Kiboko Gold Inc.
Financial Statements
For the years ended December 31, 2022 and 2021
(Expressed in Canadian Dollars)

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of
Kiboko Gold Inc.

Opinion

We have audited the accompanying financial statements of Kiboko Gold Inc. (the "Company"), which comprise the statements of financial position as at December 31, 2022 and 2021, and the statements of loss and comprehensive loss, changes in shareholders' equity (deficiency), and cash flows for the years then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2022 and 2021, and its financial performance and its 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 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 financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained in our audit is sufficient and appropriate to provide a basis for our opinion.

Material Uncertainty Related to Going Concern

We draw attention to Note 1 of the financial statements, which indicates that the Company had not yet achieved profitable operations and had accumulated losses of $6,197,523 since inception and expects to incur further losses in the development of its business. As stated in Note 1, these events and conditions indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Other Information

Management is responsible for the other information. The other information obtained at the date of this auditor's report includes Management's Discussion and Analysis.

Our opinion on the 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 financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the 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.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current year. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

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

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

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

In preparing the 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 Financial Statements

Our objectives are to obtain reasonable assurance about whether the 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 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 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 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 financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

The engagement partner on the audit resulting in this independent auditor's report is Grant P. Block.

Davidson & Company LLP

Vancouver, Canada

Chartered Professional Accountants

April 19, 2023

Kiboko Gold Inc.

Statements of Financial Position
(Expressed in Canadian dollars)
As at

	Note	December 31, 2022	December 31, 2021
		$	$
ASSETS			
Current			
Cash and cash equivalents		**1,762,556**	57,653
Restricted cash	**3**	**11,500**	-
Receivables	**4**	**272,265**	129,238
Marketable securities	**5**	**-**	269,234
Prepaid expenses and advances		**52,650**	-
Total assets		**2,098,971**	456,125
LIABILITIES			
Current			
Accounts payable and accrued liabilities		**161,980**	543,002
Due to related parties	**9**	**21,875**	131,003
Flow-through liability	**11**	**501,671**	-
Convertible loans payable	**8**	**-**	1,047,766
Total liabilities		**685,526**	1,721,771
SHAREHOLDERS' EQUITY (DEFICIENCY)			
Share capital	**10**	**7,347,906**	355,601
Equity reserves	**10**	**263,062**	-
Deficit		**(6,197,523)**	(1,621,247)
Total shareholders' equity (deficiency)		**1,413,445**	(1,265,646)
Total liabilities and shareholders' equity		**2,098,971**	456,125

Nature of operations and going concern (Note 1)

APPROVED ON BEHALF OF THE BOARD:

Signed "JEREMY LINK", Director

Signed "JON MORDA", Director

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

Kiboko Gold Inc.

Statements of Loss and Comprehensive Loss

(Expressed in Canadian dollars)

	Note	2022	2021
		Years ended December 31,	
		$	$
Expenses			
Exploration and evaluation expenses	**7**	**4,470,499**	298,318
Consulting and management fees	**9**	**105,312**	16,723
Share-based compensation	**9,10**	**225,759**	-
Professional fees		**104,379**	105,100
Transfer agent, listing, and filing fees		**212,609**	422,232
Office expense		**2,638**	2,534
Travel expense		**7,780**	808
Marketing expense		**49,003**	1,390
Insurance expense		**14,898**	-
Bank charges		**1,404**	711
Loss before other items		**5,194,281**	847,816
Other items			
Interest expense	**8**	**62,907**	68,599
Interest income		**(46,184)**	(228)
Foreign exchange loss		**-**	975
Settlement of flow-through liability	**11**	**(771,729)**	-
Realized loss on marketable securities	**5**	**167,767**	-
Unrealized loss (gain) on marketable securities	**5**	**(30,766)**	57,433
Loss and comprehensive loss for the year		**4,576,276**	974,595
Basic and diluted loss per share		**0.16**	0.07
Basic and diluted weighted average common shares outstanding		**29,224,483**	13,812,001

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

Kiboko Gold Inc.

Statements of Cash Flows

(Expressed in Canadian dollars)

	Years ended December 31, 2022	2021
	$	**$**
CASH (USED IN) PROVIDED BY:		
OPERATING ACTIVITIES:		
Loss for the year	**(4,576,276)**	(974,595)
Items not involving cash:		
Common shares issued for exploration and evaluation expenses	**1,500,600**	-
Exchange of marketable securities for exploration and evaluation expenses	**132,233**	-
Share-based compensation	**225,759**	-
Realized loss on marketable securities	**167,767**	-
Unrealized loss (gain) on marketable securities	**(30,766)**	57,433
Accrued interest expense	**62,907**	68,599
Accrued interest income	**-**	932
Settlement of flow-through liability	**(771,729)**	-
Changes in non-cash working capital items:		
Receivables	**(143,027)**	(109,199)
Prepaid expenses and advances	**(52,650)**	3,000
Accounts payable and accrued liabilities	**(381,022)**	509,422
Due to related parties	**20,872**	(80,176)
	(3,845,332)	(524,584)
INVESTING ACTIVITIES:		
Restricted cash	**(11,500)**	-
	(11,500)	-
FINANCING ACTIVITIES:		
Issuance of units	**6,038,400**	-
Share issuance costs	**(476,665)**	-
Convertible loans payable	**-**	475,000
	5,561,735	475,000
Change in cash and cash equivalents	**1,704,903**	(49,584)
Cash and cash equivalents, beginning of year	**57,653**	107,237
Cash and cash equivalents, end of year	**1,762,556**	57,653
Cash and cash equivalents consist of:		
Cash	250,536	57,653
Cash equivalents	1,512,020	-
	1,762,556	57,653

Supplemental disclosure with respect to cash flows (Note 15)

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

Kiboko Gold Inc.

Statements of Changes in Shareholders' Equity (Deficiency)
(Expressed in Canadian dollars)
For the years ended December 31, 2022 and 2021

	Number of shares	Issued capital	Equity reserves	Deficit	Total shareholders' deficiency
	#	$	$	$	$
Balance, December 31, 2020	**13,812,001**	**355,601**	**-**	**(646,652)**	**(291,051)**
Loss and comprehensive loss for the year	-	-	-	(974,595)	(974,595)
Balance, December 31, 2021	**13,812,001**	**355,601**	**-**	**(1,621,247)**	**(1,265,646)**

	Number of shares	Issued capital	Equity reserves	Deficit	Total shareholders' equity (deficiency)
	#	$	$	$	$
Balance, December 31, 2021	**13,812,001**	**355,601**	**-**	**(1,621,247)**	**(1,265,646)**
Issuance of units for initial public offering	19,060,000	6,038,400	-	-	6,038,400
Share issue costs	300,000	(513,968)	37,303	-	(476,665)
Flow-through liability	-	(1,273,400)	-	-	(1,273,400)
Share issued for exploration and evaluation expenses	6,002,400	1,500,600	-	-	1,500,600
Units issued on conversion of convertible loans payable	4,442,692	1,110,673	-	-	1,110,673
Units issued on settlement of related party payables	520,000	130,000	-	-	130,000
Share-based compensation	-	-	225,759	-	225,759
Loss and comprehensive loss for the year	-	-	-	(4,576,276)	(4,576,276)
Balance, December 31, 2022	**44,137,093**	**7,347,906**	**263,062**	**(6,197,523)**	**1,413,445**

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

1. NATURE OF OPERATIONS AND GOING CONCERN

Kiboko Gold Inc. ("Kiboko" or the "Company") was incorporated on May 2, 2019, and is engaged in the business of mineral exploration in the province of Québec. The Company's head and registered office address is Suite #201, 1405 St. Paul Street, Kelowna, British Columbia, V1Y 2E4. To date, the Company has not earned operating revenue.

On June 29, 2022, the Company completed its initial public offering (the "Offering") and its common shares commenced trading on the TSX Venture Exchange ("TSXV"). The common shares of the Company trade under the symbol "KIB".

The Company is in the process of exploring its mineral properties and has not yet determined whether these properties contain mineral reserves that are economically recoverable. The Company's continued existence is dependent upon the preservation of its interests in its mineral properties, the establishment of a sufficient quantity of economically recoverable reserves, the ability of the Company to obtain necessary financing to execute its exploration programs, upon the development and future profitable production, or proceeds from the disposition of these assets.

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

As at December 31, 2022, the Company had not yet achieved profitable operations and had accumulated losses of $6,197,523 (December 31, 2021 - $1,621,247) since inception and expects to incur further losses in the development of its business, all of which constitutes a material uncertainty which casts significant doubt about 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 obligations and repay its liabilities arising from normal business operations when they come due. There is no assurance that these funds will be available on terms acceptable to the Company or at all. These financial statements do not give effect to adjustments that would be necessary to the carrying values and classification of assets and liabilities should the Company be unable to continue as a going concern. Such adjustments could be material.

There are many external factors that can adversely affect general workforces, economies, and financial markets globally. Examples include, but are not limited to, the COVID-19 global pandemic and political conflict in other regions. It is not possible for the Company to predict the duration or magnitude of adverse results of such external factors and their effect on the Company's business or ability to raise funds.

2. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES

These financial statements, including comparatives, of the Company were prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and Interpretations of the International Financial Report Interpretations Committee ("IFRIC"). The significant accounting policies applied in these financial statements are based on the IFRS issued and outstanding as of December 31, 2022.

The preparation of financial statements requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, and revenue 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 the judgments about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates. Differences may be material.

2. BASIS OF PRESENTATION AND SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

The financial statements are presented in Canadian dollars unless otherwise indicated, which is the functional currency of the Company.

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.

These financial statements were prepared on a going concern basis, under the historical cost convention, except for certain financial instruments that have been measured at fair value. In addition, these financial statements have been prepared using the accrual basis of accounting, except for cash flow information.

These financial statements were authorized by the Board of Directors on April 19, 2023.

Critical Accounting Estimates and Judgments

The preparation of these financial statements requires management to make certain estimates, judgments and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported expenses during the year. Actual results could differ from these estimates.

Significant assumptions about the future and other sources of estimation uncertainty that management has made at the end of the reporting period, that could result in a material adjustment to the carrying amounts of assets and liabilities in the event that actual results differ from assumptions made, relate to, but are not limited to, the following:

(i) The carrying value of marketable securities that include publicly traded common shares which are valued using a quoted share price and non-traded warrants of a publicly traded company using the Black-Scholes option pricing model as a measurement of fair value.

(ii) Stock options and compensation warrants are valued using the Black-Scholes option pricing model as a measure of fair value.

(iii) The recognition of deferred tax assets based on the change in unrecognized deductible temporary tax differences.

Cash and cash equivalents

Cash and cash equivalents include cash on hand, deposits held at call with financial institutions and other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and subject to an insignificant risk of change in value. As at December 31, 2022, the Company had cash equivalents of $1,512,020. As at December 31, 2021, the Company did not hold any cash equivalents.

Exploration and evaluation expenditures

Exploration and evaluation ("E&E") expenditures relate to costs incurred on the exploration for and evaluation of potential mineral reserves and include costs related to the following: acquisition of exploration rights; conducting geological studies; exploratory drilling and sampling and evaluating the technical feasibility and commercial viability of extracting a mineral resource.

E&E expenditures, including costs of acquiring licenses and other acquisition costs, are expensed as exploration and evaluation expenses. Any tax credits refunded to the Company are credited to E&E expenditures. The Company considers a project to be an individual geological area whereby the presence of a mineral deposit is considered favourable or has been proven to exist and, in most cases, comprises of a single mine or deposit.

2. BASIS OF PRESENTATION AND SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

Exploration and evaluation expenditures *(Cont'd)*

Once the technical feasibility and commercial viability of the extraction of mineral reserves in a project are demonstrable and permitted, additional E&E expenditures will be charged to mining properties. Currently, the Company does not hold any assets classified as mining properties.

Impairment

The carrying amounts of the Company's non-financial assets, other than deferred tax assets if any, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the "cash-generating unit" or "CGU"). The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

The Company's corporate assets do not generate separate cash inflows. If there is an indication that a corporate asset may be impaired, then the recoverable amount is determined for the CGU to which the corporate asset belongs.

An impairment loss is recognized if the carrying amount of an asset or its CGU exceeds its estimated recoverable amount. Impairment losses are recognized in profit or loss.

Impairment losses recognized in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized. A reversal of an impairment loss is recognized immediately in profit or loss.

Income taxes

Income tax expense comprises current and deferred tax. Income tax expense is recognized in profit or loss, except to the extent that it relates to items recognized directly in equity.

Current tax 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 in respect of previous years.

Deferred tax is recognized in respect of temporary differences, between the carrying amount of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Temporary differences are not provided for relating to goodwill not deductible for tax purposes, the initial recognition of assets and liabilities that affect neither accounting nor taxable loss, and differences relating to investments in subsidiaries to the extent that it is probable that they will 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 statement of financial position date.

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.

2. BASIS OF PRESENTATION AND SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

Provisions

A provision is recognized if, as a result of a past event, the Company has a present legal or constructive obligation that can be reliably estimated, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognized as a finance cost and is based on the discount rates that reflect current market assessments and the risks specific to the liability.

A provision for onerous contracts is recognized when the expected benefits to be derived by the Company from a contract are lower than the unavoidable cost of meeting its obligations under the contract.

Foreign exchange

The functional currency of the Company is the Canadian dollar. Transactions in currencies other than the Canadian dollar are recorded at exchange rates prevailing on the dates of the transactions. At the end of each reporting period, monetary assets and liabilities denominated in foreign currencies are translated at the period end exchange rate while non-monetary assets and liabilities are translated at historical rates. Revenues and expenses are translated at the exchange rates approximating those in effect on the date of the transactions. Exchange gains and losses arising on translation are included in profit or loss.

Flow-through shares

The issuance of flow-through shares is accounted for similarly to the issuance of a compound financial instrument. The liability component represents the premium paid for the tax benefit to the investors. Proceeds from the issuance of flow-through shares are allocated between shares issued and a liability account using the residual method. Proceeds are first allocated to shares according to the quoted price of existing shares at the time of issuance and any residual in the proceeds is allocated to the liability. The liability is reduced, and other income is recognized, at the time the eligible expenditures are incurred.

Share-based compensation

The Company may grant stock options to acquire common shares of the Company to directors, officers, employees, and consultants. An individual is classified as an employee when the individual is an employee for legal or tax purposes or provides services similar to those performed by an employee.

Stock options granted to directors, officers and employees are measured at their fair values determined on their grant date, using the Black-Scholes option pricing model, and are recognized as an expense over the vesting periods of the options on a graded basis. Options granted to consultants or other non-insiders are measured at the fair value of goods or services received from these parties, or at their Black-Scholes fair values if the fair value of goods or services received cannot be measured. A corresponding increase is recorded to equity reserves for share-based compensation recorded.

When stock options are exercised, the cash proceeds along with the amount previously recorded as equity reserves are recorded as share capital. When the right to receive options is forfeited before the options have vested, any expense previously recorded is reversed.

2. BASIS OF PRESENTATION AND SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

warrants

Warrants with the right to acquire common shares in the Company are typically issued through the Company's equity financing activities. Where warrants are issued on a stand-alone basis, their fair values are measured on their issuance date using the Black-Scholes option pricing model and are recorded as both an increase to equity reserves and as a share issue cost.

The Company uses the residual value method of accounting for warrants included in a share unit offering. When warrants are attached to common shares issued by the Company as part of a share unit offering, the proceeds from the unit sale are bifurcated first to the common shares at their fair market value on the date of issuance. Any excess in the purchase price of the unit as a whole and the fair market value of the common shares issued on the date of unit sales is attributed to the value of warrants. This fair value is recorded as an increase to equity reserves.

When warrants are exercised, the cash proceeds along with the amount previously recorded in equity reserves are recorded as share capital.

Financial instruments

Classification

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 the Company has opted to measure them at FVTPL.

The Company classifies its financial instruments as follows:

Financial Instrument	**IFRS 9 Classification**
Cash and cash equivalents	Amortized cost
Restricted cash	Amortized cost
Marketable securities	FVTPL
Receivables	Amortized cost
Accounts payable and accrued liabilities	Amortized cost
Due to related parties	Amortized cost
Convertible loans payable	Amortized cost

Measurement

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 the statements of loss and comprehensive loss in the period in which they arise.

2. BASIS OF PRESENTATION AND SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

Financial instruments (Cont'd)

Impairment of financial assets at amortized cost

An 'expected credit loss' impairment model applies which requires a loss allowance to be recognized based on expected credit losses. The estimated present value of future cash flows associated with the asset is determined and an impairment loss is recognized for the difference between this amount and the carrying amount as follows: the carrying amount of the asset is reduced to the estimated present value of the future cash flows associated with the asset, discounted at the financial asset's original effective interest rate, either directly or through the use of an allowance account and the resulting loss is recognized in profit or loss for the period.

In a subsequent period, if the amount of the impairment loss related to financial assets measured at amortized cost decreases, the previously recognized impairment loss is reversed through profit or loss to the extent that the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortized cost would have been had the impairment not been recognized.

Derecognition

Financial assets

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.

Loss per share

The dilutive effect on earnings (loss) per share is recognized on the use of the proceeds that could be obtained upon exercise of options, warrants and similar instruments. It assumes that the proceeds would be used to purchase common shares at the average market price during the period. For the periods presented, this calculation proved to be anti-dilutive.

Basic earnings (loss) per common share is calculated using the weighted-average number of shares outstanding during the period.

Convertible loans payable

The convertible loans are compound financial instruments that may be accounted for separately by their components, a financial liability and an equity instrument. The convertible loans may be converted to ordinary shares at the option of the holder. The liability component of the convertible loan is initially recognized at fair value of a similar liability that does not have an equity conversion option, and subsequently measured at amortized cost using the effective interest method. The residual amount is accounted for as an equity instrument at issuance. Upon conversion, the financial liability and equity components is reclassified to equity.

(Expressed in Canadian dollars, unless otherwise noted)

2. BASIS OF PRESENTATION AND SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

Recent accounting pronouncements

The following amendments will be in effect for annual reporting periods beginning on or after January 1, 2023:

Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2) – the amendments require that an entity discloses its material accounting policies, instead of its significant accounting policies. Further amendments explain how an entity can identify a material accounting policy.

Definition of Accounting Estimates (Amendments to IAS 8) – the amendments replace the definition of a change in accounting estimates with a definition of accounting estimates. Under the new definition, accounting estimates are "monetary amounts in financial statements that are subject to measurement uncertainty". Entities develop accounting estimates if accounting policies require items in financial statements to be measured in a way that involves measurement uncertainty. The amendments clarify that a change in accounting estimate that results from new information or new developments is not the correction of an error.

The Company anticipates that these amendments will not have a material impact on the results of operations and financial position of the Company.

There are no new accounting pronouncements that would have a significant effect on the financial statements.

3. RESTRICTED CASH

The Company has a term deposit of $11,500 as collateral for its corporate credit card (December 31, 2021 - $nil).

4. RECEIVABLES

The Company's receivables arise from resource tax credits, refundable mining tax credits, goods and services tax ("GST") and Québec sales tax ("QST") receivable due from Canadian taxation authorities.

	December 31, 2022	December 31, 2021
	$	$
Resource tax credit receivable	**-**	90,229
Refundable mining tax credit receivable	**6,075**	18,561
GST and QST receivables	**266,190**	20,448
	272,265	129,238

(Expressed in Canadian dollars, unless otherwise noted)

5. MARKETABLE SECURITIES

Marketable securities are recorded at fair value through profit and loss and are comprised of the following:

	December 31, 2022			December 31, 2021		
	Units	**Market value**	**Cost**	Units	Market value	Cost
		$	**$**		$	$
Tres-Or Resources Ltd. common share	-	-	-	2,000,001	240,000	300,000
Tres-Or Resources Ltd. warrants	-	-	-	1,000,001	29,234	-
		-	-		269,234	300,000

In February 2021, the Company participated in a private placement for 666,667 Tres-Or Resources Ltd. ("Tres-Or") units at a cost of $0.15 per unit for a total cost of $100,000, in settlement of an outstanding term loan to Tres-Or (see Note 6). Each unit consisted of one common share and one half of a common share purchase warrant with an exercise price of $0.20 per share over a period of 24 months. The common shares were assigned the total cost of $100,000.

In June 2022, as part of the amended and restated option agreement with Tres-Or, the Company transferred to Tres-Or the 2,000,001 Tres-Or common shares and surrendered for cancellation the 1,000,001 warrants of Tres-Or held by the Company (Note 7). Immediately prior to the transfer, the common shares and warrants had a fair market value of $132,233, which resulted in a realized loss of $167,767.

6. LOAN TO TRES-OR RESOURCES LTD.

On July 10, 2020, the Company extended a $100,000 term loan to Tres-Or, at an interest rate of 2% per annum. It was agreed that Tres-Or would repay the loan, plus outstanding interest, at the earliest possible date, but no later than September 30, 2020. It was expected that the repayment would be made through the conversion of the loan into equity of Tres-Or, satisfying the $100,000 option payment due to Tres-Or under the Harricana Gold Project option agreement (see Note 7 for additional detail on the option agreement). The loan was not repaid by September 30, 2020, and remained unpaid until February 2021, when the Company participated in a Tres-Or private placement whereby the outstanding loan of $100,000 was converted into 666,667 units of Tres-Or for $0.15 per unit (see Note 5). Accrued interest on the loan of $1,090 was paid in cash.

7. EXPLORATION AND EVALUATION EXPENDITURES

Harricana Gold Property

On June 6, 2019, the Company entered into a definitive option agreement with Tres-Or which provided Kiboko with the option of acquiring up to a 90% interest in Tres-Or's interest in the Harricana Gold Project (the "Original Option Agreement"). On November 30, 2021, the Company entered into an amended and restated option agreement with Tres-Or which provided Kiboko with the option of acquiring a 100% interest in Tres-Or's interest in the Harricana Gold Project (the "Amended Option Agreement"). The Harricana Gold Project was formerly known as the Fontana Gold Project but was renamed following the staking of additional adjacent claims. The Harricana Gold Project is located in Duverny Township, Québec.

The Harricana Gold Project is comprised of 234 claims of which 230 claims are 100% held by the Company. On the remaining four claims, the Company holds a 65% interest, with an option to earn the remaining 35%. As per the option agreement originally between Tres-Or and Sementiou Inc. ("Sementiou") dated May 23, 2010, as amended, the Company has the right to earn a further 15% interest for a total 80% interest in these four claims by incurring $4,000,000 in exploration expenditures. The Company has the right to acquire the remaining 20% interest through a business combination with Sementiou, or by purchasing any or all of the 20% interest by paying the sum of $1,000,000 for each 1% interest in these four claims.

7. EXPLORATION AND EVALUATION EXPENDITURES (Cont'd)

Original Option Agreement

Under the terms of the Original Option Agreement, which had an effective date of July 10, 2019, following the satisfaction of certain condition precedents, the Company had the option to acquire a 65% interest in Tres-Or's interest in the Harricana Gold Project by completing the following:

(a) Make a cash payment of $5,000 upon the signing of a non-binding term sheet (completed);
(b) Subscribe for equity securities in Tres-Or or make cash payments, at the Company's option, totalling $995,000 (equity securities totalling $495,000 were subscribed for between July 2019 and February 2021); and
(c) Complete a technical report prepared in accordance with National Instrument 43-101 ("NI 43-101") that established a mineral resource of at least 1,000,000 ounces of gold of Inferred classification or higher or incur expenditures on the Harricana Gold Project totalling $4,000,000 within four years of the effective date of July 10, 2019.

Upon earning a 65% interest in the Harricana Gold Project, the Company would have the option to acquire an additional 25% interest, for a total interest of 90% in Tres-Or's interest in the project, by incurring additional exploration expenditures of $2,000,000 within six years of the effective date of July 10, 2019, or by completing a preliminary economic assessment and a supporting technical report prepared in accordance with NI 43-101.

Amended Option Agreement

On November 30, 2021, the Company entered into the Amended Option Agreement with Tres-Or which provided Kiboko with the option of acquiring a 100% interest in Tres-Or's interest in the Harricana Gold Project by completing the following:

(i) Transfer to Tres-Or the 2,000,001 Tres-Or common shares and surrender for cancellation 1,000,001 warrants of Tres-Or held by Kiboko (completed - see Note 5);
(ii) On or before November 30, 2021, make a $300,000 cash payment to Tres-Or to:
    a. pay $200,000 to satisfy the final payment obligation under the option agreement between Tres-Or and Globex Mining Enterprises Inc. ("Globex") on or before January 1, 2022 (completed); and
    b. pay the remaining $100,000 to Tres-Or upon written receipt from Globex that the terms of the Globex option agreement have been satisfied, the Globex option has been exercised, and that the documentation to initiate the transfer of the associated claims has been submitted to the Government of Québec (completed);
(iii) Complete an initial public offering for gross proceeds of no less than $3,000,000, no later than June 30, 2022 (the "Offering") (completed – see Note 10), and within 30 days of the completion of the Offering:
    a. make a cash payment of $350,000 to Tres-Or (completed in July 2022); and
    b. issue to Tres-Or common shares in Kiboko, equal to a value of $1,500,000, based upon the price at which the non-flow-through common shares are issued pursuant to the Offering (completed).

During the year ended December 31, 2022, the Company satisfied all requirements under the amended option agreement and claims under the Harricana Gold Project were transferred to the Company.

Globex Royalty Agreement

The Company, along with Tres-Or, also entered into an agreement relating to the Harricana Gold Project with Globex dated May 29, 2019 (the "Globex Royalty Agreement"). As part of the Globex Royalty Agreement, Globex agreed that its royalty agreements with Tres-Or, as they pertain to certain claims that comprise the Harricana Gold Project, would be extinguished and replaced with a single 2% NSR royalty agreement for all of the claims that comprised the Harricana Gold Project as at that date. The Globex Royalty Agreement provides for a customary 90-day right-of-first-refusal ("ROFR") on the sale of any portion of the NSR in favour of Kiboko. The Globex Royalty Agreement also provides an option to buyout one-half of the 2% NSR for $2,000,000 at any time prior to commercial production.

(Expressed in Canadian dollars, unless otherwise noted)

7. EXPLORATION AND EVALUATION EXPENDITURES (Cont'd)

In addition, Kiboko has agreed to recognize and confirm an additional 1.8% NSR on the Chenier claims that make up part of the Harricana Gold Project (the "Chenier Family NSR") under the condition that Globex's right to purchase this royalty at any time for $360,000 be extended to the Company. A 90-day ROFR on any potential sale of the Chenier Family NSR has been granted to the Company.

Under the Globex Royalty Agreement, $500,000 in payments that were outstanding to Globex from Tres-Or under their option agreement on the Harricana Gold Project were rescheduled as follows: i) $100,000 – on the closing of the Option Agreement (paid – by Tres-Or); ii) $200,000 – on or before January 1, 2021 (paid – by Tres-Or); and iii) $200,000 – on or before January 1, 2022 (paid – by Tres-Or).

Following the final payment of $200,000 under the Globex Royalty Agreement, the remaining interest Globex held in 23 claims on the Harricana Gold Property were transferred to Tres-Or, and a 2% NSR royalty was granted to Globex on the claims that make up the Harricana Gold Property. In July 2022, following the satisfaction of all the remaining requirements under the Amended Option Agreement, Tres-Or's interest in all 234 claims in the Harricana Gold Project, including these 23 claims, were transferred to the Company.

Harricana Gold Property Expenditures

Expenditures during the years ended December 31, 2022 and 2021 were as follows:

	Year ended December 31, 2022	Year ended December 31, 2021
	$	**$**
Assay and lab analysis	**157,207**	5,234
Claim renewal fees	**3,482**	9,093
Consulting geologists	**203,270**	85,826
Drilling	**1,790,278**	-
Field equipment and consumables	**161,419**	-
Line cutting and groundwork	**41,429**	-
Permitting	**19,518**	4,947
Property acquisition costs	**1,982,833**	300,000
Refundable tax credits	**(35,605)**	(118,896)
Rent	**16,000**	-
Travel and accommodation	**106,646**	1,522
Other	**24,022**	10,592
Total expenditures	**4,470,499**	298,318

(Expressed in Canadian dollars, unless otherwise noted)

8. CONVERTIBLE LOANS PAYABLE

On December 1, 2020, the Company entered into a convertible loan agreement for proceeds of $500,000. During March 2021, the Company entered into two additional convertible loan agreements with the same terms as the original convertible loan agreement, for proceeds of $50,000 and $100,000, respectively.

The convertible loans had a term of six months with an annual interest rate of 10%, accruing quarterly. Prior to the repayment date, the holders of the convertible loans had agreed to convert all of the principal and any accrued interest into equity of the Company at a price that is equal to the lesser of:

i. the terms and conditions of the next equity offering of $3,000,000, or greater, to bona fide third-party investors; or
ii. a price that established a $20,000,000 pre-money enterprise value for the Company.

Prior to the repayment or conversion of the loan, the Company agreed not to:

i. issue any additional equity or debt securities at a price that would imply a pre-money enterprise value of less than $10,000,000;
ii. obtain or grant any security registration, rights or interests in respect of the assets of the Company that is senior to the convertible loan;
iii. issue any equity securities, or securities convertible into equity securities, of the Company that have rights, interest, or priorities in addition or senior to the common shares of the Company; and
iv. make any changes to its board of directors or executive management without approval of the holders of the convertible loans.

As there was an obligation under the loan to issue a variable number of common shares and there was no unavoidable contractual obligation to settle the loan in cash, the loan was recorded as a financial liability.

In May 2021, the Company entered into an agreement with the holder of the original $500,000 convertible loan to extend the term of the loan an additional three months to September 1, 2021. In September 2021, agreements were entered into with all the loan holders to extend the terms of the loans to December 1, 2021.

On November 30, 2021, the Company entered into amended terms with the convertible loan holders. An additional $325,000 was advanced, the repayment date on the loans was extended from December 1, 2021 to June 30, 2022, and the interest rate was increased from an annual rate of 10% to 12%. Additionally, shareholders of the Company transferred 350,000 existing common shares of Kiboko to a convertible loan holder as a fee for increasing their loan and extending the repayment date.

As at December 31, 2021, the convertible loans had a balance of $1,047,766, which included accrued interest of $72,766.

On June 29, 2022, immediately following the completion of the Company's initial public offering, and pursuant to the terms of the convertible loan agreements, the principal and accrued interest of the convertible loans, totalling $1,110,673, was converted to equity through the issuance of an aggregate of 4,442,692 units of the Company at a price of $0.25 per unit, the same terms of the initial public offering (see Note 10).

The following is a continuity schedule of the convertible loans payable:

	Year ended December 31, 2022	Year ended December 31, 2021
	$	$
Opening balance	**1,047,766**	504,167
Additional loans	**-**	475,000
Interest expense	**62,907**	68,599
Loan principal and interest converted to equity	**(1,110,673)**	-
Closing balance	**-**	1,047,766

(Expressed in Canadian dollars, unless otherwise noted)

9. RELATED PARTY TRANSACTIONS

Total amounts due to related parties of $21,875 (December 31, 2021 - $131,003) consisted of outstanding fees for services of $21,875 (December 31, 2021 - $97,546) and $nil in reimbursable expenses (December 31, 2021 - $22,014) due to officers and directors. In respect of services provided to and expenses incurred on behalf of the Company, the Company owed various related parties the following at December 31, 2022 and 2021:

	December 31, 2022	December 31, 2021
	$	$
Jeremy Link – expenses (officer and director)	**-**	2,236
Aslan United Capital Corp. – service fees (Company controlled by officer and director)	**8,616**	7,350
BJB Financial Consulting Inc. – services and expenses (Company controlled by officer)	**5,250**	23,690
Aurum Consulting - services and expenses (Company controlled by officer)	**8,009**	97,727
	21,875	131,003

During the year ended December 31, 2022, the Company issued 520,000 units to settle debts with certain related parties totalling $130,000 (Note 8). Aurum Consulting was issued 360,784 units as settlement for related party liabilities accrued in the amount of $90,196. BJB Financial Consulting Inc. was issued 159,216 units as settlement for related party liabilities to BJB Financial Consulting Inc. in the amount of $39,804. There was no gain or loss resulting from these debt settlements.

During the year ended December 31, 2022, the Company recognized share-based compensation expense of $220,132 (2021 - $nil) for options granted to various officers and directors of the Company.

Compensation of key management personnel of the Company

Key management personnel include those persons having authority and responsibility for planning, directing, and controlling the activities of the Company as a whole. The Company has determined that key management personnel consist of the Board of Directors, corporate officers, including the Chief Executive Officer and Chief Financial Officer, as well as the Vice-President, Geology and Vice-President, Technical Services and Project Evaluation. During the year ended December 31, 2022, fees of $254,974 to key management personnel were incurred (year ended December 31, 2021 - $14,000).

The Company is party to certain management contracts. These contracts contain minimum commitments equal to the greater of i) two times the annual fee under the contract, or ii) two times the total fees paid during the 12-month period immediately prior to the date of such change in control.

10. SHARE CAPITAL AND EQUITY RESERVES

Authorized Share Capital

The Company is authorized to issue an unlimited number of common shares with no par value.

As at December 31, 2022, the Company has 10,486,502 shares subject to escrow pursuant to the requirements of the TSXV, which will be released over 36 months after the listing date of June 29, 2022.

Transactions

During the year ended December 31, 2022, the Company issued:

a) 8,000,000 units ("Unit") at a price of $0.25 per Unit, 5,520,000 flow-through units ("FT Unit") at a price of $0.29 per FT Unit, and 5,540,000 Québec charity flow-through units ("QCFT Unit") at $0.44 per QCFT Unit, on June 29, 2022, as part of an initial public offering resulting in aggregate gross proceeds of $6,038,400. The Offering was pursuant to the final prospectus of the Company dated June 22, 2022.

   Each Unit was comprised of one common share of the Company and one common share purchase warrant of the Company ("Unit Warrant"). Each Unit Warrant is exercisable into one common share of the Company at an exercise price of $0.40 per common share for a period of five years.

   Each FT Unit was comprised of one flow-through common share of the Company and one common share purchase warrant of the Company ("Unit FT Warrant"). Each FT Unit Warrant is exercisable into one common share of the Company at an exercise price of $0.45 per common share for a period of five years. The Company recognized a $220,800 flow-through liability from this issuance.

   Each QCFT Unit was comprised of one flow-through common share of the Company and one Unit Warrant. Each QCFT Unit Warrant is exercisable into one common share of the Company as an exercise price of $0.40 per common share for a period of five years. The Company recognized a $1,052,600 flow-through liability from this issuance.

   Commissions, legal fees, and other expenses in the amount of $551,665 were paid in connection with the Offering. This included 300,000 Units issued as corporate finance fees, valued at $75,000. In addition, 958,935 compensation warrants, valued at $37,303, using the Black-Scholes option pricing model, were also issued. The Company used the following assumptions when valuing the compensation warrants: dividend yield of 0%, expected volatility of 70%, risk-free interest rate of 3.12% and an expected life of one year. Each compensation warrant entitles the holder to purchase one common share at a price of $0.40 for a period of one year from the listing date.

b) 6,002,400 common shares of the Company valued at $1,500,600 were issued to Tres-Or as part of the Amended Option Agreement on the Harricana Gold Project (see Note 7).

c) 4,442,692 units of the Company at a price of $0.25 per unit, the same terms of the Offering, in settlement of outstanding convertible loans totalling $1,110,673 in aggregate (see Note 8).

d) 520,000 units of the Company at a price of $0.25 per unit, the same terms of the Offering, in settlement of outstanding related party payables of $130,000 (see Note 9).

During the year ended December 31, 2021, the Company did not issue any common shares.

(Expressed in Canadian dollars, unless otherwise noted)

10. SHARE CAPITAL AND EQUITY RESERVES (Cont'd)

Stock Options

The Company adopted an incentive stock option plan (the "Option Plan") which allows the Company's Board of Directors, at its discretion and in accordance with TSXV requirements, to grant non-transferable options to purchase common shares to its directors, officers, employees, and consultants to the Company. The number of common shares reserved for issuance will not exceed 10% of the issued and outstanding common shares. Such options will be exercisable for a period of up to ten years from the date of grant and vesting terms will be determined at the time of grant by the Board of Directors.

On July 22, 2022, the Company granted 3,410,000 stock options at an exercise price of $0.20, expiring on July 22, 2027, with one-third of the option grant vesting on the date of grant, one-third after one year, and the final third after two years. The fair value of the stock options was estimated to be $0.12 per stock option using the Black-Scholes option pricing model with the following assumptions: term of 5 years; expected volatility of 70%; risk-free rate of 2.86%; and an expected dividend yield of 0%.

Changes in stock options for the year ended December 31, 2022 were as follows:

	December 31, 2022	
	Number of stock options	Weighted average exercise price
Outstanding, December 31, 2021 and 2020	-	-
Granted	3,410,000	$0.20
Outstanding, December 31, 2022	3,410,000	$0.20
Exercisable, end of year	1,136,667	$0.20

As at December 31, 2021 and 2020, there were no stock options granted or outstanding.

Warrants

Changes in warrants for the year ended December 31, 2022, were as follows:

	December 31, 2022	
	Number of warrants	Weighted average exercise price
Outstanding, December 31, 2021 and 2020	-	-
Issued	25,281,627	$0.41
Outstanding, December 31, 2022	25,281,627	$0.41

As at December 31, 2021 and 2020, there were no warrants issued or outstanding.

Warrants outstanding as at December 31, 2022, were as follows:

Issue date	Number of warrants	Exercise price	Expiry date
June 29, 2022	18,802,692	$0.40	June 29, 2027
June 29, 2022	5,520,000	$0.45	June 29, 2027
June 29, 2022	958,935	$0.40	June 29, 2023
	25,281,627		

(Expressed in Canadian dollars, unless otherwise noted)

11. FLOW-THROUGH LIABILITY

	Flow-through liability
	$
Balance, December 31, 2021 and 2020	-
Liability recorded on flow-through proceeds	1,273,400
Settlement of flow-through share liability	(771,729)
Balance, December 31, 2022	501,671

On June 29, 2022, the Company raised $1,600,800 through the issuance of 5,520,000 flow-through units and $2,437,600 through the issuance of 5,540,000 Québec charity flow-through units, for aggregate proceeds of $4,038,400. A flow-through liability of $1,273,400 was recognized from the issuance. As of December 31, 2022, the Company had $1,590,975 remaining to be spent on qualifying flow-through expenditures by December 31, 2023.

12. FINANCIAL INSTRUMENTS

The Company is exposed to various financial instrument risks and assesses the impact and likelihood of this exposure. These risks include liquidity, credit, currency, interest rate, and price risks. Where material, these risks are reviewed and monitored by the Board of Directors.

Liquidity Risk

Liquidity risk is the risk that the Company will not be able to meet its obligations associated with its financial liabilities. The Company has relied upon equity financings and short-term convertible loans to satisfy its capital requirements and will continue to depend heavily upon equity capital to finance its activities. There can be no assurance the Company will be able to obtain required financing in the future on acceptable terms. The Company anticipates it will need additional capital in the future to finance ongoing exploration of its properties, such capital to be derived from the completion of other equity financings. The Company has limited financial resources, no source of operating income and has no assurance that additional funding will be available to it for future exploration and development of its projects. The ability of the Company to arrange additional financing in the future will depend, in part, on the prevailing capital market conditions and exploration success.

Credit Risk

Credit risk is the risk of potential loss to the Company if the counterparty to a financial instrument fails to meet its contractual obligations. The Company's credit risk is primarily attributable to its liquid financial assets including cash and cash equivalents, restricted cash, and receivables. The Company limits exposure to credit risk on liquid financial assets through maintaining its cash and cash equivalents, and restricted cash with high-credit quality financial institutions. The Company's cash and cash equivalents, and restricted cash are held with major Canadian based financial institutions.

Receivables mainly consist of sales tax refunds due from various levels of governments in Canada and refundable resource tax and mining tax credits from the government of Québec.

Currency Risk

The Company operates mainly in Canada. The Company mitigates its exposure to foreign currency risk by minimizing the amount of funds in currencies other than the Canadian dollar. The Company does not undertake currency hedging activities but continuously monitors its exposure to foreign exchange risk to determine if any mitigation strategies warrant consideration.

12. FINANCIAL INSTRUMENTS (Cont'd)

Interest Rate Risk

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate due to changes in market interest rates. The convertible loans outstanding were not exposed to interest rate risk because of the fixed interest rates and short-term maturity of the financial instruments.

Price Risk

The Company is exposed to price risk with respect to commodity and equity prices. Equity price risk is defined as the potential adverse impact on the Company's earnings due to movements in individual equity prices or general movements in the level of the stock market, except for share purchase warrants which are measured at fair value using the Black-Scholes option pricing model. Commodity price risk is defined as the potential adverse impact on earnings and economic value due to commodity price movements and volatilities. The Company's investment in marketable securities is classified as FVTPL and is traded on the stock market. The Company closely monitors its marketable securities, stock market movements, and commodity prices of precious metals, individual equity movements and the stock market to determine the appropriate course of action to be taken by the Company.

Fair Value

The Company's financial instruments consist of cash and cash equivalents, restricted cash, marketable securities, receivables, accounts payable and accrued liabilities, amounts due to related parties, and convertible loans payable. The fair value of these financial instruments approximates their carrying values due to their short term to maturity. Financial instruments measured at fair value are classified into one of three levels in the fair value hierarchy according to the relative reliability of the inputs used to estimate the fair values. The three levels of the fair value hierarchy are:

Level 1 – Unadjusted quoted prices in active markets for identical assets or liabilities;
Level 2 – Inputs other than quoted prices that are observable for the asset or liability, either directly or indirectly; and
Level 3 – Inputs that are not based on observable market data.

The fair value of common shares of publicly traded companies held as marketable securities are based on level 1 inputs of the fair value hierarchy. The fair value of non-traded warrants of publicly traded companies held as marketable securities are based on level 2 inputs of the fair value hierarchy.

13. CAPITAL MANAGEMENT

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to pursue the development of its mineral properties and to maintain a flexible capital structure for its projects for the benefit of its stakeholders. As the Company is in the exploration stage, its principal source of funds is from the issuance of common shares.

In the management of capital, the Company includes the components of shareholders' equity. 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 the capital structure, the Company may attempt to issue new shares, enter into joint venture property arrangements, acquire or dispose of assets or adjust the amount of cash and investments. 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 management of the Company's capital is reviewed and monitored by the Board of Directors.

The Company is not subject to any externally imposed capital requirements. There were no changes to the Company's approach to capital management during the year ended December 31, 2022.

14. SEGMENT INFORMATION

The Company operates in one reportable operating segment, being the acquisition and development of exploration and evaluation assets in Canada.

15. SUPPLEMENTAL DISCLOSURE WITH RESPECT TO CASH FLOWS

Significant non-cash transactions of the Company for the year ended December 31, 2022 were as follows:

a) Recorded a $1,273,400 flow-through liability in relation to the June 29, 2022 Offering (see Note 10).

b) Issued 958,935 compensation warrants with a fair value of $37,303 in relation to the June 29, 2022 Offering (see Note 10).

c) Issued 300,000 units of the Company with a fair value of $75,000 for corporate finance fees under the June 29, 2022 Offering (see Note 10).

d) Issued 4,442,692 units of the Company with a fair value of $1,110,673 on conversion of the convertible loans payable (see Notes 8 and 10).

e) Issued 520,000 units of the Company with a fair value of $130,000 to settle amounts due to related parties (see Notes 9 and 10).

Significant non-cash transactions of the Company for the year ended December 31, 2021 were as follows:

a) In February 2021, the Company participated in a private placement for 666,667 Tres-Or units at a cost of $0.15 per unit for a total cost of $100,000, in settlement of an outstanding term loan to Tres-Or (see Notes 4 and 5).

(Expressed in Canadian dollars, unless otherwise noted)

16. INCOME TAXES

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

Years ended December 31,	**2022**	2021
	$	**$**
Loss for the year	**(4,576,276)**	(974,595)
Expected income tax (recovery)	**(1,236,000)**	(263,000)
Change in statutory, foreign tax, foreign exchange rates and other	**(4,000)**	(1,000)
Permanent differences	**(129,000)**	8,000
Impact of flow through shares	**661,000**	-
Share issue/listing costs	**(129,000)**	-
Adjustments to prior years' provision versus statutory tax returns	**(112,000)**	98,000
Changes in unrecognized deductible temporary differences	**949,000**	158,000
Total income tax expense (recovery)	**-**	**-**
Current income tax	**-**	**-**
Deferred tax recovery	**-**	**-**

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

	2022	2021
	$	**$**
Deferred tax assets (liabilities)		
Exploration and evaluation assets	**738,000**	-
Property and equipment	**8,000**	-
Share issue costs	**171,000**	-
Allowable capital losses	**37,000**	14,000
Non-capital losses available for future periods	**302,000**	293,000
	1,256,000	307,000
Unrecognized deferred tax assets	**(1,256,000)**	(307,000)
Net deferred taxes	**-**	**-**

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

	2022	**Expiry date range**	**2021**	**Expiry date range**
	$		**$**	
Temporary differences				
Exploration and evaluation assets	2,734,000	No expiry date	-	No expiry date
Property and equipment	29,000	No expiry date	-	No expiry date
Share issue costs	635,000	2046 to 2047	-	2045 to 2046
Allowable capital losses	137,000	No expiry date	53,000	No expiry date
Non-capital losses available for future periods	1,117,000	2039 to 2042	1,085,000	2039 to 2041

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