Rights Warrants issued of \$14,017 was recognized as a transaction cost against the proceeds received from the issuance of the Series A Secured Rights (Note 5).

The weighted average grant date fair value of Secured Rights Warrants issued during the year ended December 31, 2023 was \$0.05 per warrant (2022 - \$nil per warrant). The fair value of each Secured Rights Warrant issued during the year ended December 31, 2023 was estimated at the time of the issuance using the Black-Scholes option pricing model with the following assumptions:

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	2023
Weighted average exercise price	Cdn. \$0.13
Weighted average issue date share price	Cdn. \$0.12
Risk-free interest rate	3.98%
Expected life	2 years
Expected volatility	101%
Dividend rate	0%

Issue date share price is the closing market price on the date the Secured Rights Warrants were issued. Expected volatility was determined by measuring the historical volatility of the Company's share price. The historical period used to measure historical volatility was the same as the expected life of the Secured Rights Warrants issued.

The balance of warrants outstanding as at December 31, 2023 is as follows:

Expiry Date	Exercise Price Cdn\$	Number of warrants outstanding
February 8, 2025	0.13	300,000

9 Income taxes

The tax on the Company's profit before tax differs from the amount that would arise using the weighted average tax rate applicable to profits of the consolidated entities as follows:

	2023	2022
Tax rate	27%	27%
Net earnings (loss) for the year	(642,017)	(1,171,051)
Provision for income taxes at applicable rates	173,345	316,184
Tax effects of:		
Prior year tax return true ups	(7,276)	818,800
Foreign exchange and rate differences	30,044	(108,777)
Non-deductible expenses and non-taxable gains	(15,803)	(120,610)
Losses and benefits recognized (not recognized)	(180,310)	(905,597)
Income tax expense	-	-

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The analysis of deferred tax assets and deferred tax liabilities as at December 31, 2023 and 2022 is as follows:

	2023	2022
	\$	\$
Deferred tax assets	10,227,162	10,063,159
Deferred tax liabilities	-	(16,307)
Benefits not recognized	(10,227,162)	(10,046,852)
Net deferred tax balance	-	-

The movement of deferred tax assets for the years ended December 31, 2023 and 2022 are as follows:

	Operating loss carry forwards	Capital loss carry forward	Excess of tax basis over carrying value of assets	Tax basis of financing fees in excess of book value	Unrealized gains and losses	Total
	\$	\$	\$	\$	\$	\$
Balance, December 31, 2021	7,141,137	2,013,976	(25,564)	9,585	2,121	9,141,255
Charged (credited) to the statement of loss	209,633	694,141	9,257	(7,434)	-	905,597
Balance, December 31, 2022	7,350,770	2,708,117	(16,307)	2,151	2,121	10,046,852
Charged (credited) to the statement of loss	108,961	35,282	34,658	(3,041)	-	175,860
Charged (credited) to the statement of equity	-	-	-	4,450	-	4,450
Balance, December 31, 2023	7,459,731	2,743,399	18,351	3,560	2,121	10,227,162

The Company has non-capital losses carried forward available to reduce future taxable income of approximately \$28,200,000. Of this amount, \$649,000 does not expire. The remainder of the losses expire as follows:

	\$
2031	4,203,000
2032	5,578,000
2033	5,551,000
2034	3,021,000
2035	2,245,000
2036	1,857,000
2037	1,464,000
2038	799,000
2039	77,000
2040	781,000
2041	817,000
2042	644,000
2043	514,000
	<u>27,551,000</u>

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The potential benefits of these carry-forward non-capital losses, capital losses and deductible temporary differences has not been recognized in these financial statements as it is not considered probable that sufficient future taxable profit in the same entity will allow the deferred tax asset to be recovered.

10 Related party transactions

Key management includes all the Officers and Directors of the Company. The compensation paid or payable to key management for services during the years ended December 31, 2023 and 2022 is as follows:

	2023	2022
	\$	\$
Directors' fees	44,100	50,100
Professional fees	164,003	190,762
Wages and benefits	46,250	185,000
Share-based payments	62,551	466,448
	316,904	892,310

Included in accounts payable and accrued liabilities at December 31, 2023 is an amount of \$188,030 (2022 - \$152,337) due to related parties. These amounts are non-interest bearing and have no specific terms of repayment.

The Company incurred the following additional expenditures with related parties during the years ended December 31, 2023 and 2022:

	2023	2022
	\$	\$
Deferred financing fees	-	26,439
Financing fees	14,255	-
Professional fees	91,438	97,099
Share-based payments	-	2,291
	105,693	125,829

During the year ended December 31, 2023, the Company received working capital advances of \$700,000, being \$600,000 in cash and \$100,000 in accounts payable converted to working capital advances, of which \$300,000 was provided by the CEO and President and a director of the Company (the "CEO"). These amounts, in addition to \$33,916 of accounts payable to the CEO, were settled for shares as part of the September 18, 2023 private placement (Note 8).

11 Contingencies and Pledge

The Company may be subject to various contingent liabilities that occur in the normal course of operations. The Company is not aware of any pending or threatened proceedings that would have a material adverse effect on the consolidated financial condition or future results of the Company.

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Resource Expansion Financing Program

Under the terms of the Resource Expansion Program, the Company has given certain warranties and covenants to the Series A Secured Rights Investors, including a guarantee for its obligations under the funding agreement, and it has pledged 25% (2022 – 25%) of the issued and outstanding shares of its U.S subsidiary corporation that beneficially owns the Gold Springs Project (the “Gold Spring Subsidiary”).

Under the terms of the Resource Expansion Financing Program, if the Company is subject to a successful hostile take-over bid the Series A Secured Rights Investors are entitled to receive a cash payment equal to 5 times their amount invested and if the Company fails to comply with general obligations of the Resource Expansion Program, the Investors are entitled to a similar payment.

12 Segment information

The Company’s operations are limited to a single industry segment, being mineral exploration and development. Geographic segment information of the Company’s assets and liabilities as at December 31, 2023 and 2022 is as follows:

	December 31, 2023	December 31, 2022
Identifiable assets		
	\$	\$
Canada	135,785	493,256
United States	25,666,055	25,285,473
Total assets	25,801,840	25,778,729
Identifiable liabilities		
	\$	\$
Canada	445,476	775,190
United States	151,823	661,409
Total liabilities	597,299	1,436,599

Geographic segmentation of the Company’s net earnings (loss) for the years ended December 31, 2023 and 2022 is as follows:

	2023	2022
	\$	\$
Canada	(547,243)	(1,066,001)
United States	(94,774)	(105,050)
Net loss	(642,017)	(1,171,051)

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13 Supplemental cash flow information

The Company conducted non-cash activities during the years ended December 31, 2023 and 2022 as follows:

	2023	2022
	\$	\$
Investing activities		
Deferred exploration costs included in accounts payable	113,840	631,055
Deferred exploration costs included in accounts payable as at December 31, 2022 and 2021 respectively	(631,055)	(20,062)
Issue costs, capitalized to deferred exploration costs	46,544	23,493
Financing activities		
Exercise of options	-	67,513
Issue costs, Secured Rights Warrants	14,017	-
Share-based payments included in deferred exploration costs	8,363	31,742

Cash and cash equivalents as at December 31, 2023 and 2022 was comprised solely of cash.

14 Financial instruments

The Company's financial instruments as at December 31, 2023 and 2022 consist of cash and cash equivalents, restricted cash, receivables, reclamation deposits, accounts payable, redemption obligations, and loan payable which are all measured at amortized cost.

The Company's activities expose it to a variety of financial risks: market risk (including, primarily, currency risk and interest rate risk), credit risk and liquidity risk. There have been no changes in any risk management policies since December 31, 2020.

Discussions of risks associated with financial assets and liabilities are detailed below:

Currency risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. A portion of the Company's financial assets and liabilities are denominated in foreign currencies giving rise to risks from changes in foreign exchange rates. The Company is exposed to currency exchange rate risks to the extent of its activities in the U.S. and/or in currencies which are not the functional currency of the economic environment in which the Company or its subsidiaries operate. Based on this exposure as at December 31, 2023 a 5% change in exchange rates could give rise to a change in the net gain by approximately \$5,000 (2022 - loss of \$4,000), which is primarily driven by the parent Company's USD accounts payable and accrued liabilities balance of \$83,138 at December 31, 2023 (2022 – driven primarily by cash balance of \$132,000), because the parent Company has a Canadian Dollar functional currency. The Company does not use derivative financial instruments to reduce its foreign exchange exposure.

Credit risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The majority of the Company's credit risk exposure arises from its cash

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balances which are held with a Canadian chartered bank and from reclamation deposits held directly with governmental authorities in the United States. Accordingly, the Company's exposure to credit risk is considered to be limited. Cash equivalents consist of term deposits which have an original maturity of three months or less from the date of purchase and which are readily convertible into a known amount of cash. The Company also maintains deposits for ongoing working capital at major banks in the jurisdictions in which its foreign subsidiaries operate.

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 manages its cash according to its operational needs and to maximize interest revenue. The Company is not significantly exposed to interest rate risk.

Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset. The Company manages liquidity risk by maintaining sufficient cash and cash equivalents balances to enable settlement of transactions on the due date. The Company's investment policy is to invest its cash in term deposits, with maturities of three months or less from the original date of acquisition. The Company's accounts payable are due on normal commercial terms. The Company's redemption obligations are due on demand once the redemption requests are received by the Company. See Note 1.

Management of capital

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to provide returns for shareholders and to maintain a flexible capital structure which optimizes the costs of capital as an acceptable risk. In the management of capital, the Company includes the components of equity attributable to shareholders.

The Company manages the capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust capital structure, the Company may attempt to issue new shares, issue debt, or acquire or dispose of assets.

The Company is dependent on the equity markets as its principal source of operating working capital and the Company's capital resources are largely determined by the strength of the junior resource markets and by the status of the Company's projects in relation to these markets, and its ability to compete for investor support of its projects.

In order to facilitate the management of its capital requirements, the Company prepares annual expenditure budgets that are updated as necessary depending on various factors, including successful capital deployment and general industry conditions. The annual and updated budgets are approved by the Board of Directors.

The Company is not subject to any capital requirements imposed by a regulator, other than continued listing requirements of the TSX. The Company expects its current capital resources will be sufficient to carry out its exploration plans and operations through the current operating period.

There have been no changes to the Company's approach in managing capital during the year ended December 31, 2023.