BUCHANS RESOURCES LIMITED

CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2023 AND DECEMBER 31, 2022

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McGovern Hurley

Audit. Tax. Advisory.

Independent Auditor's Report

To the Shareholders of Buchans Resources Limited

Opinion

We have audited the consolidated financial statements of Buchans Resources Limited 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 income/(loss) and comprehensive income/(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.

Material uncertainty related to going concern

We draw attention to Note 1 in the consolidated financial statements, which indicates that the Company is dependent on financing being available for the continuing working capital requirements of the Company and financing for the exploration and development of the Company's project being available. As stated in Note 1, these events or conditions, along with other matters as set forth in Note 1, indicate that material uncertainties exist that cast significant doubt on 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 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.

Except for the matter described in Material uncertainty related to going concern section, we have determined that there were no additional key audit matters to communicate in our report.

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

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

McGovern Hurley LLP

McGovern Hurley LLP

Chartered Professional Accountants
Licensed Public Accountants

Toronto, Ontario
March 12, 2024

BUCHANS RESOURCES LIMITED
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
AS AT DECEMBER 31, 2023

Expressed in Canadian Dollars	Notes	2023 $	2022 $
Assets			
Current assets			
Cash and cash equivalents	8	171,030	562,396
Trade and other receivables	9/14	85,272	61,446
Prepaid expenses		25,000	54,568
Marketable securities	10	15,456,067	5,500
Total current assets		15,737,369	683,910
Non-current assets			
Exploration and evaluation assets	6	221,403	9,514,710
Right-of-use asset, lease	5	147,638	283,506
Investment in finance leases	5	191,189	351,966
Financial instruments	7	-	1,595
Investment in associates	7	706,047	846,704
Total non-current assets		1,266,277	10,998,481
Total assets		17,003,646	11,682,391
Shareholders' Equity and liabilities			
Current liabilities			
Trade and other payables	10/11/13/14	208,654	164,908
Current portion of lease obligation	5/13	327,005	293,412
Total current liabilities		535,659	458,320
Long term liabilities			
Loans payable	12	80,000	120,000
Lease obligation	5	28,281	355,286
Total long term liabilities		108,281	475,286
Total liabilities		643,940	933,606
Shareholders' Equity			
Share capital	13	14,639,425	14,639,425
Retained earnings (deficit)		1,720,281	(3,890,640)
Total shareholders' equity		16,359,706	10,748,785
Total shareholders' equity and liabilities		17,003,646	11,682,391

Nature of operations and going concern (Note 1)
Commitments and contingencies (Notes 1, 5 and 15)

The financial statements were approved by the Board of Directors on March 12, 2024, and signed on its behalf by:

Signed "John F. Kearney" , Director   Signed "Patrick Downey" , Director

See accompanying notes to the consolidated financial statements

BUCHANS RESOURCES LIMITED

CONSOLIDATED STATEMENTS OF INCOME/(LOSS) AND COMPREHENSIVE INCOME/(LOSS)

FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022

Expressed in Canadian Dollars	Notes	2023 $	2022 $
General and administrative expenses:			
Professional fees	10	(143,331)	(67,648)
Shareholders and investors expense		(12,553)	(12,181)
Depreciation on right-of-use asset	5	(135,868)	(145,024)
Office expense		(137,380)	(188,389)
Loss before other items		(429,132)	(413,242)
Other items:			
Gain on reclassification of investment in associate to marketable securities	7	2,795,000	-
Reversal of impairment on exploration and evaluation assets	6	64,223	-
Gain on disposal of exploration and evaluation assets	6	1,612,194	-
Foreign exchange gain/(loss)		(55,838)	14,141
Interest expense on lease obligation	5	(31,996)	(43,502)
Interest income on finance leases	5	17,311	23,822
Interest income		-	13,348
Loss on disposal of marketable securities	10	(100,000)	-
Share of loss of associate	7	(85,000)	(5,000)
Change in fair value of Xtierra warrants		-	(72,236)
Change in fair value of marketable securities	7/10	1,854,972	(20,000)
Loss on settlement of accounts payable	10	(70,813)	-
Impairment of exploration and evaluation assets	6	-	(4,149,276)
CEBA loan forgiveness	12	40,000	-
Total other items		6,040,053	(4,238,703)
Net income/(loss) and comprehensive income/(loss) for the year		5,610,921	(4,651,945)
Earnings/(loss) per share			
Basic and diluted earnings/(loss) per share	4	0.087	(0.072)
Weighted average common shares - basic and diluted	4	64,729,386	64,648,564

See accompanying notes to the consolidated financial statements

BUCHANS RESOURCES LIMITED
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022

Expressed in Canadian Dollars	Share Capital	Retained Earnings (Deficit)	Total
	$	$	$
Balance as at December 31, 2021	14,619,425	761,305	15,380,730
Shares issued for acquisition of property rights	20,000	-	20,000
Total comprehensive (loss) for the year	-	(4,651,945)	(4,651,945)
Balance as at December 31, 2022	14,639,425	(3,890,640)	10,748,785
Total comprehensive income for the year	-	5,610,921	5,610,921
Balance as at December 31, 2023	14,639,425	1,720,281	16,359,706

See accompanying notes to the consolidated financial statements

BUCHANS RESOURCES LIMITED

CONSOLIDATED STATEMENTS OF CASH FLOWS

FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022

Expressed in Canadian Dollars	Notes	2023	2022
		$	$
Cash flow from operating activities			
Income/(loss) for the year		5,610,921	(4,651,945)
Depreciation on right-of-use asset	5	135,868	145,024
Gain on reclassification of investment in associate to marketable securities	7/10	(2,795,000)	-
Reversal of impairment on exploration and evaluation assets	6	(64,223)	-
Gain on disposal of exploration and evaluation assets	6	(1,612,194)	-
Non-cash foreign exchange loss/(gain)		55,659	(14,979)
Loss on disposal of marketable securities		100,000	-
Share of loss of associate	7	85,000	5,000
Change in fair value of Xtierra warrants		-	72,236
Change in fair value of marketable securities	7/10	(1,854,972)	20,000
Loss on settlement of accounts payable		70,813	-
Interest expense on lease obligation	5	31,996	43,502
Interest income on finance leases	5	(17,311)	(23,822)
Impairment of exploration and evaluation assets	6	-	4,149,276
CEBA loan forgiveness	12	(40,000)	-
Non-cash interest income		-	(13,348)
		(293,443)	(269,056)
Movements in working capital			
(Increase) in trade and other receivables		(23,826)	(17,489)
Decrease (increase) in prepaid expenses		29,568	(15,292)
Increase in trade and other payables		326,999	104,370
Net cash flows from operating activities		39,298	(197,467)
Cash flows provided by (used in) investing activities			
Payment received in reduction of Xtierra note	10	-	280,000
Contributions to exploration expenditures received	10	-	474,900
Exploration expenditures applied to Buchans Projects		-	(474,900)
Proceeds on disposal of marketable securities	10	250,000	-
Investment in exploration and evaluation assets	6	(533,343)	(459,876)
Lease payments received	5	178,087	160,696
Net cash flows provided by (used in) investing activities		(105,256)	(19,180)
Cash flows (used in) financing activities			
Payment of lease obligation	5	(325,408)	(291,695)
Net cash flows (used in) financing activities		(325,408)	(291,695)
Net (decrease) in cash and cash equivalents		(391,366)	(508,342)
Cash and cash equivalents at the beginning of the year		562,396	1,070,738
Cash and cash equivalent at the end of the year		171,030	562,396
Supplemental cash flow information:		$	$
Shares issued		-	20,000
Acquisition of right of use asset		-	896,891
Non cash settlement of accounts payable by marketable securities		283,253	-

See accompanying notes to the consolidated financial statements

1. NATURE OF OPERATIONS AND GOING CONCERN

Buchans Resources Limited (the "Company" or" Buchans") is incorporated under the laws of the province of Ontario, Canada.

The Company is in the business of exploring its exploration and evaluation properties and has not yet determined whether its exploration and evaluation assets contain economically recoverable mineral reserves. The underlying value and the recoverability of the exploration and evaluation properties is entirely dependent upon the existence of economically recoverable mineral reserves, the ability of the Company to obtain the necessary financing to complete the exploration and development of the exploration and evaluation properties, and the generation of future profitable production or proceeds from the disposition of the exploration and evaluation properties.

Although the Company has taken steps to verify title to properties on which it is conducting exploration and in which it has an interest in accordance with industry standards for the current stage of development of such properties, these procedures do not guarantee the Company's title. Property title may be subject to government licensing requirements, social licensing requirements, unregistered prior agreements, unregistered claims, aboriginal claims and non-compliance with regulatory requirements. The Company's properties may also be subject to increases in taxes and royalties, renegotiating contracts and political uncertainty.

On December 20, 2023, the Company completed the sale of certain of the Company's portfolio of base and precious metals projects in central Newfoundland to Canterra Minerals Corporation ("Canterra") in exchange for 24,910,000 common shares and 128,464,216 exchangeable warrants, valued at $11,503,066. For the year ended December 31, 2023, the Company recorded income of $5,610,921 (2022 – net loss of $4,651,945).

Historically, the Company relied on equity financing to generate financial resources to fund its working capital requirements and to fund its planned exploration programs. The continuing operations of the Company are dependent on its ability to generate future cash flows, sell marketable securities or obtain additional financing. Management is of the opinion that funding is available to meet the Company's liabilities and commitments as they become due, although there is a risk that additional financing will not be available on a timely basis, on acceptable terms to the Company, or at all. The consolidated financial statements have been prepared on a going concern basis. The preparation of financial statements requires an assessment on the validity of the going concern assumption. The validity of the going concern concept is dependent on financing being available for the continuing working capital requirements of the Company and financing for the exploration and development of the Company's projects being available. Should the going concern basis not be appropriate, adjustments would have to be made to the consolidated financial statements. Such adjustments could be material. These material uncertainties cast significant doubt about the Company's ability to continue as a going concern.

2. BASIS OF PRESENTATION

These consolidated financial statements of the Company have been prepared applying principles in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB"). The policies set out below were consistently applied to all the periods presented, unless otherwise noted.

These consolidated financial statements have been prepared based upon the historical cost basis, with the exception of certain financial instruments measured at fair value. In addition, these consolidated financial statements have been prepared using the accrual basis of accounting, except cash flow information.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company (its subsidiaries). Subsidiaries consist of entities over which the Company is exposed to, or has rights to, variable returns as well as the ability to affect those returns through the power to direct the relevant activities of the entity. Subsidiaries are fully consolidated from the date control is transferred to the Company and are de-consolidated from the date control ceases. The consolidated financial statements include all the assets, liabilities, revenues, expenses and cash flows of the Company and its subsidiaries after eliminating inter-entity balances and transactions.

The results of subsidiaries acquired or disposed of are included in the consolidated statement of income/(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 on consolidation.

The Company had one wholly owned subsidiary, Buchans Minerals Corporation (Canada), during the years ended December 31, 2023 and 2022.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(a) Basis of consolidation (continued)

Changes in the Company's interests in subsidiaries that do not result in a loss of control are accounted for as equity transactions. The carrying amount of the Company's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognized directly in equity and attributed to the owners of the Company.

When the Company loses control of a subsidiary, the profit or loss on disposal is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of the retained interest and (ii) the previous carrying amount of the assets (including goodwill), less liabilities of the subsidiary and any non-controlling interests. Amounts previously recognized in other comprehensive income/(loss) in relation to the subsidiary are accounted for (i.e. reclassified to profit or loss or transferred directly to retained earnings) in the same manner as would be required if the relevant assets or liabilities are disposed of. The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under IFRS 9 *financial instruments* or, when applicable, the costs on initial recognition of an investment in an associate or jointly controlled entity.

(b) Investment in associates

An associate is an entity over which the Company has significant influence and that is neither a subsidiary nor an interest in a joint venture. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

The results and assets and liabilities of associates are incorporated in these financial statements using the equity method of accounting.

Under the equity method, investments in associates are initially recorded in the consolidated statement of financial position at cost. The carrying amount of the investment is increased or decreased to recognise the investor's share of the profit or loss of the investee after the date of acquisition. The Company's share of the investee's profit or loss is recognised in the Company's income or loss. When the Company's shares of losses in an associate equals or exceeds its interest in the associate, the Company does not recognize further losses, unless it has incurred legal or constructive obligations or made payments on behalf of the associate. If the associate subsequently reports profits, the Company resumes recognising its share of those profits only after its share of the profits equals the share of losses not recognised.

Where a company entity transacts with an associate of the Company, profits and losses are eliminated to the extent of the Company's interest in the relevant associate.

(c) Exploration and evaluation assets

Exploration expenditures relate to the search for economic mineral deposits. Evaluation expenditures arise from a detailed assessment of mineral deposits that have been identified as having economic potential. The costs of exploration properties and leases, which include the cost of acquiring prospective properties and exploration rights and costs incurred in exploration and evaluation activities, are capitalised as part of exploration and evaluation assets.

Exploration and evaluation costs are capitalised until technical feasibility and commercial viability of a mineral deposit, when the capitalised exploration costs are re-classed to property, plant and equipment. Exploration costs include an allocation of administration and salary costs (including share-based payments) as determined by management, where they relate to specific projects. Prior to reclassification to property, plant and equipment, exploration and evaluation assets are assessed for impairment and any impairment loss recognised immediately in the statement of loss. Option proceeds received for an interest in the Company's mineral properties, are reflected as a reduction of capitalized costs. Any amounts received in excess of costs capitalized is reflected in income.

(d) Rehabilitation provisions

The Company will record a liability for the estimated future costs associated with legal and constructive obligations relating to the reclamation and closure of its exploration assets. This amount is initially recorded at its discounted present value with subsequent annual recognition of an accretion expense on the discounted liability. An equivalent amount is recorded as an increase to exploration assets and amortized over the useful life of these assets. Management is currently not aware of any existing significant legal or constructive obligations relating to the reclamation of its interest in exploration assets and therefore no such liability has been recorded at December 31, 2023 and 2022.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(e) Impairment of non-financial assets

At the end of each reporting period and whenever events or changes in circumstances indicate, non-financial assets are assessed for indicators of impairment. If such indicators are present, the non-financial assets are written down to their recoverable amount, which is the higher of value in use and fair value less costs to sell. Any impairment loss is recognized in the consolidated statement of income and loss. Where an impairment loss is subsequently reversed, the carrying amount of the asset is increased to the lesser of the revised estimate of the recoverable amount and the carrying amount that would have been recorded had no impairment been previously recognized.

(f) Cash and cash equivalents

Cash and cash equivalents is comprised of cash on hand, deposits in banks and highly liquid investments having original terms to maturity of 90 days or less when acquired.

(g) 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 and loss ("FVPL") or fair value through other comprehensive income ("FVOCI"), or "financial assets at amortized cost", 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.

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 finance income in the consolidated statements of income/(loss). Cash and cash equivalents, and trade and other receivables are measured at amortized cost.

Subsequent measurement – 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 income/loss. The Company measures marketable securities at FVPL.

Subsequent measurement – 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 does not measure any financial assets at FVOCI.

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

Dividends from such investments are recognized in other income in the consolidated statements of income/loss when the right to receive payments is established.

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.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(g) Financial instruments (continued)

Financial assets (continued)

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. All financial liabilities are recognized initially at fair value and, in the case of financial liabilities not subsequently measured at FVPL, 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 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 income/loss. The Company's financial liabilities measured at amortized cost include trade and other payables, lease obligations and loans payable.

Subsequent measurement – financial liabilities at FVPL
After initial recognition, financial liabilities 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 statement of income/loss.

Fair value measurements
The Company measures fair value in accordance with IFRS 13 *Fair Value Measurement*, which provides a single source of fair value measurement guidance. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The Company has applied the framework for measuring fair value, which requires a fair value hierarchy to be applied to all fair value measurements.

All financial instruments recognized at fair value in the consolidated statements of financial position are classified into one of three levels in the fair value hierarchy as follows:

Level 1 — valuation based on quoted prices (unadjusted) observed in active markets for identical assets or liabilities.

Level 2 — valuation techniques based on inputs that are quoted prices of similar instruments in active markets; quoted prices for identical or similar instruments in markets that are not active; inputs other than quoted prices used in a valuation model that are observable for that instrument; and inputs that are derived from or corroborated by observable market data by correlation or other means.

Level 3 — valuation techniques with significant unobservable market inputs.

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 operations.

(h) Functional and presentation currencies

Translation of foreign currency transactions
The Company's presentation currency is the Canadian dollar ("$"). The functional currency of the Company and its subsidiary is the Canadian dollar. The functional currency of Minco Exploration Plc is the European Euro ("EUR"). In preparing the financial statements of the individual entities, transactions in currencies other than the entity's functional currency (foreign currencies) are recognised at the rates of exchange prevailing at the dates of the transactions. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items denominated in foreign currencies are retranslated at the rates prevailing on the transaction dates. Foreign currency translation differences are recognized in the consolidated statement of income/loss.

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3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(i) Translation of foreign operations
The assets and liabilities of foreign operations are translated into Canadian dollars at year-end exchange rates. Income and expenses, and cash flows are translated into Canadian dollars using average exchange rates. Differences resulting from translating foreign operations are reported as translation differences in other comprehensive income and accumulated in equity. When a foreign operation is disposed of, the translation differences previously recognized in equity are reclassified to profit or loss.

(j) Flow-through financing
The Company finances a portion of its project exploration and development through the issuance of flow-through shares.

Under the terms of the flow-through common share issues, the tax attributes of the related expenditures are renounced to investors and deferred income tax expense and income tax liabilities are increased by the estimated income tax benefits renounced by the Company to the investors. On the date of issuance of the flow-through shares, the premium relating to the proceeds received in excess of the closing market price of the Company's common shares is allocated to liabilities. The premium liability is reduced pro-rata based on the percentage of flow-through expenditures renounced in comparison to renunciations required under the terms of the flow-through share agreement. The reduction to the premium liability in the period of renunciation is recognized through profit or loss.

Where the Company has unused tax benefits on loss carry forwards and tax pools in excess of book value available for deduction which have not been previously accounted for as deferred tax assets, the Company records a deferred tax asset to offset the increase in deferred tax liabilities resulting in an offsetting recovery of deferred income taxes being recognized through profit or loss in the reporting period.

(k) Share-based payments
Equity-settled share-based payments to employees and others providing similar services are measured at the fair value of the equity instruments at the grant date. The Company records compensation cost using the fair value method of accounting for share-based payments. The fair value of stock options is determined using the Black-Scholes option pricing model. The fair value of the options is recognized over the vesting period as share-based payments expense and share-based payment reserve. When options are exercised, the proceeds received, together with any related amount in share-based payment reserve, will be credited to share capital.

Equity-settled share-based payment transactions with parties other than employees are measured at the fair value of the goods or services received, except where that fair value cannot be estimated reliably, in which case they are measured at the fair value of the equity instruments granted, measured at the date the entity obtains the goods or the counterparty renders the service. On expiry, any related amount in share-based payment or warrant reserve will be credited to deficit.

(l) Income/(loss) before other items
Income/(loss) before other items comprises general administrative costs incurred by the Company, which are not specific to exploration and evaluation projects. Income/(loss) before other items is stated before change in fair value of marketable securities.

(m) Income/(loss) per share
Basic income/(loss) per share is calculated using the weighted average number of common shares outstanding. Diluted income/(loss) per share 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 income/(loss) per share calculation. During the years ended December 31, 2023 and 2022, the Company did not have any convertible securities outstanding.

(n) Income taxes
Current tax and deferred tax are recognized in net loss except to the extent that it relates to items recognized directly in equity or in other comprehensive loss.

Current tax is the expected taxes payable or receivable on the taxable income (loss) for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to taxes payable in respect of previous years.

Deferred tax assets and liabilities are recognized for the future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases. Deferred tax assets and liabilities are measured using enacted or substantively enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. Deferred income tax assets also result from unused loss carry forwards, resource related pools and other deductions. A deferred tax asset is recognized for unused tax losses, tax credits and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(o) Leases

Lessee
IFRS 16 states that upon lease commencement a lessee recognises a right-of-use asset and a lease liability. The right-of-use asset is initially measured at the amount of the liability plus any initial direct costs. After lease commencement, the right-of-use asset is measured at cost less accumulated depreciation and accumulated impairment.

The lease liability is initially measured at the present value of lease payments to be paid subsequent to the commencement date of the lease, discounted either at the interest rate implicit in the lease or the Company's incremental borrowing rate. The lease payments measured in the initial lease liability include payments for an optional renewal period, if any, if the Company is reasonably certain that it will exercise a renewal extension option. The liability is measured at amortized cost using the effective interest method and will be remeasured when there is a change in either the future lease payments or assessment of whether an extension or other option will be exercised. The lease liability is subsequently adjusted for lease payments and interest on the obligation. Interest expense on the lease obligation is included in the consolidated statement of loss.

The Company has elected not to recognize right-of-use assets and lease liabilities for leases with a lease term of less than 12 months and low value assets and recognizes the lease payments associated with these leases as an expense on a straight-line basis over the lease term, as permitted by IFRS 16.

Finance lease – lessor
The Company recognizes assets held under finance leases, or under contracts granting the right to utilize an asset, in its consolidated statements of financial position at commencement date, as a receivable at the amount equal to the net investment in the lease or contract. The net investment in the lease or contract is calculated as the present value of lease payments, using the interest rate implicit in the lease. For subleases, if the interest rate implicit in the sublease cannot be readily determined, the Company uses the discount rate under the primary lease. The Company recognizes finance income over the lease term using the effective interest rate method.

(p) Critical accounting judgements and key sources of estimation uncertainty

The preparation of consolidated financial statements requires management to make judgments related to the allocation of assets, liabilities and expenses. The actual results may differ from the results presented.

Critical accounting judgements
In the process of applying the Company's accounting policies above, management has identified the judgemental areas that have the most significant effect on the amounts recognised in the financial statements (apart from those involving estimations), which are dealt with below.

Key sources of estimation uncertainty
Preparation of financial statements requires management to make estimates and assumptions that affect the amounts reported for assets and liabilities as at the statement of financial position date and the amounts reported for revenues and expenses during the period. The nature of estimation means that actual outcomes could differ from those estimates. Differences between management's assumptions, including economic assumptions such as metal prices and market conditions, could have a material effect in the future on the Company's financial position and results of operations.

Exploration and evaluation assets
The assessment of whether general administration costs and salary costs are capitalised or expensed involves judgement. Management considers the nature of each cost incurred and whether it is deemed appropriate to capitalise it within exploration assets. Costs which can be demonstrated as project related are included within exploration assets. Exploration assets relate to prospecting, exploration and related expenditure in Canada. The Company's exploration activities are subject to a number of significant and potential risks including:

- exploration, development and operating risk
- no assurance of production
- factors beyond the Company's control
- failure to obtain additional financing
- insurance and uninsured risks
- environmental risks and hazards
- government regulation and permitting delays
- infrastructure availability
- price volatility of publicly traded securities
- fluctuating metal prices

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(p) Critical accounting judgements and key sources of estimation uncertainty (continued)

The recoverability of these exploration and evaluation assets is dependent on the discovery and successful development of economic reserves, including the ability to raise financing to develop future projects. Should this prove unsuccessful, the value included in the statement of financial position would be written off to operations.

Mineral resource estimates
Mineral resources are estimated in accordance with Canadian Institute of Mining, Metallurgy and Petroleum Standards on Mineral Resources and Reserves, Definitions and Guidelines and disclosed in accordance with National Instrument 43-101, "Standards of Disclosure for Mineral Projects" issued by the Canadian Securities Administrators. There are numerous uncertainties inherent in estimating mineral reserves and mineral resources, including many factors beyond the Company's control. Such estimation is a subjective process, and the accuracy of any mineral reserve or mineral resource estimate is a function of the quantity and quality of available data and of the assumptions made and judgments used in engineering and geological interpretation.

Impairment of exploration and evaluation assets
The assessment of exploration and evaluation assets for any indications of impairment involves judgement. If an indication of impairment exists, a formal estimate of recoverable amount is performed and an impairment loss recognised to the extent that carrying amount exceeds recoverable amount. Recoverable amount is estimated as the higher of fair value less costs to sell and value in use. The assessment requires judgement as to the likely future commerciality of the asset and when such commerciality should be determined, future revenues, capital and operating costs and the discount rate to be applied to such revenues and costs. Where an impairment is subsequently reversed, the carrying amount of the asset is increased to the lesser of the revised estimate of recoverable amount and the carrying amount that would have been recorded had no impairment been previously recognized.

Estimation of rehabilitation provisions and asset retirement obligations and the timing of expenditure
The estimated future costs associated with legal and constructive obligations relating to the reclamation, rehabilitation and closure of exploration assets 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. Decommissioning, restoration and similar liabilities are estimated based on the Company's interpretation of current regulatory requirements, constructive obligations and are measured at fair value. Fair value is estimated 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.

Discount rate used in leases
The determination of the Company's lease liabilities, right-of-use assets, and net investment in leases depends on certain assumptions, which include the selection of the discount rate. The discount rate is set by reference to the Company's incremental borrowing rate. Significant assumptions are required to be made when determining which borrowing rates to apply in this determination. Changes in the assumptions used may have a significant effect on the Company's consolidated financial statements.

Income, sales, withholding and other taxes
The Company is subject to income, sales, 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, sales, 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.

Determination of significant influence
An associate is an entity in which the Company has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee but does not represent control or joint control over those decisions. Management reviews the relevant factors and made considerations in determining whether significant influence exists in associates. Significant judgment is involved in the determination of significant influence. In particular, the Company has assessed that during the years ended December 31, 2023 and 2022, it exerted significant influence over Minco Exploration Plc despite owning less than 20% of the outstanding shares. See Note 7.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(p) Critical accounting judgements and key sources of estimation uncertainty (continued)

Impairment of investment in associates
Impairment exists when the carrying value of the investment in associate exceeds its recoverable amount, which is the higher of its fair value less costs to sell and its value in use. The fair value less costs to sell calculation is based on available data from binding sales transactions in an arm's length transaction of similar assets or observable market prices less incremental costs for disposing of the asset.

Contingencies
See Note 15.

(q) Changes in Accounting Policies
The following new accounting policies or amendments were adopted during 2023 with no material impact.

IAS 1 – In February 2021, the IASB issued 'Disclosure of Accounting Policies' with amendments that are intended to help preparers in deciding which accounting policies to disclose in their financial statements.

IAS 8 – In February 2021, the IASB issued 'Definition of Accounting Estimates' to help entities distinguish between accounting policies and accounting estimates.

IAS 12 – In May 2021, the IASB issued 'Deferred Tax Related to Assets and Liabilities Arising from a Single Transaction' that clarifies how entities account for deferred tax on transactions such as leases and decommissioning obligations.

(r) New standards and interpretations not yet adopted
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. The following have not yet been adopted and are being evaluated to determine their impact on the Company. These pronouncements will be adopted as of their effective dates.

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.

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.

IAS 21 - In August 2023, the IASB amended IAS 21 to clarify when a currency is exchangeable into another currency; and how a company estimates a spot rate when a currency lacks exchangeability. Under the amendments, companies will need to provide new disclosures to help users assess the impact of using an estimated exchange rate on financial statements. The amendments apply for annual reporting periods beginning on or after January 1, 2025. Earlier application is permitted.

Expressed in Canadian dollars, unless noted

4. INCOME/(LOSS) PER SHARE

Basic income/(loss) per share is computed by dividing the income/(loss) after taxation for the period available to ordinary shareholders by the sum of the weighted average number of ordinary shares in issue and ranking for dividend during the period. Diluted income/(loss) per share is computed by dividing the income/(loss) after taxation for the period by the weighted average number of ordinary shares in issue, adjusted for the effect of all potential dilutive ordinary shares that were outstanding during the period. The computation for basic and diluted income/(loss) per share is as follows:

	2023	2022
	$	$
Numerator		
Net income/(loss)	5,610,921	(4,651,945)
Total income/(loss) for the year	5,610,921	(4,651,945)
Denominator	**No. of Shares**	No. of Shares
Weighted average number of shares - basic and diluted	64,729,386	64,648,564
Earnings/(loss) per share		
Basic and diluted earnings/(loss) per share	0.087	(0.072)

5. RIGHT OF USE ASSET, LEASE OBLIGATION AND INVESTMENT IN FINANCE LEASES

On February 1, 2022, the Company extended the lease for its office premises, being approximately half of one floor in mid-size office building in downtown Toronto, for three years, expiring January 31, 2025. In accordance with IFRS 16, the Company recognized a right of use asset ("ROU") and a lease obligation. During the year ended December 31, 2023, the Company recognized a non-cash depreciation expense in the amount of $135,868 (2022 - $145,024).

	2023	2022
	$	$
Cost		
Balance, beginning of year	1,145,272	737,220
Additions	-	896,891
Derecognized - investment in finance leases	-	(488,839)
Balance, end of year	1,145,272	1,145,272
Accumulated Depreciation		
Balance, beginning of year	861,766	716,742
Additions	135,868	145,024
Balance, end of year	997,634	861,766
Net book value	147,638	283,506

The Company recognized interest expense on its lease obligation in the amount of $31,996 during the year ended December 31, 2023 (2022- $43,502).

	$	$
Balance, beginning of year	648,698	-
Additions	-	896,891
Lease payments	(325,408)	(291,695)
Interest expense	31,996	43,502
Balance, end of year	355,286	648,698

	$	$
Current portion of lease liability	327,005	293,412
Long-term portion of lease lialbility	28,281	355,286
	355,286	648,698

Expressed in Canadian dollars, unless noted

5. RIGHT OF USE ASSET, LEASE OBLIGATION AND INVESTMENT IN FINANCE LEASES (CONTINUED)

The following table presents the contractual obligation for undiscounted cash flows for lease obligation as at December 31, 2023.

	$
Payments due within one year	336,140
Payments due to January 1, 2025 to January 30, 2025	28,427
	364,567

When measuring the lease obligation, the Company discounted the remaining lease payments using the estimated incremental borrowing rate of 6.2% per annum.

Net investment in finance leases/contracts
On February 1, 2022, the Company entered into office sharing agreements with related corporations that share part of the office premises for terms of three years. In accordance with IFRS 16, at commencement of the contracts, the Company recognized a net investment in finance leases of $488,839 and derecognized ROU assets by the same amount. The reconciliation of the Company's net investment in the leases is as follows. During the year ended December 31, 2023, $233,975 (2022 - $227,629) was recovered from related corporations, of which $55,888 (2022 - $66,933) represents reimbursement for non-lease components.

	2023	2022
	$	$
Balance, beginning of year	351,965	-
Additions	-	488,839
Finance income	17,311	23,822
Lease payments received	(178,087)	(160,696)
Balance, end of year	191,189	351,965

Although considered leases (contracts granting the right to utilize an asset) under IFRS 16, these are simple office and cost sharing arrangements with other companies related by common or overlapping management and/or directors.

6. EXPLORATION AND EVALUATION ASSETS

The following table shows the Company's exploration and evaluation assets:

	Dec. 31, 2023	Disposal	Additions	Reversal of impairment	Dec. 31, 2022	Impairment	Additions	Dec. 31, 2021
	$	$	$	$	$	$	$	$
Buchans/Lundberg	-	(9,808,979)	294,273	-	9,514,706	-	359,997	9,154,709
Bobby's Pond	-	(15,805)	15,804	-	1	(1,776,508)	29,324	1,747,185
Tulks North	-	(32,024)	32,023	-	1	(1,473,579)	56,447	1,417,133
Lake Douglas/Long Range	-	(34,065)	34,064	-	1	(654,765)	15,538	639,228
South Voisey Bay/Tasiuyak	221,403	-	157,179	64,223	1	(244,424)	18,570	225,855
	221,403	(9,890,873)	533,343	64,223	9,514,710	(4,149,276)	479,876	13,184,110

All exploration and evaluation assets are carried at cost less any applicable impairment provision. As required under IFRS 6, and the Company's Accounting Policies, at December 31, 2023, impairment provisions in the aggregate amount of $nil (2022 - $4,149,276) were recognized for financial statement purposes against certain properties.

The realisation of the exploration and evaluation assets is dependent on the successful discovery and development of mineral economic resources, including the ability to raise finance to develop the projects. Should this prove unsuccessful the value included in the statement of financial position would be impaired. By its nature there is inherent uncertainty as in the asset value.

On December 20, 2023, the Company completed the sale of certain of the Company's portfolio of base and precious metals projects in central Newfoundland to Canterra in exchange for common shares and exchangeable warrants. (See Note 10). Pursuant to this transaction, a gain on disposal in the amount of $1,612,194 was also recorded to the statement of income/(loss) and comprehensive income/(loss).

The Company still holds interests in several copper/nickel/cobalt exploration properties in Labrador, including claims at South Voisey's Bay and claims in the immediate Voisey's Bay area, and the Tasiuyak gold exploration property. A reversal of impairment in the amount of $64,223 was recorded to the consolidated statement of income/(loss) and comprehensive income/(loss).

6. EXPLORATION AND EVALUATION ASSETS (CONTINUED)

Prior to December 20, 2023, the Company held interests in four undeveloped base metal deposits in central Newfoundland, Canada, including the Buchans property (which covers the former producing Buchans Mine and contains the large, lower grade Lundberg deposit), as well as the Tulks North property (which contains the Daniels Pond deposit and the Tulks Hill deposit), the Bobby's Pond property (which contains the Bobby's Pond deposit).

The Company held two mining leases near the town of Buchans in central Newfoundland, each with a 25-year term from 2013 that require total annual lease payments of $154,500, 21 mineral licences and two fee simple grants. The leases and mineral licences cover the former producing Buchans Mine and the Company's undeveloped Lundberg deposit. The two mining leases, two fee simple grants and one of the mineral licences are subject to certain net smelter royalties of 2%, which royalties are subject to buy-back or buy-down agreements.

In 2021, Buchans entered into a Collaboration Agreement with Boliden Mineral AB ("Boliden") under which Boliden was granted exclusivity on the project until December 31, 2021, to evaluate the Company's Buchans property for possible future investment and participation and negotiate an Earn-in and Option Agreement and a JV Agreement. In an Amendment to the Collaboration Agreement, an extension of the exclusivity was granted to Boliden from December 31, 2021 until March 31, 2022, and then to May 16, 2022, when the Collaboration Agreement automatically terminated.

The Company and Boliden agreed to a further negotiation period to August 31, 2022, to settle the forms of an Earn-in and Option Agreement and a JV Agreement. Agreement was reached on the terms of the earn-in and option agreement. Buchans and Boliden were, however, unable to reach agreement on terms for the subsequent joint venture agreement that would be formed when Boliden would have earned its interest. Accordingly, the Collaboration Agreement terminated in accordance with its terms and the exclusivity granted to Boliden ended. Boliden retains no interest in the property. Boliden was granted a right of first refusal for a period of six months ending March 1, 2023, if Buchans received a bona fide offer from a proposed buyer to purchase the project or any part thereof.

During 2022, Boliden contributed $474,900 (2023 – $Nil) towards the costs of maintaining the Buchans property and exploration and evaluation programs.

The Bobby's Pond deposit, adjacent to Tulks North, was 100% owned by the Company. Bobby's Pond is held under a mining lease with a 25-year term from 2004, which requires an annual lease payment of $29,000. The Bobby's Pond property is also subject to a 1% net smelter royalty and a 2% net smelter royalty.

The Tulks North property was 100% owned by the Company and is located in the Victoria Lake Mining camp of west-central Newfoundland. The Tulks North property includes the Daniels Pond deposit which is subject to a 1.5% net smelter royalty as well as a 50% back-in option held by Glencore Canada Corporation should a single deposit of 15 million tonnes or greater be discovered and deemed economic upon the completion of a feasibility study.

The Company also held a 100% interest in the Tulks Hill property, including the Tulks Hill VMS deposit, subject to underlying net smelter royalties ranging between 0.75% and 2%.

Buchans owned a 100% interest in the Tulks South property in central Newfoundland. On July 26, 2021, the Company signed a letter of intent ("LOI") with Quadro Resources Ltd ("Quadro") wherein Buchans granted Quadro an option to acquire a 51% interest in Buchans' Tulks South property by the expenditure of $500,000 over five years, followed by the right to acquire an additional 19% interest in the event that Buchans elects not to participate in work programs after Quadro has earned its initial 51% interest. Buchans retains certain rights that should a deposit be discovered having a gross in situ base metal value greater than the gross in situ precious metal value, that such deposit(s) will be developed as a base metal project(s) for which Buchans would become operator holding a 70% project interest while Quadro would retain a 30% interest.

Buchans owned a 100% interest in the Lake Douglas/South Tally properties in central Newfoundland. On August 4, 2021, the Company entered into an option and joint venture agreement with C2C Gold ("C2C") wherein Buchans granted C2C an option to acquire up to a 70% ownership interest in Buchans' Lake Douglas and South Tally properties by the expenditure of $1,500,000 over four years to earn 51%, an additional $1,000,000 to earn 70%, and the issue of 100,000 shares in C2C, which was received and recorded as revenue in the amount of $25,500 during the year ended December 31, 2021. Buchans retains certain rights such that if a base-metal dominant area is identified, a project area would be defined and Buchans would become operator of the base metal project in a 70% Buchans/30% C2C joint venture.

Buchans owned a 51% interest in the Long Range Project in central Newfoundland (Benton Resources Inc 49%).

7. INVESTMENT IN ASSOCIATES

	2023	2022
	$	$
Opening balance	846,704	851,704
Share of loss of associate	(85,000)	(5,000)
Foreign currency translation reserve	(55,657)	-
Closing balance	706,047	846,704

Minco Exploration Plc

At December 31, 2023, the Company held 11,227,879 (2022 – 11,227,879) shares of Minco Exploration, incorporated in Ireland, representing a 14.4% (2022 – 14.4%) interest, as an investment in associate and not held for distribution. In accordance with the Company's accounting policies, as a result of losses reported by Minco Exploration, the carrying value of the Company's investment in Minco Exploration was reduced by $85,000 (2022 - $5,000) during the year ended December 31, 2023.

Royalties Inc (formerly Xtierra Inc.)

On September 30, 2022, Xtierra Inc. changed its name to Royalties Inc., delisted from the TSX Venture Exchange and was listed on the Canadian Stock Exchange (CSE).

In accordance with IFRS and the Company's accounting policies, the Company records its proportionate share of the income or losses of Royalties Inc. (formerly Xtierra Inc.) while it is classified as an associate. Royalties Inc.'s (formerly Xtierra Inc.) accounting policy is to expense all its exploration and evaluation costs and administrative expenditures. Royalties Inc. (formerly Xtierra Inc.) reported significant net losses in prior periods, of which the Company was required under IFRS to recognise its proportionate share. However, as the Company's proportionate share of prior losses recorded by Royalties Inc. (formerly Xtierra Inc.) was greater than the carrying value of the Company's' investment in Royalties Inc. (formerly Xtierra Inc.), the investment was previously reduced to $nil.

Accordingly, in the year ended December 31, 2021, the Company was required under IFRS to recognize such losses not previously recognized, and again reduce the carrying value of the investment to nil, which resulted in the Company recording a non-cash loss on its investment in associate of $1,170,013. The remaining unrecognized share of losses of Royalties Inc. (formerly Xtierra Inc.) for the cumulative years ended December 31, 2022, totaled approximately $4,434,000.

At December 31, 2022, the Company held 43,000,003 shares in Royalties Inc. (formerly Xtierra Inc.) which represented 21.4% interest. This investment was recorded as an investment in associate and carried at $nil as at December 31, 2022.

At December 31, 2022, the Company also held 5,000,000 Royalties Inc. (formerly Xtierra Inc.) share purchase warrants expiring April 30, 2023 with a value of $1,595. The warrants were valued using the Black-Scholes model and the following assumptions: expected dividend yield 0%, expected volatility 125%, life 0.32 years, risk free interest rate 1.85% and share price of $0.025. During the year ended December 31, 2023, the 5,000,000 Royalties Inc. (formerly Xtierra Inc.) share purchase warrants expired unexercised. As such, the remaining value of $1,595 derecognized.

During the year ended December 31, 2023, Royalties Inc. (formerly Xtierra Inc.) issued shares throughout the year which diluted the Company's interest. On June 20, 2023, the Company's shareholding in Royalties Inc. (formerly Xtierra Inc.) decreased below 20% to 19.91%. As of that date, the investment was no longer considered to be an investment in associate but rather marketable securities, measured as FVPL. On June 20, 2023, the value of the Royalties Inc. (formerly Xtierra Inc.) investment was $2,795,000; valued using the market price on June 20, 2023 of $0.065. This resulted in a gain on reclassification from associate to marketable securities of $2,795,000 reported in the statement of income/loss during the year ended December 31, 2023 (2022 - $nil). See note 10.

8. CASH AND CASH EQUIVALENTS

	2023	2022
	$	$
Cash	163,910	554,789
Cash (US dollars)	7,120	7,607
Immediately available without restriction	171,030	562,396

Cash comprises cash balances held at a major Canadian bank for purposes of meeting short-term cash commitments.

Expressed in Canadian dollars, unless noted

9. TRADE AND OTHER RECEIVABLES

	2023 $	2022 $
Receivables	-	22,510
Receivable from related parties (Note 14)	79,955	32,615
Sales taxes receivable	5,317	6,321
	85,272	61,446

10. MARKETABLE SECURITIES

	2023 $	2022 $
Canterra Minerals Corporation shares	1,917,966	-
Canterra Minerals Corporation warrants	12,204,101	-
Royalties Inc.	1,320,000	-
C2C Gold	14,000	5,500
	15,456,067	5,500

(a) Canterra Minerals Corporation

On December 20, 2023, the Company completed the sale of certain of the Company's portfolio of base and precious metals projects in central Newfoundland to Canterra in exchange for 24,910,000 common shares and 128,464,216 exchangeable warrants with a fair value of $1,868,250 and $9,634,816 respectively. The fair value of the Canterra shares was determined based on the share price of $0.075 as at the effective date of the transaction, and the fair value of the exchangeable warrants was based on the Black-Scholes option pricing model using the following assumption: expected dividend yield of 0%, expected volatility of 141%, risk-free interest rate of 3.94%, exercise price of $0.00, share price of $0.075 and an expected life of 2 years, resulting in a value of $0.075 per warrant. The warrants are not exercisable until an independent technical report has been filed and cleared by the TSX-V, and the warrants are not exercisable if it would create a new control person on change of control, pursuant to the policies of the TSX-V.

This transaction resulted in a gain of $1,612,194 on the disposal of exploration and evaluation assets in the consolidated statement of income/loss.

The Company transferred 3,054,216 Canterra shares to Energold Minerals related through John F. Kearney, Chairman of the Company, in reimbursement for the payment of mining lease payments in the amount of $183,253, and 1,666,667 Canterra shares to Seanchaidh, a company related to the Company as it is controlled by an individual personally related to the Chairman, in settlement of advisory fees in the amount of $100,000, recorded in professional fees. These transactions resulted in the loss on settlement of accounts payable of $70,813, recorded in the consolidated statement of loss/income. See also Note 14.

At December 31, 2023, the Company held 20,189,117 common shares and 128,464,216 exchangeable warrants of Canterra for a total estimated value of $1,917,966 and $12,204,101 respectively. The fair value of the Canterra shares was determined based on the quoted market price of Canterra shares as at that date of $0.095 per share. The fair value of the exchangeable warrants was determined based on the Black-Scholes option pricing model using the following assumptions: expected dividend yield of 0%, expected volatility of 144%, risk-free interest rate of 3.91%, exercise price of $0.00, share price of $0.095 and an expected life of 1.97 years, resulting in a value of $0.095 per warrant.

The revaluation of the Canterra shares and warrants to fair value as at December 31, 2023 resulted in a gain of $2,973,066 recorded in the consolidated statement of loss/income.

(b) Royalties Inc.

On December 18, 2023, the Company sold 10,000,000 shares of Royalties Inc. ("Royalties") for net proceeds of $250,000 and recorded a loss on disposal of $100,000. During the year ended December 31, 2023, the Company recorded a fair value loss in the amount of $1,125,000 (2022 – $Nil).

At December 31, 2023, the Company held 33,000,003 shares of Royalties Inc. (2022 – 43,000,003) with a quoted market value as at that date of $1,320,000 (2022 – $Nil).

(c) C2C Gold

At December 31, 2023, the Company held 100,000 shares of C2C Gold valued at $14,000 (2022 – $5,500). During the year ended December 31, 2023, the Company recorded a fair value gain in the amount of $8,500 (2022 – ($20,000)).

Expressed in Canadian dollars, unless noted

11. TRADE AND OTHER PAYABLES

	2023	2022
	$	$
Trade creditors and accruals	165,348	156,602
Amounts due to related parties (Note 14)	43,306	8,306
	208,654	164,908

12. LOANS PAYABLE

On May 26, 2020, the Government of Canada launched the Canada Emergency Business Account (CEBA), which was implemented by eligible financial institutions. The Company and its subsidiary, Buchans Minerals Corporation, each received loans of $40,000, for a total amount of $80,000 and in January 2021, the Company received an additional loan in the amount of $40,000, In December 2023, the Company refinanced the full balance of the CEBA loans less a $40,000 forgivable portion. The refinancing was done through a bank loan in the amount of $80,000 repayable in monthly instalments over a period of five years at interest rates of prime plus 1.5 to 3.5%. There were no repayments during the years ended December 31, 2022 or 2023.

13. SHARE CAPITAL

Authorized
Unlimited number of common shares

Issued	Shares	Amount
		$
Balance at December 31, 2021	64,629,386	14,619,425
Shares issued	100,000	20,000
Balance at December 31, 2022 and 2023	64,729,386	14,639,425

On October 17, 2022, the Company issued 100,000 shares at a value of $0.20 per share based on the price of the most recent financing, for a total of $20,000 as consideration for certain property rights acquired.

14. RELATED PARTY TRANSACTIONS

Transactions between the Company and its subsidiary have been eliminated on consolidation and are not disclosed. At December 31, 2023 and 2022, the Company had only one subsidiary, Buchans Minerals Corporation.

The directors are considered key management personnel of the Company in accordance with IAS 24 ‘Related Party Disclosures’. No fees were paid by the Company to directors for their services as directors of the Company in the years ended December 31, 2023 and 2022.

During the year ended December 31, 2023, the Company charged $123,000 to related parties for office services, including $60,000 (2022 - $57,000) to Canadian Manganese Company Inc., $45,000 (2022 - $43,250) to Labrador Iron Mines and $18,000 (2022 - $Nil) to Energold Minerals Inc. These companies are related through John F. Kearney, Chairman of the Company, and certain other directors being directors of some or all companies mentioned. See also Note 5.

Included in trade and other receivables at December 31, 2023 is $79,955 (2022 - $32,615) receivable from related parties, including $16,205 (2022 - $13,865) from Minco Exploration Plc (Note 7) covering administration services, and $63,750 (2022 - $18,750) receivable from Labrador Iron Mines.

Included in accounts payable and accrued liabilities at December 31, 2023 is $43,306 (2022 - $8,306) payable to related parties, including $8,306 payable to SPC Consulting, a company owned by the Secretary of the Company, for consulting services (2022 - $8,306) and $35,000 in respect of advances made by Energold to the Company. See also Note 10.

All amounts owing to or from related parties are non-interest bearing, unsecured and due on demand unless otherwise stated.

15. COMMITMENTS AND CONTINGENCIES

The Company’s exploration and evaluation activities are subject to various laws and regulations governing the protection of the environment. These laws and regulations are continually changing and generally becoming more restrictive. The Company believes its operations are materially in compliance with all applicable laws and regulations. The Company has made, and expects to make in the future, expenditures to comply with such laws and regulations.

In consideration of Canterra providing support services in 2024 to Buchans, Buchans has agreed to pay Canterra $70,250 representing 25% of the salary and the target bonus in the applicable period in exchange for the equivalent amount of certain employees’ time and availability to provide the support services. Billing will be on a quarterly basis.

Expressed in Canadian dollars, unless noted

16. INCOME TAXES

a) **Provision for Income Taxes**

The reconciliation of the combined Canadian federal and provincial statutory income tax rates of 26.5% (2022 – 26.5%) to the effective tax rate is as follows:

	2023	2022
	$	$
Income (loss) before income taxes	5,610,921	(4,651,945)
Expected income tax recovery based on statutory rate	1,470,000	(1,233,000)
Adjustments to expected income tax benefit:		
Flow-through renunciation	-	103,000
Expenses not deductible for tax purposes	(7,000)	93,000
Other	260,000	-
Change in foreign exchange rates	-	-
Change in unrecorded deferred tax asset	(1,723,000)	1,037,000
Income tax provision (recovery)	-	-

b) **Deferred Income Taxes**

Deferred taxes are a result of the temporary differences that arise between the income tax values and the carrying amount of assets and liabilities:

	2023	2022
	$	$
Recognized deferred tax assets and liabilities		
Non-capital loss carry-forwards	3,284,000	-
Capital loss carry-forwards	376,000	-
Mineral property costs	(706,000)	-
Investments	(2,954,000)	-
Deferred income tax liability	-	-

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

	2023	2022
	$	$
Unrecognized deferred tax assets	2,000,000	7,691,000
Non-capital loss carry-forwards	-	3,057,000
Capital loss carry-forwards	2,931,000	2,456,000
Mineral property costs	433,000	1,045,000
Other temporary differences	16,000	10,000
	5,380,000	14,259,000

The tax losses expire from 2028 to 2043. The other temporary difference do not expire under current legislation.

Deferred tax assets have not been recognized in respect of these items because it is not probably that future taxable profit will be available against which the Company can use the benefits.

17. FINANCIAL INSTRUMENTS

The Company's risk exposures and the impact on the Company's financial instruments are summarized below. There have been no changes in the risks, objectives, policies and procedures during the financial statements reporting period.

Fair value
The Company's exchangeable warrants and marketable securities are classified as fair value through profit or loss ("FVPL"), which are measured at fair value. Cash and cash equivalents, trade and other receivables, trade and other payables, loans payable and lease obligations are measured at amortized cost.

As at December 31, 2023 and 2022, the carrying and fair value amounts of the Company's current financial instruments are approximately equivalent due to the relatively short periods to maturity of these instruments.

Fair value estimates are made at a specific point in time, based on relevant market information and information about financial instruments. These estimates are subject to and involve uncertainties and matters of significant judgment, therefore cannot be determined with precision. Changes in assumptions could significantly affect the estimates.

Fair value hierarchy
The fair value hierarchy has the following levels: (a) quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1); (b) inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices) (Level 2); and (c) inputs for the asset or liability that are not based on observable market data (unobservable inputs) (Level 3). During the years ended December 31, 2023 and 2022, the Company's financial instruments that are carried at fair value, consisting of investment in warrants, have been classified as Level 2 within the fair value hierarchy, and investments in marketable securities have been classified as Level 1 within the fair value hierarchy.

Interest rate risk
The Company has cash balances and no interest-bearing debt. The Company's current policy is to invest excess cash in investment-grade short-term deposit certificates issued by major banks with a credit rating of at least BBB-. The Company periodically monitors the investments it makes and is satisfied with the credit ratings of its banks.

Credit risk
Credit risk is the risk that a client or vendor will be unable to pay or receive any amounts owed to or owed by the Company. Management's assessment of the Company's risk is low as it is primarily attributable to funds held in banks.

Commodity price risk
The ability of the Company to develop its properties and the future profitability of the Company is directly related to the market price of certain minerals, particularly zinc lead and copper.

Liquidity risk
The Company's approach to managing liquidity risk is to ensure that it will have sufficient liquidity to meet liabilities when due. Other than a bank loan repayable over five years and office lease obligations payable until January 30, 2025, all of the Company's financial liabilities have contractual maturities of less than 30 days and are subject to normal trade terms.

Market risk
Market risk is the risk that the fair value of, or future cash flows from, the Company's financial instruments will significantly fluctuate because of changes in market prices. The Company is exposed to market risk with respect to its marketable securities and unfavourable market conditions could result in dispositions of marketable securities at less than favorable prices. A 5% change in the market prices would result in a $772,803 impact to the net income.

Foreign currency risk
Although the Company is incorporated in Canada, the Company has operations in Ireland and UK through its investment in associate, none of which presently generate cash from operations, and may hold cash investments in Canadian and US Dollars, Euros or Sterling. The functional currency of the Company's operations is the Canadian Dollar. However, expenditures are not considered to be a monetary asset, and have been translated to the functional currency at the rates of exchange ruling at the dates of the original transactions. The Company also has transactional currency exposures. Such exposures arise from expenses incurred by the Company in currencies other than the functional currency.

17. FINANCIAL INSTRUMENTS (CONTINUED)

The impact of foreign currencies has been determined based on the balances of financial assets and liabilities at December 31, 2023. The sensitivity analysis includes outstanding foreign currency denominated monetary items and largely results from payables and receivables and adjusts their translation at the period end for a 5% change in foreign currency rates. A 5% change in the US Dollar exchange rate would not result in a significant foreign exchange impact to the net loss based on monetary assets and liability balances existing at December 31, 2023 and 2022.

18. CAPITAL MANAGEMENT

The capital of the Company consists primarily of its shareholders' equity.

The Company's objective when managing capital is to maintain adequate levels of funding, primarily to equity financing, to support the exploration and development of mineral properties and maintain the necessary corporate and administrative functions to facilitate these activities. Future financings are dependent on market conditions and there can be no assurance the Company will be able to raise funds in the future. All equity financings require the approval of the Board of Directors.

The Company invests all capital that is surplus to its immediate operational needs in short term, highly-liquid financial instruments, such as short term guaranteed investment certificates, held with a major Canadian financial institution.

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 significant changes to the Company's approach to capital management during the years ended December 31, 2023 and 2022. Neither the Company nor its subsidiary are subject to externally imposed capital requirements.