Talisker RESOURCES

Consolidated Financial Statements

As at and for the years ended December 31, 2023 and 2022

(in Canadian dollars)

Independent auditor's report

To the Shareholders of Talisker Resources Ltd.

Our opinion

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of Talisker Resources Ltd. and its subsidiaries (together, the company) as at December 31, 2023 and 2022, and its financial performance and its cash flows for the years then ended in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board (IFRS).

What we have audited
The company's consolidated financial statements comprise:

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

Basis for opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the consolidated financial statements* section of our report.

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

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

Material uncertainty related to going concern

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

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Key audit matters

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

Key audit matter	How our audit addressed the key audit matter
Assessment of impairment indicators for exploration and evaluation assets *Refer to note 3(c) – Material accounting policies – Exploration and evaluation assets and expenditures, note 3(i) – Material accounting policies – Impairment of non-financial assets and note 8 – Exploration and evaluation assets to the consolidated financial statements.* The net book value of exploration and evaluation assets amounted to $19.7 million as at December 31, 2023. At each reporting period, management assesses exploration and evaluation assets or cash generating units (CGUs) to determine whether there are any indicators of impairment. If any such indicators exist, the asset's recoverable amount is estimated. An impairment loss is recognized if the carrying amount of an asset or the CGU exceeds its estimated recoverable amount. Management assesses exploration and evaluation assets for impairment based on the following indicators: (i) the period for which the entity has the right to explore in the specific area has expired during the year or will expire in the near future and is not expected to be renewed; (ii) substantive expenditure on further exploration for and evaluation of mineral resources in the specific area is neither budgeted nor planned;	Our approach to addressing the matter included the following procedures, among others: • Evaluated the reasonableness of management's assessment of indicators of impairment related to exploration and evaluation assets which included the following: – Obtained, for mineral claims, by reference to government registries, evidence to support (i) the right to explore the area and (ii) mineral claim expiration dates. – Read Board of Directors' minutes and obtained budget approvals to evidence continued substantive expenditure on further exploration for and evaluation of mineral resources in the specific area. – Assessed whether extracting the resources will not be technically feasible or commercially viable, or if other facts and circumstances suggest that the carrying amount may exceed the recoverable amount, based on evidence obtained in other areas of the audit.

Key audit matter	How our audit addressed the key audit matter
(iii) sufficient data exists to determine that extracting the resources will not be technically feasible or commercially viable; and (iv) facts and circumstances suggest that the carrying amount exceeds the recoverable amount. We considered this a key audit matter due to the significance of the exploration and evaluation assets and the judgments made by management in its assessment of indicators of impairment related to exploration and evaluation assets, which have resulted in a high degree of subjectivity in performing audit procedures related to these judgments applied by management.	
Provision for site reclamation and closure at Bralorne Gold Project (Bralorne) and Ladner Gold Project (Ladner) *Refer to note 3(l) – Material accounting policies – Provisions and note 12 – Provision for site reclamation and closure to the consolidated financial statements* The company's provision for site reclamation and closure for Bralorne and Ladner amounted to $18.6 million as at December 31, 2023. The provision is an estimate of the present value of estimated costs required to restore the company's operating locations based on the risk-free nominal discount rates that reflect current market assessments and the risks specific to the liability. The provisions for site reclamation and closure and related assets are adjusted at the end of each reporting period for changes in the discount rates and in the estimated timing and extent of costs for the work to be carried out. Management makes significant assumptions in determining the timing and extent of costs of the	Our approach to addressing the matter included the following procedures, among others: • Tested how management determined the provision for site reclamation and closure estimates at Bralorne and Ladner, which included the following: – The work of management's experts was used in performing procedures to evaluate the reasonableness of management's assumptions on the timing and extent of costs of the site reclamation and closure provision. As a basis for using this work, the competence, capabilities and objectivity of management's experts was evaluated, the work performed was understood and the appropriateness of the work as audit evidence was evaluated. The procedures performed also included evaluation of the methods and assumptions used by management's experts, tests of the data used by management's experts and an evaluation of their findings. – Tested the appropriateness of the model used by management.

Key audit matter	How our audit addressed the key audit matter
site reclamation and closure provision that has been prepared by third party experts, which include certain closure cost estimates and discount and inflation rates. We considered this a key audit matter due to the significance of the provisions for site reclamation and closure, the significant assumptions exercised by management in determining the provision for site reclamation and closure and the significant audit effort and subjectivity in applying audit procedures to test significant assumptions used by management.	– Tested the underlying data used in management's model. – Evaluated the reasonableness of discount rate and inflation rate assumptions by comparing them to independent data sources. – Tested mathematical accuracy of the provision for site reclamation and closure.

Other information

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

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

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

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

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

In preparing the consolidated financial statements, management is responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the company's financial reporting process.

Auditor's responsibilities for the audit of the consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the company to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor’s report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor’s report is Sean Devlin.

/s/PricewaterhouseCoopers LLP

Chartered Professional Accountants, Licensed Public Accountants

Toronto, Ontario
March 15, 2024

Management's Responsibility for Financial Reporting

The accompanying consolidated financial statements of Talisker Resources Ltd. ("Talisker" or the Company") are the responsibility of management and the Board of Directors of the Company.

The consolidated financial statements have been prepared by management in accordance with the accounting policies disclosed in the notes to the consolidated financial statements. Where necessary, management has made informed judgments and estimates in accounting for transactions which were not complete at the statement of financial position date. In the opinion of management, the consolidated financial statements have been prepared within acceptable limits of materiality and are in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board (IFRS) using accounting policies consistent with IFRSs appropriate in the circumstances.

Management has established systems of internal control over the financial reporting process, which are designed to provide reasonable assurance that relevant and reliable financial information is produced.

The Board of Directors is responsible for reviewing and approving the consolidated financial statements together with other financial information of the Company and for ensuring that management fulfills its financial reporting responsibilities. An Audit Committee assists the Board of Directors in fulfilling this responsibility. The Audit Committee meets with management to review the financial reporting process and the consolidated financial statements together with other financial information of the Company. The Audit Committee reports its findings to the Board of Directors for its consideration in approving the consolidated financial statements together with other financial information of the Company for issuance to the shareholders.

Management recognizes its responsibility for conducting the Company's affairs in compliance with established financial standards, and applicable laws and regulations, and for maintaining proper standards of conduct for its activities.

Signed: "Terence Harbort"
Terence Harbort
Chief Executive Officer

Signed: "Andres Tinajero"
Andres Tinajero
Chief Financial Officer

Talisker Resources Ltd.
Consolidated Statements of Financial Position
(Expressed in Canadian dollars)

As at,	Notes	December 31, 2023	December 31, 2022
ASSETS			
Current assets			
Cash and cash equivalents	5	**$ 8,461,525**	$ 5,726,452
Amounts receivable	6	**302,172**	184,076
Inventory		**216,411**	38,203
Prepaid expenses		**621,237**	480,558
Total current assets		**9,601,345**	6,429,289
Reclamation deposits	12	**1,468,300**	1,468,300
Property, plant and equipment	7	**7,115,595**	7,560,341
Exploration and evaluation assets	8	**19,682,854**	29,181,106
TOTAL ASSETS		**$ 37,868,094**	$ 44,639,036
LIABILITIES AND SHAREHOLDERS' EQUITY			
Current liabilities			
Accounts payable and accrued liabilities	10, 18	**$ 7,194,757**	$ 3,190,754
RSU Liability	16	**9,847**	114,368
Current portion of lease obligation	11	**111,176**	268,134
Total current liabilities		**7,315,780**	3,573,256
Provision for site reclamation and closure	12	**18,621,531**	18,977,039
Lease payable	11	**177,105**	20,028
Flow through premium liability	14	**318,000**	1,951,000
Total liabilities		**26,432,416**	24,521,323
Shareholders' equity			
Issued capital	13	**101,364,157**	98,154,998
Share-based payment reserve	16	**695,000**	3,723,245
Warrant reserve	15	**6,348,200**	5,957,200
Accumulated deficit		**(96,971,679)**	(87,717,730)
Total shareholders' equity		**11,435,678**	20,117,713
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		**$ 37,868,094**	$ 44,639,036

Nature of operations and going concern (note 1)
Events after the reporting period (note 23)

On behalf of the Board:

Signed: "Terence Harbort"	*Signed: "Morris Prychidny"*
Terence Harbort	Morris Prychidny
Chief Executive Officer and Director	Director

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

Talisker Resources Ltd.
Consolidated Statements of Loss and Comprehensive Loss
(Expressed in Canadian dollars)

For the years ended December 31,	Note	**2023**	2022
Expenses			
Exploration and evaluation expenditures	8	$ **7,364,607**	$ 18,712,711
Mine care and maintenance costs		**1,057,132**	1,662,863
Consulting and wages	18	**1,954,582**	3,087,163
Administration		**1,136,386**	1,262,815
Share-based expense	16	**654,385**	177,567
Public company costs		**585,511**	975,205
Travel and other		**233,449**	291,265
Depreciation of property, plant and equipment	7	**1,268,338**	1,248,684
Impairment of exploration and evaluation assets	8	**-**	797,326
Total expenses		**14,254,390**	28,215,599
Other income and expense			
Finance expense (income)		**(105,094)**	27,133
Foreign currency translation (gain) loss		**(95,409)**	14,178
Realized (gain) on marketable securities		**-**	(1,555,876)
Gain on revaluation of RSU liability		**(86,186)**	(154,492)
Loss from investment in associate		**-**	749,073
Other income			(293,589)
Loss from disposal of assets		**-**	71,010
Accretion on site reclamation and closure	12	**624,888**	583,325
		338,199	(559,238)
Loss before income taxes		**14,592,589**	27,656,361
Income tax recovery	22	**(1,951,000)**	(8,623,000)
Net loss and comprehensive loss		$ **12,641,589**	$ 19,033,361
Loss per share - basic and diluted		**$ 0.16**	$ 0.28
Weighted average common shares outstanding		**78,753,320**	68,765,658

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

Talisker Resources Ltd.

Consolidated Statements of Changes in Shareholders' Equity

(Expressed in Canadian dollars)

	Number of Shares	Issued Capital	Share-based Payment Reserve	Warrant Reserve	Retained earnings (deficit)	Total
		(Note 13)	(Note 16)	(Note 15)		
Balance as at December 31, 2021	**57,138,106**	**$ 83,302,460**	**$ 4,152,000**	**$ 4,357,200**	**$ (69,119,729)**	**$ 22,691,931**
Issue of shares pursuant to private placement, net of issue costs (Note 13)	19,513,400	18,248,313	-	1,600,000	-	19,848,313
Flow through premium liability (Note 13)	-	(3,588,000)	-	-	-	(3,588,000)
Issue of shares for acquisition of mineral properties (Note 8)	25,000	31,625	-	-	-	31,625
Issued pursuant to agreement	87,376	80,000	-	-	-	80,000
Exercise of RSU's (Note 13)	52,000	80,600	-	-	-	80,600
Share based payments - options	-	-	6,605	-	-	6,605
Expiry of stock options	-	-	(435,360)	-	435,360	-
Net loss for the period	-	-	-	-	(19,033,361)	(19,033,361)
Balance as at December 31, 2022	**76,815,882**	**98,154,998**	**3,723,245**	**5,957,200**	**$ (87,717,730)**	**$ 20,117,713**
Issue of shares pursuant to private placement, net of issue costs (Note 13)	10,974,911	3,031,528	-	391,000	-	3,422,528
Flow through premium liability (Note 13)	-	(318,000)	-	-	-	(318,000)
Issue of shares for acquisition of mineral properties (Note 8)	60,000	34,500	-	-	-	34,500
Exercise of RSU's (Note 13)	798,683	321,131	-	-	-	321,131
Issued pursuant to agreement	498,901	140,000	-	-	-	140,000
Share based payments - options	-	-	359,395	-	-	359,395
Expiry of stock options	-	-	(3,387,640)	-	3,387,640	-
Net loss for the period	-	-	-	-	(12,641,589)	(12,641,589)
Balance as at December 31, 2023	**89,148,377**	**101,364,157**	**695,000**	**6,348,200**	**$ (96,971,679)**	**$ 11,435,678**

The shares outstanding presented have been adjusted to reflect the effect of the 5:1 share consolidation that took place on September 1, 2023. Common shares, options, RSUs, warrants and per share amounts have been adjusted for the 5:1 share consolidation unless otherwise noted.

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

Talisker Resources Ltd.
Consolidated Statements of Cash Flows
(Expressed in Canadian dollars)

For the years ended December 31,	Notes	2023	2022
Cash provided by (used in):			
Operating activities			
Net loss for the year		$ **(12,641,589)**	$ (19,033,361)
Items not involving cash:			
Income tax recovery	14	**(1,951,000)**	(8,623,000)
Loss from investment in associate		**-**	749,073
Gain on revaluation of RSU liability		**(86,186)**	(154,492)
Share based payments	16	**722,436**	196,390
Shares issued pursuant to agreement		**140,000**	80,000
Impairment of exploration and evaluation assets	8	**-**	797,326
Accretion on site reclamation and closure	12	**624,888**	583,325
Depreciation of property, plant and equipment	7	**1,268,338**	1,248,684
Loss on disposal of assets		**-**	71,010
Realized gain on marketable securities		**-**	(1,555,876)
Shares issued pursuant to property agreement	8	**17,250**	-
Working capital changes			
Change in amounts receivable		**(118,096)**	579,270
Change in long term receivable		**-**	319,181
Change in inventory		**(178,208)**	37,823
Change in prepaid expenses		**(140,679)**	127,763
Change in accounts payable and accrued liabilities		**3,943,758**	(3,809,334)
Cash flows used in operating activities		**(8,399,088)**	(28,386,218)
Investing activities			
Proceeds from sale of NSR, net of costs	8	**8,586,706**	-
Acquisition of exploration and evaluation assets	8	**(51,600)**	(45,000)
Acquisition of property, plant and equipment, net of sales	7	**(518,679)**	(100,240)
Sales of marketable securities		**-**	2,139,069
Cash provided by investing activities		**8,016,427**	1,993,829
Financing activities			
Issue of shares pursuant to private placement	13	**3,610,632**	21,532,875
Share issue costs	13	**(188,104)**	(1,684,562)
Repayment of lease and equipment loans	11	**(304,794)**	(301,362)
Cash flows provided by financing activities		**3,117,734**	19,546,951
Net increase (decrease) in cash and cash equivalents for the year		**2,735,073**	(6,845,438)
Cash and cash equivalents, beginning of the year		**5,726,452**	12,571,890
Cash and cash equivalents, end of the year		$ **8,461,525**	$ 5,726,452
Supplementary cash flow information			
Interest received		$ **127,455**	$ 8,961

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

1. NATURE OF OPERATIONS AND GOING CONCERN

Talisker Resources Ltd. ("Talisker" or the "Company") is a publicly listed company incorporated in British Columbia and continued in the Province of Ontario. The Company is engaged in exploration and evaluation of mineral properties in British Columbia. The Company's shares are traded on the Toronto Stock Exchange (the "TSX") under the symbol TSK. The head office and registered address of the Company is located at 130 Adelaide Street West, Suite 3002, Toronto, Ontario, M5H 3P5.

The consolidated financial statements have been prepared on a going concern basis. The going concern basis assumes that the Company will continue in operation for the foreseeable future and will be able to realize its assets and discharge its liabilities and commitments in the normal course of business.

Notwithstanding the royalty agreement (Note 8), the Company's ability to continue as a going concern is dependent upon attaining profitable operations, and the ability to raise further public equity or other financing to meet its expenditure commitments in the next twelve months. There is no assurance that these activities will be successful in the future. As at December 31, 2023, the Company had cash of $8,461,525 and the Company recorded an accumulated deficit of $96,971,679 (December 31, 2022: $87,717,730), net loss of $12,641,589 (2022: $19,033,361), and net cash used in operating activities of $8,399,088 (2022: $28,386,218). The combination of these circumstances set out above represents a material uncertainty which may cast significant doubt upon the Company's ability to continue as a going concern as the Company progresses towards the development of the Bralorne Gold Project. However, the Company is confident that it will have adequate resources to continue in operational existence for the foreseeable future. For this reason, the Company continues to adopt the going concern basis in preparing its consolidated financial statements. These consolidated financial statements do not reflect the adjustments to the carrying values of assets and liabilities, the reported revenues and expenses, and the balance sheet classifications used that would be necessary if the going concern assumptions were not appropriate. These adjustments would be material to the consolidated financial statements.

These consolidated financial statements were approved and authorized for issuance by the Board of Directors of the Company on March 15, 2024.

2. BASIS OF PRESENTATION

Statement of Compliance

The Company's consolidated financial statements, including comparatives, have been prepared in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board ("IFRS"). For these purposes, IFRS comprise the standards issued by the International Accounting Standards Board ("IASB") and Interpretations issued by the IFRS Interpretations Committee ("IFRICs").

Basis of Measurement

The consolidated financial statements have been prepared on the historical cost basis, except for certain financial instruments, which are measured at fair value, as explained in the accounting policies set out in Note 3. In addition, these consolidated financial statements have been prepared using the accrual basis of accounting, except for cash flow information.

2. BASIS OF PRESENTATION (continued)

Principles of Consolidation

These consolidated financial statements for the years ended December 31, 2023 and 2022 include the financial position, financial performance and cash flows of the Company and its subsidiaries detailed below:

Subsidiaries	Country of Incorporation	Economic Interest	Basis of Accounting
Bralorne Gold Mines Ltd.	Canada	100%	Full consolidation
New Carolin Gold Corp.	Canada	100%	Full consolidation

Subsidiaries - Subsidiaries are entities over which the Company has control, whereby control is defined as the power to direct activities of an entity that significantly affect the entity's returns so as to obtain benefit from its activities. Control is presumed to exist where the Company has a shareholding of more than one half of the voting rights in its subsidiaries. The effects of potential voting rights that are currently exercisable are considered when assessing whether control exists. Subsidiaries are fully consolidated from the date control is transferred to the Company, and are de-consolidated from the date at which control ceases.

3. MATERIAL ACCOUNTING POLICIES

(a) Presentation Currency

The Company's presentation currency is the Canadian dollar. The functional currency of the Company is the Canadian dollar, and the functional currency of its subsidiaries is the Canadian dollar.

(b) Foreign Currency Translation

In preparing the financial statements of the individual entities, transactions in currencies other than the Company's functional currency (foreign currencies) are recognized 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 re-translated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are re-translated at the rates prevailing at the date when the fair value was determined. Foreign currency translation gains and losses are presented in the statements of loss and comprehensive loss in the period in which they occur. The Company translates the financial statements of any subsidiaries with a different functional currency than the parent company as follows: items in the statement of loss and comprehensive loss are translated into the presentation currency using the average exchange rate for the year. Assets and liabilities are translated at the year-end rate. All resulting exchange differences are reported as a separate component of other comprehensive income. On disposal of a foreign operation, the cumulative amount of the exchange differences relating to that foreign operation, recognized in other comprehensive income and accumulated in accumulated other comprehensive income, shall be reclassified from equity to consolidated statements of loss and comprehensive loss when the gain or loss on disposal is recognized.

3. MATERIAL ACCOUNTING POLICIES (continued)

(c) Exploration and Evaluation Assets and Expenditures

Exploration and Evaluation Assets and Expenditures

Exploration expenditures are the costs incurred in the initial search for mineral deposits with economic potential or in the process of obtaining more information about existing mineral deposits. Exploration expenditures typically include costs associated with prospecting, sampling, mapping, drilling and other work involved in searching for minerals.

Evaluation expenditures are the costs incurred to establish the technical and commercial viability of developing mineral deposits identified through exploration activities or by acquisition. Evaluation expenditures include the cost of:

(i) establishing the volume and grade of deposits through drilling of core samples, trenching and sampling activities in an ore body that is classified as either a mineral resource or a proven and probable reserve;

(ii) determining the optimal methods of extraction and metallurgical and treatment processes;

(iii) studies related to surveying, transportation, and infrastructure requirements;

(iv) permitting activities; and

(v) economic evaluations to determine whether development of the mineralized material is commercially justified, including scoping, prefeasibility and final feasibility studies.

Costs incurred to acquire an exploration and evaluation asset are capitalised based on the fair value of the assets acquired less the costs associated with the acquisition. Such assets may be acquired with an associated reclamation and closure obligation. These obligations are recorded as a provision on the statement of financial position with the offsetting asset recorded as part of the exploration and evaluation asset.

Costs incurred pre-exploration, including license costs paid in connection with a right to explore in an existing exploration area are expensed as incurred.

Once the legal right to explore has been acquired, exploration and evaluation expenditure is charged to profit or loss as incurred, up until the point it is concluded that a future economic benefit is more likely than not to be realized.

In evaluating if expenditures meet the criteria to be capitalized, several different sources of information are utilized. The information that is used to determine the probability of future benefits depends on the extent of exploration and evaluation that has been performed.

Sale of Royalty Interest

The Company records the proceeds from the sale of a royalty interest on a property against the value of the Exploration and Evaluation asset in the statement of financial position and does not recognize any gain or loss on its exploration and evaluation royalty transactions, until the consideration received is in excess of the carrying amount of the associated asset on which the royalty is to be earned.

3. MATERIAL ACCOUNTING POLICIES (continued)

(d) Property, Plant and Equipment

Cost

Items of property, plant and equipment are stated at cost, less accumulated depreciation and accumulated impairment losses. The initial cost of an asset comprises its purchase price or construction cost, any costs directly attributable to bringing the asset into operation, the initial estimate of the rehabilitation obligation, and for qualifying assets (where relevant) borrowing costs. The purchase price or construction cost is the aggregate amount paid and the fair value of any other consideration given to acquire the asset.

The cost of replacing or overhauling a component of plant and equipment is recognized in the carrying amount of the item if it is probable that the future economic benefit embodied within the component will flow to the Company and its cost can be measured reliably. The carrying amount of the replaced component is written off. Costs associated with routine repairs and maintenance of plant and equipment are expensed as incurred.

Depreciation

The carrying amounts of property, plant and equipment are depreciated using the diminishing balance method using the rates below. When parts of an item of plant and equipment have different useful lives, they are accounted for as separate items (or components) of plant and equipment.

Machinery and Equipment	5 years
Buildings	10 years
Water Treatment Plant	15 years
Vehicles	5 years

Depreciation methods and useful lives are reviewed at each annual reporting date and adjusted as appropriate.

Depreciation is either regarded as part of the cost of inventory or expensed through the statement of loss and comprehensive loss.

(e) Reclamation Deposits

Reclamation deposits are term deposits held on behalf of the Government of the Province of British Columbia as collateral for possible reclamation activities on the Company's exploration and evaluation assets in connection with permits required for exploration activities. As they are restricted from general use, they are excluded from current assets. Reclamation deposits are released, by the Province of British Columbia, once a property is restored to satisfactory condition, or as released under the surety bond agreement described in Note 12. Reclamation deposits are recorded at amortized cost.

3. MATERIAL ACCOUNTING POLICIES (continued)

(f) 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. Details regarding the determination of the fair value of equity-settled share-based transactions are set out in note 16.

The fair value determined at the grant date of the equity-settled share-based payments is expensed on a graded vesting basis over the period during which the employee becomes unconditionally entitled to equity instruments, based on the Company's estimate of equity instruments that will eventually vest. At the end of each reporting period, the Company revises its estimate of the number of equity instruments expected to vest. The impact of the revision of the original estimates, if any, is recognized in the statements of income and comprehensive income such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to the share-based payments reserve.

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.

For those options that expire or are forfeited after vesting, the recorded value is transferred to retained earnings (deficit).

(g) Finance Costs

Finance costs comprise interest expense on borrowings and interest accretion calculated using the effective interest rate method.

(h) Taxation

Current Income Tax

Income tax expense represents the sum of the tax currently payable and deferred tax. The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit as reported in the consolidated statement of income and comprehensive income because of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The Company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted at the balance sheet date.

3. MATERIAL ACCOUNTING POLICIES (continued)

(h) Taxation (continued)

Deferred Income Tax

Deferred income tax is recognized on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognized for all taxable temporary differences. Deferred tax assets are generally recognized for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilized. Such deferred tax assets and liabilities are not recognized if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realized, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

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

No deferred tax liability is recognized on taxable temporary differences associated with investments to the extent that the company is able to control the timing of the reversal of the temporary differences and it is probable that these differences will not reverse in the foreseeable future.

No deferred tax asset is recognized on the deductible temporary differences associated with investments in subsidiaries as it is not probable that the temporary differences will reverse in the foreseeable future.

3. MATERIAL ACCOUNTING POLICIES (continued)

(i) Impairment of Non-Financial Assets

The carrying amounts of Talisker's non-financial assets, other than deferred tax assets, 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.

The recoverable amount of an asset or cash-generating unit 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. For the purpose of impairment testing, assets 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 group of assets (the cash-generating unit).

An impairment loss is recognized if the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. Impairment losses are recognized in profit or loss. Impairment losses recognized in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to the units and then to reduce the carrying amount of the other assets in the unit (group of units) on a pro-rata basis.

In respect of other assets, 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 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.

(j) Financial Instruments

Financial Assets

All financial assets are initially recorded at fair value and designated upon inception into one of the following three categories: amortized cost, fair value through profit or loss, or fair value through other comprehensive income.

Amortized Cost

These financial assets where the objective is to hold these assets in order to collect contractual cash flows and the contractual cash flows are solely the payments of principal and interest. They are initially recognized at fair value plus transaction costs that are directly attributable to their acquisition or issues, and are subsequently carried at amortized cost using the effective interest rate method, less provision for impairment.

Impairment provisions for receivables are recognized based on the lifetime expected credit losses. During the process of reviewing accounts receivable for impairment, the probability of the non-payment of the receivable is assessed. This probability is then multiplied by the amount of the expected loss arising from default to determine the lifetime expected credit loss for receivables. For receivables, which are reported net, such provisions are recorded in a separate provision account with the loss being recognized within operating expenses in the consolidated statement of comprehensive loss. On confirmation that the receivable will not be collectable, the gross carrying value of the asset is written off against the associated provision.

3. MATERIAL ACCOUNTING POLICIES (continued)

(j) Financial Instruments (continued)

The Company's financial assets measured at amortized cost comprise cash and cash equivalents, reclamation deposits and amounts receivable.

Financial Liabilities

The Company classifies its financial instruments into one of two categories, depending on the purpose for which the liability was acquired.

Fair Value Through Profit or Loss

RSU liability is classified as fair value through profit or loss at December 31, 2023. These liabilities are classified and measured at fair value through profit and loss.

Other Financial Liabilities

Other financial liabilities include accounts payables and accrued liabilities and equipment loans payable, which are initially recognized at fair value and subsequently carried at amortized cost using the effective interest method.

(k) Cash and cash equivalents

Cash and cash equivalents are comprised of cash at banks and cash on hand and short term, highly liquid deposits which are either cashable or with original maturities of less than three months from the date of acquisition.

(l) Provisions

General

Provisions are recognized when (a) the Company has a present obligation (legal or constructive) as a result of a past event, and (b) it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Where the Company expects some or all of a provision to be reimbursed, for example under an insurance contract, the reimbursement is recognized as a separate asset but only when the reimbursement is virtually certain. The expense relating to any provision is presented in the statements of income and comprehensive income net of any reimbursement. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognized as a finance cost.

3. MATERIAL ACCOUNTING POLICIES (continued)

(l) Provisions (continued)

Provision for Site Reclamation and Closure

The Company records the present value of estimated costs of legal and constructive obligations required to restore mining and other operations in the period in which the obligation is incurred. Management makes significant assumptions in determining the timing and extent of costs of the site reclamation and closure provision that has been prepared by third party experts. The nature of these restoration activities includes dismantling and removing structures, rehabilitating mines and tailings dams, dismantling facilities, closure of plant and waste sites, and restoration, reclamation and re-vegetation of affected areas. The obligation generally arises when the asset is installed or the ground/environment is disturbed at the mining production location. When the liability is initially recognized, the present value of the estimated costs is capitalized by increasing the carrying amount of the related exploration and evaluation assets. Over time, the discounted liability is increased for the change in present value based on the discount rates that reflect current market assessments and the risks specific to the liability, and is included as a finance expense. Where the timing of the work to perform rehabilitation work is uncertain, management either makes its best effort to assess the appropriate present value or will record the gross value of a provision amount.

The periodic unwinding of the discount is recognized in profit or loss as a finance cost. Additional disturbances or changes in rehabilitation costs are recognized as additions or charges to the corresponding assets and rehabilitation liability when they occur.

Any reduction in the rehabilitation liability and, therefore, any deduction from the asset to which it relates, may not exceed the carrying amount of that asset. If it does, any excess over the carrying value is taken immediately to profit or loss.

If the change in estimate results in an increase in the rehabilitation liability and, therefore, an addition to the carrying value of the asset, the Company considers whether this is an indication of impairment of the asset as a whole, and if so, tests for impairment.

For closed sites, or assets with zero carrying values changes to estimated costs are recognized immediately in loss and other comprehensive loss.

3. MATERIAL ACCOUNTING POLICIES (continued)

(l) Provisions (continued)

Contingent Assets

The Company discloses contingent assets, where an inflow of economic benefits is probable. The Company continually assesses any contingent assets to ensure that developments are appropriately reflected in the financial statements. If it has become virtually certain that an inflow of economic benefits will arise, the asset and the related income are recognized in the financial statements of the period in which the change occurs.

(m) Earnings (Loss) Per Share

Basic earnings (loss) per common share has been computed by dividing the earnings (loss) applicable to common shareholders by the weighted-average number of common shares outstanding during the year. Diluted earnings (loss) per common share reflects the potential dilution of common share equivalents such as outstanding options and warrants, in the weighted average number of common shares outstanding during the year, if dilutive. The diluted earnings (loss) per share calculation excludes any potential conversion of options and warrants that would increase earnings per share or decrease (loss) per share.

(n) Operating Segments

At December 31, 2023, the Company's operations were comprised of a single operating segment engaged in mineral exploration and evaluating in British Columbia. An operating segment is defined as a component of the Company:

- that engages in business activities from which it may earn revenues and incur expenses;
- whose operating results are reviewed regularly by the entity's chief executive officer; and
- for which discrete financial information is available.

(o) Flow-through shares

The Company will from time to time issue flow-through common shares to finance a significant portion of its exploration program. Pursuant to the terms of the flow-through share agreements, these shares transfer the tax deductibility of qualifying resource expenditures to investors. On issuance, the Company bifurcates the flow-through share into i) a flow-through share premium, equal to the estimated premium, if any, investors pay for the flow-through feature, which is recognized as a liability, and ii) share capital. Upon expenditures being incurred, the Company derecognizes the liability and recognizes a deferred tax liability for the amount of tax reduction renounced to the shareholders. The premium is recognized as recovery of flow-through premium liability and the related deferred tax is recognized as a tax provision.

Proceeds received from the issuance of flow-through shares are required to be used only for Canadian resource property exploration expenditures within a two-year period. The Company may also be subject to a Part XII.6 tax on flow-through proceeds renounced under the Look-back Rule, in accordance with the Government of Canada flow-through regulations. When applicable, this tax is accrued as an expense until paid.

3. MATERIAL ACCOUNTING POLICIES (continued)

(p) Accounting standards issued but not yet effective

Standards and interpretations issued but not yet effective up to the date of issuance of the financial statements are listed below. The company has evaluated the implications of these standards and concluded that the adoption of these standards on January 1, 2024 will not have a material impact on the company.

Amendments to IAS 1 – Non-current Liabilities with Covenants (Amendments to IAS 1)

- Effective on January 1, 2024, the amendments clarify how conditions with which an entity must comply within twelve months after the reporting period affect the classification of a liability. The amendment is not expected to have a significant impact on the financial statements.

Amendments to IFRS 16 – Lease Liability in a Sale and Leaseback (Amendments to IFRS 16)

- Effective on January 1, 2024, the amendment clarifies how a seller-lessee subsequently measures sale and leaseback transactions that satisfy the requirements in IFRS 15 to be accounted for as a sale. The amendment is not expected to have a significant impact on the financial statements.

Amendments to IAS 7 and IFRS 7 - Supplier Finance Arrangements (Amendments to IAS 7 and IFRS 7)

- Effective on January 1, 2024, the amendment clarifies to add disclosure requirements, and ‘signposts’ within existing disclosure requirements, that ask entities to provide qualitative and quantitative information about supplier finance arrangements. The amendment is not expected to have a significant impact on the financial statements.

(Expressed in Canadian dollars)

4. SIGNIFICANT ACCOUNTING JUDGMENTS, ESTIMATES AND ASSUMPTIONS

The preparation of financial statements requires the Company's management to make judgments, estimates and assumptions about future events that affect the amounts reported in the financial statements. Although these estimates are based on management's best knowledge of the amount, event or actions, actual results may differ from those estimates.

The areas which require management to make significant judgments, estimates and assumptions in determining carrying values include, but are not limited to:

- Exploration and Evaluation ***Assets' carrying values and impairment charges*** - The Company assesses its cash-generating units at each reporting date to determine whether any indication of impairment exists. Where an indicator of impairment exists, an estimate of the recoverable amount is made, which is the higher of the fair value less costs of disposal and value in use. The determination of the recoverable amount requires the use of estimates and assumptions such as long-term commodity prices, discount rates, future capital requirements, exploration potential and future operating performance. Fair value is determined as the amount that would be obtained from the sale of the asset in an arm's-length transaction between knowledgeable and willing parties.

- ***Provision for site reclamation and closure*** – Provisions for site reclamation and closure have been created based on management estimates. Assumptions, based on the current economic environment, have been made which management believes are a reasonable basis upon which to estimate the future liability as shown in Note 12. These estimates take into account any material changes to the assumptions that occur when reviewed regularly by management and are based on current regulatory requirements. Significant changes in estimates of discount rate, contamination, restoration standards and techniques will result in changes to provisions from period to period. Actual reclamation and closure costs will ultimately depend on future market prices for the costs which will reflect the market condition at the time the costs are actually incurred. The final cost of the currently recognized rehabilitation provisions may be higher or lower than currently provided for.

5. CASH AND CASH EQUIVALENTS

The balance at December 31, 2023 consists of cash on deposit with major Canadian banks in interest bearing accounts totaling $8,361,525 (December 31, 2022 - $5,626,452) and guaranteed investment certificates with major Canadian banks of $100,000 (December 31, 2022 - $100,000) for total cash and cash equivalents of $8,461,525 (December 31, 2022 - $5,726,452).

During the year ended December 31, 2023, the Company recognized interest income of $127,455 (2022 - $8,961).

6. AMOUNTS RECEIVABLE

As at,		**December 31, 2023**		December 31, 2022
HST receivable	**$**	**286,609**	$	161,251
Other receivables		**15,563**		22,825
	$	**302,172**	$	184,076

At December 31, 2023, the Company anticipates full recovery of these amounts and therefore no expected credit loss has been recorded against these receivables. The Company holds no collateral for any receivable amounts outstanding as at December 31, 2023 and 2022.

(Expressed in Canadian dollars)

7. PROPERTY, PLANT AND EQUIPMENT

	Machinery and Equipment $	Buildings $	Land $	Water Treatment Facility $	Vehicles $	Right-of-Use Asset $	Total $
Balance at December 31, 2021	1,329,352	5,813,395	315,000	941,321	174,560	1,496,476	10,070,104
Additions	14,024	94,547	-	-	-	-	108,571
Disposals	(77,172)	-	-	-	(2,169)	-	(79,341)
Balance at December 31, 2022	1,266,204	5,907,942	315,000	941,321	172,391	1,496,476	10,099,334
Additions	277,109	253,270	-	-	-	304,913	835,292
Disposals	(99,507)	-	-	-	-	-	(99,507)
Balance at December 31, 2023	1,443,806	6,161,212	315,000	941,321	172,391	1,801,389	10,835,119

ACCUMULATED DEPRECIATION

	Machinery and Equipment $	Buildings $	Land $	Water Treatment Facility $	Vehicles $	Right-of-Use Asset $	Total $
Balance at December 31, 2021	396,716	131,375	-	148,784	43,659	569,775	1,290,309
Additions	373,962	437,852	-	62,060	23,153	351,657	1,248,684
Disposals	-	-	-	-	-	-	-
Balance at December 31, 2022	770,678	569,227	-	210,844	66,812	921,432	2,538,993
Additions	378,933	449,543	-	62,060	22,815	354,987	1,268,338
Disposals	(87,807)	-	-	-	-	-	(87,807)
Balance at December 31, 2023	1,061,804	1,018,770	-	272,904	89,627	1,276,419	3,719,524

NET BOOK VALUE

	Machinery and Equipment $	Buildings $	Land $	Water Treatment Facility $	Vehicles $	Right-of-Use Asset $	Total $
At December 31, 2022	495,526	5,338,715	315,000	730,477	105,579	575,044	7,560,341
At December 31, 2023	**382,002**	**5,142,442**	**315,000**	**668,417**	**82,764**	**524,970**	**7,115,595**

(Expressed in Canadian dollars)

8. EXPLORATION AND EVALUATION ASSETS

The exploration and evaluation assets for the Company are summarized as follows:

Year ended December 31, 2023:

Project	January 1, 2023	Additions	Disposals	Impairment	December 31, 2023
Bralorne Gold Camp					
Bralorne Gold Project	10,723,883	$ -	$ (9,254,649)	$ -	**$ 1,469,234**
Royalle Property	243,000	-	-	-	**243,000**
NaiKun Wind Crown Grant	36,000	-	-	-	**36,000**
Congress Property	295,000	-	-	-	**295,000**
Big Sheep Property	120,000	-	-	-	**120,000**
Southern BC Properties					
Spences Bridge	5,701,823	-	-	-	**5,701,823**
Golden Hornet Property	-	67,550	-	-	**67,550**
Ladner Gold Project	12,061,400	1,300	(312,453)	-	**11,750,247**
	$ 29,181,106	$ 68,850	$ (9,567,102)	$ -	**$ 19,682,854**

Year ended December 31, 2022:

Project	January 1, 2022	Additions	Disposals	Impairment	December 31, 2022
Bralorne Gold Camp					
Bralorne Gold Project	15,211,923	$ -	$ (4,488,040)	$ -	**$ 10,723,883**
Royalle Property	243,000	-	-	-	**243,000**
NaiKun Wind Crown Grant	36,000	-	-	-	**36,000**
Congress Property	295,000	-	-	-	**295,000**
Big Sheep Property	120,000	-	-	-	**120,000**
Southern BC Properties					
Spences Bridge	5,701,823	-	-	-	**5,701,823**
Blustry Mountain Property	30,000	-	-	(30,000)	**-**
Tulox Property	405,963	-	-	(405,963)	**-**
Merritt Property	96,650	31,000	-	(127,650)	**-**
WCGG Properties [(1)]	109,338	-	-	(109,338)	**-**
Golden Hornet Property	-	45,625	-	(45,625)	**-**
SC Property	78,750	-	-	(78,750)	**-**
Ladner Gold Project	12,492,178	-	(430,778)	-	**12,061,400**
	34,820,625	$ 76,625	$ (4,918,818)	$ (797,326)	**$ 29,181,106**

[1] WCGG Properties included the Tulameen South, Bluejay and Sauchi Creek properties.

During the year ended December 31, 2023, the Company issued 300,000 shares with a value of $34,500 and made cash payments of $101,600 for property acquisitions on the Golden Hornet property and Dora Project. The costs for the Dora project amounting to $67,250 were expensed to exploration and evaluation expenses for the year ended December 31, 2023.

During the year ended December 31, 2023, the decrease in estimate for the provision for site reclamation and closure of $667,943 (2022 - $4,488,040 decrease) was included in the disposals of the Bralorne Gold Project and $312,453 (2022 - $430,778 decrease) to Ladner Lake Project, see note 12.

8. EXPLORATION AND EVALUATION ASSETS (continued)

During the year ended December 31, 2022, the Company also recorded a write down related to impairment of mineral properties originally acquired from Sable Resources Ltd., in 2019, in the amount of $797,326, reflecting a recoverable amount of $nil.

Bralorne Gold Camp

Bralorne Gold Project

On December 13, 2019, the Company completed the acquisition of a 100% interest in the Bralorne Gold Project (the "Bralorne Gold Project") located in southwestern British Columbia from Avino Silver & Gold Mines Ltd. ("Avino").

Talisker acquired all of the common shares of Bralorne Gold Mines Ltd. ("Bralorne"), Avino's wholly owned subsidiary which owns the Bralorne Gold Project. The purchase consideration included 1,258,000 common share purchase warrants ("warrants"), with each warrant being exercisable at $1.25 for a period of three years from closing, subject to acceleration in the event the closing price of common shares is greater than $1.75 for 20 or more consecutive trading days at any time following April 14, 2020. The warrants were ascribed a fair value of $903,000. In addition, a cash payment of US$2.5 million will be payable to Avino on commencement of commercial production of the Bralorne Gold Project.

The Bralorne Gold Project is subject to certain net smelter return royalties ("NSR") including: (i) an underlying agreement on 12 crown grants in which the Company is required to pay 1.6385% of net smelter proceeds of production from the claims, and pay fifty cents Canadian (C$0.50) per ton of ore produced from these claims if the ore grade exceeds 0.75 ounces per ton gold; (ii) nine claims within the Bralorne Gold Project carry a 1% net smelter returns royalty to a maximum of $250,000 and a 2.5% net smelter returns royalty that can be reduced by 60% to 1% upon the payment of US$750,000 at any time within 10 years following the date of commencement of commercial production.

On December 24, 2019, the Company entered into a definitive royalty purchase agreement and royalty agreement with Bralorne and Osisko Gold Royalties Ltd ("Osisko") for the sale of a 1.2% NSR on all production from the Bralorne Gold Project.

On March 26, 2020, Talisker announced an increase to its land position in the Bralorne Gold Camp with the acquisition of the Royalle property. In connection with the agreement, Talisker paid $60,000 in cash and issued 120,000 common shares of Talisker. The Vendor retained a 1% NSR that Talisker can purchase for $1,000,000.

On March 31, 2020, Talisker announced a further expansion of its land position in the Bralorne Gold Camp with the acquisition of 19 Crown Grant known as the NaiKun Crown Grant mineral claims. On April 15, 2020, under the terms of the purchase agreement, Talisker issued 20,000 shares to the vendor in return for 100% ownership of the Naikun Crown Grants.

On October 30, 2020, the Company closed the acquisition of 17 Crown Granted mineral claims (the "Bralorne Extension Claims"). Under the terms of the purchase agreement, Talisker paid $50,000 in cash and issued 80,000 common shares of Talisker.

On August 10, 2021, the Company acquired the Pioneer Extension claims, contiguous with the main Bralorne Gold Camp comprising 14 mineral claims. Under the terms of the purchase agreement, Talisker paid $80,000 in cash and issued 80,000 shares with a 1% NSR containing a buyback of $500,000 for 100% ownership.

(Expressed in Canadian dollars)

8. EXPLORATION AND EVALUATION ASSETS (continued)

On December 6, 2021, Talisker, along with Bralorne and New Carolin, its wholly-owned subsidiaries, announced it entered into a royalty purchase agreement with Osisko that provided for a one-time cash payment by Osisko of $7.5 million ($4 million related to Ladner Gold Project, $3.3 million related to the Bralorne Gold Project and $0.2 million related to the Golden Hornet Project which resulted in a gain of $108,375) in exchange for the Company granting certain NSR royalties The granted NSR royalties include an increase of a 0.5% royalty on the Bralorne Gold Property increasing Osisko's royalty on that property to 1.7%, the grant of a 1.5% royalty on the Ladner Gold Project and a 1% future royalty on the Golden Hornet Project.

On June 12, 2023 the Company entered into a royalty agreement with Sprott Resource Streaming and Royalty Corp. ("Sprott") in relation to the Company's Bralorne Gold Project whereby Sprott will pay the Company up to US$31,250,000 for a net smelter returns royalty (the "Royalty") covering all minerals produced from the Project (the "Royalty Transaction"). The Royalty Transaction includes:

- A maximum of US$31,250,000, with a minimum consideration of US$18,750,000, payable as to:
    - an initial grant of a 1.12% Royalty for a draw of US$7,000,000 (received) for drilling, detailed engineering and working capital;
    - a further 1.88% Royalty for a subsequent draw of US$11,750,000 on, among other things, the signing of a toll milling agreement for mobilization, site infrastructure, resource conversion drilling and working capital; and
    - up to a further 2% Royalty, to a maximum of a 5% Royalty, for US$12,500,000 available as needed for site infrastructure, mine start-up capital and working capital;

- An option, exercisable solely at the discretion of the Company until December 31, 2028, to repurchase 50% of the Royalty (as more particularly described below);

- The residual Royalty will be reduced by an additional 50% for no additional consideration following 1.5 million ounces of gold production;

Buyback

The Company will have a right, to be satisfied in cash or in shares (subject to a 4.9% ownership limit, calculated at the time of the buyback), at the Company's sole discretion (and subject to prior approval of the Toronto Stock Exchange (the "TSX")), to repurchase a 50% interest of the Royalty for a price that is equal to half of the then-paid Purchase Price multiplied by the multiplier, as follows:

On of before	Multiplier	Based on Minimum 3% Royalty	Based on Maximum 5% Royalty
December 31, 2024	1.20	US$11,250,000	US$18,750,000
December 31, 2025	1.25	US$11,718,750	US$19,531,250
December 31, 2026	1.30	US$12,187,500	US$20,312,500
December 31, 2027	1.35	US$12,656,250	US$21,093,750
December 31, 2028	1.40	US$13,125,000	US$21,875,000

8. EXPLORATION AND EVALUATION ASSETS (continued)

Production Target & Purchase Price Repayment

There is an amount payable under the Royalty agreement by the Company if aggregate sales of contained gold in product is not equal to or greater than 38,000 ounces for the period commencing on July 1, 2026 and ending on December 31, 2026 (inclusive). The Purchase price repayment is calculated as follows:

APP x (T-P)/T) x (1+r)^Q), where:
APP = Aggregate Purchase Price or dollar amount received under the facility.
T = the Target Amount;
P = the aggregate Sales of contained gold in Product during the Sales Testing Period;
r = the Quarterly interest rate of 2.5%; and
Q = the number of Quarter ends that have occurred from the First Closing Date up to (15), and including the last day of the Quarter in which the Sales Testing Period expires.

Participation Right

The Company has granted a five year pre-emptive right (subject to rights previously granted to Osisko Gold Royalties Ltd.) to participate up to a maximum of 40%, or US$40,000,000, in any proposed grant, sale or issuance to any third party of a stream, royalty or similar transaction based on future production from the Project.

As of June 23, 2023, the Company completed the initial draw of US$7,000,000 and has received proceeds in the amount of $9,239,300 (US$7,000,000) less $652,594 in transaction fees which was recorded as a reduction in exploration and evaluation assets for the year ended December 31, 2023.

Congress Property

On April 9, 2020, the Company announced the acquisition of the Congress property. Under the terms of the purchase agreement, Talisker issued 200,000 common shares in return for 100% ownership of the Congress property.

Big Sheep Property

The Big Sheep property is located at the northwest extreme of the Remington property and was acquired in January 2020 with the payment of $40,000 in cash and the issuance of 50,000 common shares.

Remington Property

The Remington property is located in central British Columbia near the town of Goldbridge. The property was staked by Talisker and consists of 22 mineral titles.

8. EXPLORATION AND EVALUATION ASSETS (continued)

Northern and Southern BC Properties

Acquisition of Northern and Southern BC properties from Sable Resources Ltd.

On January 24, 2019, the Company entered into an asset purchase agreement to acquire Sable Resources Ltd.'s ("Sable") mineral resource properties located in the Province of British Columbia and certain related assets (the "Acquired Properties") in exchange for paying Sable $500,000 in cash and issuing Sable 6,000,000 post-consolidation shares at the time of closing and granting Sable, on the closing date, a 1.0% net smelter return royalty on each of the Acquired Properties and assuming certain liabilities relating to the Acquired Properties (the "Transaction").

The Acquired Properties included several early to advanced stage projects including in the Toodoggone region of northern British Columbia, the past producing Baker Gold Project; the Shasta Mine and Baker mill infrastructure and equipment; the Chappelle (Baker and Multinational Mines) property; the Mets lease; the Bot property and in south central British Columbia, the Spences Bridge property, the Blue Jay property, the Sauchi Creek property, the Tulameen property and the Tulox property.

A description of the Acquired Properties and additional properties acquired by the Company post the Transaction follows.

Northern BC Properties

Baker Gold Project and Mets Lease

The Baker Gold Project is located in the Toodoggone region, British Columbia. The Baker Gold Project consists of 53 mineral claims, and two mining leases that encompass the past-producing Dupont-Baker 'A' and Multinational 'B' underground gold-silver mines and the past-producing Shasta open pit/underground gold-silver mine, and the Baker mill and tailings storage facility.

The Mets Lease is located north of the Baker and Multinational Mines.

Sale of Northern BC Properties to TDG Gold Corp

On December 11, 2020, the Company sold the Northern BC properties to TDG Gold. As part of the Purchase Agreement TDG Gold acquired the Baker Project, the Shasta Mine and the Baker mill infrastructure and equipment; the Chappelle property, the Mets lease, and the Bot property.

Southern BC Properties

Spences Bridge Gold Project

The Spences Bridge Gold Project consists of a land package located in the Spences Bridge Gold Belt in southern British Columbia and comprises ground staked by the Company which are subject to a 2.5% net smelter royalty.

8. EXPLORATION AND EVALUATION ASSETS (continued)

Blustry Mountain Property

On June 18, 2019, the Company entered into purchase agreements for the Blustry Mountain property which now forms part of the Spences Bridge Gold Project. The four mineral claims were purchased in exchange for cash payments of $30,000 (paid), the issuance of 44,000 common shares of Talisker (issued) valued at $31,900 and, in the case of three of the minerals claims, a 1% net smelter royalty (NSR). Talisker has the right to purchase 50% of the NSR for $500,000.

Dora-Merritt Option Agreement

On May 31, 2019, Talisker entered into a purchase agreement for the Dora-Merritt property which encompasses six mineral claims, and provides the Company with an option to acquire 100 per cent of the Dora-Merritt property mineral claims. Under the term of the option agreement, Talisker paid $10,000 in cash and has agreed to pay $10,000 and 10,000 common shares of Talisker on May 31, 2020, and May 31, 2021; $20,000 and 10,000 common shares of Talisker on May 31, 2022; $50,000 and 30,000 common shares of Talisker on May 31, 2023; and to spend a minimum of $50,000 per year over five years. The option agreement is also subject to a share bonus of one common share per ounce of gold equivalent in the inferred or greater category to a maximum of 50,000 common shares and a 2% NSR. Talisker has the right to purchase 50% of the NSR for $1,000,000.

Blue Jay Property (part of WCGG Properties)

The Blue Jay property consists of five claim blocks located north of Rock Creek, British Columbia.

Golden Hornet Property

On January 28, 2020, the Company entered into an option agreement for the Golden Hornet comprising 13 mineral claims that are contiguous to the Company's existing Blue Jay property which option agreement was completed January 28, 2024. Over the term of the option agreement, Talisker acquired 100% of the Golden Hornet property in exchange for payments totaling $145,000 in cash and 115,000 common shares and the expenditure of $60,000 per year over four years. The option agreement is also subject to a share bonus of one common share per ounce of gold equivalent in the inferred or greater category to a maximum of 40,000 common shares and a 2% NSR. Talisker has the right to purchase 100% of the NSR for $1,000,000.

SC Property

On June 18, 2020, the Company announced that it had entered into a definitive purchase agreement with an arm's length vendor to purchase the SC Property which is contiguous to the Dora Gold Project. Under the terms of the purchase agreement, Talisker paid $30,000 cash and issued 30,000 shares to the vendor along with a 1% NSR in return for 100% ownership of the SC Property. The NSR can be purchased by Talisker for $500,000. The common shares issued will be subject to a four month hold period pursuant to applicable securities laws.

Lola Property

The Lola property is located in southern British Columbia near Lillooet and consists of four mineral claims. The first mineral claim was staked in April 2019 and the final three claims were staked by the Company in August 2019.

(Expressed in Canadian dollars)

8. EXPLORATION AND EVALUATION ASSETS (continued)

Ladner Gold Project

Acquisition of New Carolin Gold Corp.

On September 16, 2021, the Company completed the acquisition of a 100% interest in the Ladner Gold Project (the "Ladner Gold Project") located in southwestern British Columbia through the acquisition of 100% of the outstanding share capital of New Carolin Gold Corp. ("New Carolin").

Upon completion of the acquisition, the Company has 100% of the legal and beneficial ownership of the 144-square kilometre Ladner Gold Project contiguous land package, which includes the former producing Carolin Mine.

9. INVESTMENT IN ASSOCIATE

On December 11, 2020, The Company sold several properties to TDG Gold resulting in the issuance to Talisker of 18,973,699 TDG Gold Shares.

Due to these shareholdings and the director it appointed to the board of TDG Gold, the Company determined that it had significant influence over TDG Gold and accounted for its investment as an Investment in Associate using the equity basis of accounting.

Changes in the investment in associate for the years ended December 31, 2023 and 2022 were as follows:

Balance – December 31, 2021	**$ 1,332,266**
Proportionate share of net loss	(749,073)
Shares sold	(116 ,639)
Reclassification	(466,554)
Balance – December 31, 2022 and December 31, 2023	**$ -**

During April 2022, the Company determined it no longer had significant influence, as such, the investment was reclassified to marketable securities. As at December 31, 2022, all shares of TDG have been disposed of.

10. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

As at,	**December 31, 2023**	December 31, 2022
Accounts payable	**$ 4,181,410**	$ 1,393,517
Accrued liabilities	**3,013,347**	1,797,237
	$ 7,194,757	$ 3,190,754

(Expressed in Canadian dollars)

11. LEASES PAYABLE

The Company has entered into equipment leases expiring between 2023 and 2026, with interest rates ranging from 4.95% to 9.49% per annum. The Company has the option to purchase the equipment at the end of the lease term for a nominal amount. The Company's obligations under finance leases are secured by the lessor's title to the leased assets.

The contractual maturities and interest charges in respect of the Company's finance lease obligations are as follows:

		December 31, 2023		December 31, 2022
Not later than one year	$	**130,222**	$	279,879
Later than one year and not later than five years		**186,724**		20,296
Less: Future interest charges		**(28,665)**		(12,013)
Present value of lease payments		**288,281**		288,162
Less: current portion		**(111,176)**		(268,134)
Non-current portion	$	**177,105**	$	20,028

Reconciliation of debt arising from lease liabilities:

		December 31, 2023		December 31, 2022
Lease liability at beginning of year	$	**288,162**	$	589,524
Additions		**304,913**		-
Principal payments on lease liabilities		**(304,794)**		(301,362)
	$	**288,281**	$	288,162

12. PROVISION FOR SITE RECLAMATION AND CLOSURE

Provincial laws and regulations concerning environmental protection affect the Company's operations. Under current regulations, the Company is required to meet performance standards to minimize the environmental impact from its activities and to perform site restoration and other closure activities. The Company's provision for future site closure and reclamation costs is based on known requirements.

The breakdown of the provision for site reclamation and closure is as per below:

	December 31, 2023			December 31, 2022		
	Bralorne	New Carolin	Total	Bralorne	New Carolin	Total
Balance, beginning of year	**11,697,368**	**7,279,671**	**18,977,039**	15,784,000	7,528,532	23,312,532
Change in estimate	**(667,943)**	**(312,453)**	**(980,396)**	(4,488,040)	(430,778)	(4,918,818)
Accretion	**385,010**	**239,878**	**624,888**	401,408	181,917	583,325
Balance, end of year	**11,414,435**	**7,207,096**	**18,621,531**	11,697,368	7,279,671	18,977,039

(Expressed in Canadian dollars)

12. PROVISION FOR SITE RECLAMATION AND CLOSURE (continued)

The present value of the obligation for Bralorne of $11,414,435 (December 31, 2022 – $11,697,368) is based on an undiscounted obligation of $44,737,704, out of which $9,471,691 is expected to be incurred in 2040 with the remaining $35,266,013 to be incurred on water treatment and quality monitoring throughout 2140. The provision was calculated using a weighted average risk-free interest rate of 3.02% (December 31, 2022 – 3.3%) and a weighted average inflation rate of 1.62% (December 31, 2022 – 2.1%). Reclamation activities are estimated to begin in 2040 and are expected to be incurred over a period of 100 years.

The present value of the obligation for Ladner Lake of $7,207,096 (December 31, 2022 – $7,279,671) is based on an undiscounted obligation of $12,969,608. The provision was calculated using a weighted average risk-free interest rate of 3.02% (December 31, 2022 – 3.3%) and a weighted average inflation rate of 1.62% (December 31, 2022 – 2.1%). Reclamation activities are estimated to begin in 2024 and are expected to be incurred over a period of 100 years

Reclamation Deposits

The Company is required to make reclamation deposits in respect of its expected site reclamation and closure obligations. The reclamation deposits represent collateral for possible reclamation activities necessary on mineral properties in connection with the permits required for exploration activities by the Company.

	December 31, 2023				December 31, 2022			
	Talisker	**Bralorne**	**New Carolin**	**Total**	Talisker	Bralorne	New Carolin	Total
Balance, beginning of year	**58,300**	**1,190,000**	**220,000**	**1,468,300**	58,300	1,190,000	220,000	1,468,300
Additions	**-**	**-**	**-**	**-**	-	-	-	-
Disposals	**-**	**-**	**-**	**-**	-	-	-	-
Balance, end of year	**58,300**	**1,190,000**	**220,000**	**1,468,300**	58,300	1,190,000	220,000	1,468,300

Under the Ministry of Energy, Mines and Petroleum Resources ("MEM"), the Company is required to hold reclamation bonds that cover the estimated future cost to reclaim the ground disturbed. Bralorne is required to pay $250,000 every six months until a cumulative security equal to $12,300,000. At December 31, 2023, the surety amounted to $3,650,000 and the Company has placed $1,190,000 in cash (December 31, 2022 - $1,190,000), totalling $4,840,000 to cover estimated future costs related to the ground disturbance at the Company's Bralorne Gold Project. As at December 31, 2023 the Company is current with all its obligations with the MEM.

In connection with the Ladner Gold Project, under New Carolin, the Company has a total of $220,000 placed with the Province of British Columbia in environmental and mining bonds.

(Expressed in Canadian dollars)

13. ISSUED CAPITAL

Authorized Unlimited common shares without par value

	December 31, 2023	December 31, 2022
Issued capital	**$ 101,364,157**	$ 98,154,998
Fully paid common shares (1)	**89,148,377**	76,815,897

(1) As at December 31, 2023 and December 31, 2022, there are 50,000 shares awaiting issuance, the proceeds for which were received in 2008 and are included in share capital.

Common Shares Issued

	Number of Shares	Value of Shares
Balance as at December 31, 2021	57,138,106	$ 83,302,460
Issue of shares pursuant to private placement, net of issue costs	19,513,400	18,248,313
Flow through premium liability	-	(3,588,000)
Issue of shares for acquisition of mineral properties (Note 8)	25,000	31,625
Issued pursuant to agreement	87,376	80,000
Exercise of RSU's	52,000	80,600
Balance as at December 31, 2022	76,815,882	$ 98,154,998
Issue of shares pursuant to private placement, net of issue costs	10,974,911	3,031,528
Flow through premium liability	-	(318,000)
Exercise of RSU's	798,683	321,131
Issue of shares for acquisition of mineral properties (Note 8)	60,000	34,500
Issued pursuant to agreement	498,901	140,000
Balance as at December 31, 2023	89,148,377	$ 101,364,157

The shares outstanding presented have been adjusted to reflect the effect of the 5:1 share consolidation that took place on September 1, 2023. Common shares, options, RSUs, warrants and per share amounts have been adjusted for the 5:1 share consolidation unless otherwise noted.

Financings

For the year ended December 31, 2023:

On November 6, 2023, the Company closed a non-brokered private placement for gross proceeds of $3,610,632. In connection with the offering, the Company issued an aggregate of 4,611,733 common share units at a price of $0.30 cents per unit for gross proceeds of $1,383,520, and 6,363,178 flow-through units at a price of $0.35 cents per flow through unit for gross proceeds of $2,227,112.

13. ISSUED CAPITAL (continued)

Each unit and flow through unit consists of one common share of the Company and one-half common share purchase warrant. Each warrant entitles the holder thereof to purchase one common share at an exercise price of $0.50 cents for a period of 2 years from the date of issuance. The warrants were ascribed a fair value of $359,000 which was valued using the Black-Scholes pricing model with the following assumptions: dividend yield 0%; risk free interest 4.45%; volatility 76% and an expected life of 24 months.

The Company also issued 337,680 finders' warrants. Each finder's warrant entitles the holder thereof to purchase one common share at an exercise price of $0.33 cents for a period of 2 years from the date of issuance. The finder warrants were ascribed a fair value of $32,000 which was valued using the Black-Scholes pricing model with the following assumptions: dividend yield 0%; risk free interest 4.45%; volatility 76% and an expected life of 23 months.

In consideration for their services, the Company has paid the agents a cash commission and incurred other closing costs totalling $188,104.

For the year ended December 31, 2022:

On March 2, 2022, the Company closed a bought deal private placement for gross proceeds of $12,535,515. In connection with the offering, the Company issued an aggregate of 5,600,000 common shares at a price of $1.25 for gross proceeds of $7,000,000 and 3,118,600 charity flow-through shares at a price of $1.775 for gross proceeds of $5,535,515.

In consideration for their services, the Company paid the agents a cash commission and incurred other closing costs totalling $792,869.

On August 11, 2022, the Company closed a private placement for gross proceeds of $9,147,360. In connection with the offering, the Company issued an aggregate of 5,679,600 units at a price of $0.80 per unit and 5,115,200 flow-through common shares of the Company at a price of $0.90 per FT Share.

Each unit consists of one common share of the Company and one common share purchase warrant. Each warrant entitles the holder thereof to purchase one common share at an exercise price of $1.20 for a period of 2.5 years from the date of issuance. The warrants were ascribed a fair value of $1,600,000 which was valued using the Black-Scholes pricing model with the following assumptions: dividend yield 0%; risk free interest 3.26%; volatility 74% and an expected life of 30 months.

In consideration for their services, the Company has paid the agents a cash commission and incurred other closing costs totalling $1,041,693.

(Expressed in Canadian dollars)

13. ISSUED CAPITAL (continued)

	December 31, 2023	December 31, 2022
Basic weighted average shares outstanding:	**78,753,320**	68,765,658
Effect of outstanding securities	**-**	-
Diluted weighted average shares outstanding	**78,753,320**	68,765,658

During the year ended December 31, 2022 and 2021, the Company had a net loss, as such, the diluted loss per share calculation excludes any potential conversion of options and warrants that would decrease loss per share.

14. FLOW-THROUGH PREMIUM LIABILITY

For the purposes of calculating the tax effect of any premium related to the issuances of the flow-through shares, the Company reviewed the share price of the Company's common shares and compared it to determine if there was a premium paid on the shares.

Year ended December 31, 2023

For the year ended December 31, 2023, the Company recognized a $318 ,000 as a flow-through premium liability on issuance in connection with private placements closed during the year ended December 31, 2023. The amount will be reduced upon filing of renunciation documents with the Canada Revenue Agency.

During the year ended December 31, 2023, the Company recognized an amount of $1,951,000, in relation to flow-through private placements closed in the prior year and has recorded the gain as income tax recovery upon filing of renunciation documents with the Canada Revenue Agency which occurred during the year ended December 31, 2023.

Year ended December 31, 2022

For the year ended December 31, 2022, the Company recognized a $3,588,000 as a flow-through premium liability on issuance in connection with private placements closed during the year ended December 31, 2022. The amount was reduced upon filing of renunciation documents with the Canada Revenue Agency.

During the year ended December 31, 2022, the Company recognized an amount of $8,623,000, in relation to flow-through private placements closed in the prior year and has recorded the gain as income tax recovery upon filing of renunciation documents with the Canada Revenue Agency which occurred during the year ended December 31, 2022.

(Expressed in Canadian dollars)

15. WARRANTS RESERVE

The following is a summary of changes in warrants:

	Number of Warrants	Weighted average exercise price per warrant	Amount
Balance, December 31, 2021	1,544,495	$ 2.10	$ 4,357,200
Issuance of warrants	5,679,600	1.20	1,600,000
Expiry of warrants	(1,544,495)	2.10	-
Balance, December 31, 2022	5,679,600	$ 1.20	$ 5,957,200
Issuance of warrants	5,487,453	0.50	359,000
Issuance of finders warrants	337,680	0.33	32,000
Balance, December 31, 2023	11,504,733	$ 0.84	$ 6,348,200

As at December 31, 2023, the Company had outstanding warrants as follows:

Expiry Date	Exercise Price	Outstanding and exercisable
November 6, 2025	$0.50	5,487,453
November 6, 2025 – finders warrants	$0.33	337,680
February 11, 2025	$1.20	5,679,600
Balance, December 31, 2023		**11,504,733**

During the year ended December 31, 2022, 122,055 warrants expiring February 4, 2022, 422,089 warrants expiring May 8, 2022 and 1,000,260 warrants expiring August 27, 2022, expired unexercised.

16. SHARE-BASED PAYMENT RESERVE

Stock Option Plan

The Board of Directors of the Company adopted a stock option plan (the “Plan") whereby the aggregate number of common shares reserved for issuance under the Plan, including common shares reserved for issuance under any other share compensation arrangement granted or made available by the Company from time to time, may not exceed 10% of the Company's issued and outstanding common shares. The Plan is administered by the Board of Directors and grants made pursuant to the Plan must at all times comply with regulatory policies.

The terms of any options granted under the Plan are fixed by the Board of Directors and may not exceed a term of five years. The exercise price of the options granted under the Plan is set at the last closing price of the Company’s common shares before the date of grant or in accordance with regulatory requirements.

Each share option converts into one common share of the Company on exercise. No amounts are paid or payable by the recipient on receipt of the option. The options carry neither rights to dividends nor voting rights. Options may be exercised at any time from the date of vesting to the date of their expiry.

(Expressed in Canadian dollars)

16. SHARE-BASED PAYMENT RESERVE (continued)

The following options were outstanding as at December 31, 2023:

Number of options outstanding	Number of exercisable options	Grant date	Expiry date		Exercise price	Fair value vested
150,000	150,000	June 18, 2019	June 18, 2024	$	1.00	73,000
140,000	140,000	December 27, 2019	December 27, 2024	$	1.475	154,000
44,000	44,000	December 11, 2020	December 11, 2025	$	1.650	54,000
44,000	44,000	December 7, 2021	December 7, 2026	$	1.575	48,000
100,000	100,000	October 31, 2022	October 31, 2024	$	0.575	19,000
1,250,000	1,250,000	December 18, 2023	December 28, 2028	$	0.360	347,000
1,728,000	1,728,000					695,000

The options outstanding presented have been adjusted to reflect the effect of the 5:1 share consolidation that took place on September 1, 2023.

The share options outstanding as at December 31, 2023 had a weighted exercise price of $0.58 (December 31, 2022: $1.48) and a weighted average remaining contractual life of 3.89 years (December 31, 2022: 2.59 years).

With the exception of the 100,000 options issued October 31, 2022, all other options vested on their date of issue, and expire within five years of their issue, or 90 days after the resignation of the director, officer, employee or consultant.

Fair value of share options granted in the year ended December 31, 2023

On December 18, 2023, 1,250,000 share options were granted to directors of the Company to acquire the Company's shares at an exercise price of $0.36 until December 18, 2028. These share options had an estimated fair value of $347,000 at grant date, and vest immediately.

The fair value of share options granted in the year ended December 31, 2023 was calculated using the following assumptions:

		Number of Options Granted
		18-Dec-23
		1,250,000
Grant date share price	$	0.355
Exercise price	$	0.360
Expected volatility		107%
Expected option life		2 years
Expected dividend yield		0%
Risk-free interest rate		3.29%

(Expressed in Canadian dollars)

16. SHARE-BASED PAYMENT RESERVE (continued)

Fair value of share options granted in the year ended December 31, 2022

On October 31, 2022, 100,000 share options were granted to a consultant of the Company to acquire the Company's shares at an exercise price of $0.575 until October 31, 2024. These share options had an estimated fair value of $19,000 at grant date, and vested ¼ on every three months for a year following the issuance.

The fair value of share options granted in the year ended December 31, 2022 was calculated using the following assumptions:

		Number of Options Granted
		31-Oct-22
		100,000
Grant date share price	$	0.550
Exercise price	$	0.575
Expected volatility		64%
Expected option life		2 years
Expected dividend yield		0%
Risk-free interest rate		3.92%

Movements in Share Options During the Period

The following reconciles the share options outstanding for the year ended December 31, 2023 and 2022:

	Number of options		Weighted average exercise price
Balance as at December 31, 2021	3,839,000	$	1.53
Granted	100,000	$	0.575
Expired	(342,000)	$	1.81
Balance as at December 31, 2022	3,597,000	$	1.48
Granted	1,250,000	$	0.360
Expired/Cancelled	(3,119,000)	$	1.53
Balance as at December 31, 2023	1,728,000	$	0.58

Restricted Share Units

The Restricted Share Unit Plan (RSU Plan) provides for the grant of restricted share units (each, an "**RSU**") convertible into a maximum number of common shares equal to ten percent (10%) of the number of common shares then issued and outstanding, provided, however, the number of common shares reserved for issuance from treasury under the RSU Plan and pursuant to all other security-based compensation arrangements of the Company shall, in the aggregate, not exceed ten percent (10%) of the number of common shares then issued and outstanding. Any common shares subject to a RSU which has been cancelled or terminated in accordance with the terms of the RSU Plan without settlement will again be available under the RSU Plan. When vested, each RSU entitles the holder to receive, subject to adjustments as provided for in the RSU Plan, one common Share or payment in cash for the equivalent thereof based on the volume weighted average trading price of the common shares on the five trading days immediately preceding the redemption date. The terms and conditions of vesting (if applicable) of each grant are determined by the Board at the time of the grant, subject to the terms of the RSU Plan. RSU awards may, but need not, be subject to performance incentives to reward attainment of annual or long-term performance goals.

(Expressed in Canadian dollars)

16. SHARE-BASED PAYMENT RESERVE (continued)

Any such performance incentives or long term performance goals are subject to determination by the Board and specified in the award agreement.

The Company uses the fair value method to recognize the obligation and compensation expense associated with the RSUs. The fair value of RSUs issued is determined on the grant date based on the market price of the common shares on the grant date multiplied by the number of RSUs granted. The fair value is expensed over the vesting term. Upon redemption of the RSU the carrying amount is recorded as an increase in common share capital and a reduction in the liability.

The following table summarizes changes in the number of RSUs outstanding:

	Number of RSU's
Balance, December 31, 2021	286,000
Exercised	(52,000)
Balance, December 31, 2022	234,000
Granted	808,674
Exercised	(999,339)
Balance, December 31, 2023	43,335

The RSU's outstanding presented have been adjusted to reflect the effect of the 5:1 share consolidation that took place on September 1, 2023.

RSU liability:

As at December 31, 2023 a liability of $9,847 (December 31, 2022 - $114,368) has been recorded for RSUs.

The following table summarizes information about share-based payment reserve:

Balance as at December 31, 2021	$	4,152,000
Share-based expense - options		6,605
Expiry of stock options		(435,360)
Balance as at December 31, 2022	$	3,723,245
Share-based expense - options		359,395
Expiry/cancellation of stock options		(3,387,640)
Balance as at December 31, 2023	$	695,000

(Expressed in Canadian dollars)

17. FINANCIAL INSTRUMENTS

Financial assets and financial liabilities as at December 31, 2023 and 2022 were as follows:

	Fair value through profit of loss	Amortized cost	Other financial liabilities	Total
As at December 31, 2023				
Cash and cash equivalents	$ -	$ 8,461,525	$ -	$ 8,461,525
Reclamation deposits	-	1,468,300	-	1,468,300
Accounts payable and accrued liabilities	-	-	7,194,757	7,194,757
RSU liability	9,847	-	-	9,847
Leases payable	-	-	288,281	288,281
As at December 31, 2022				
Cash and cash equivalents	$ -	$ 5,726,452	$ -	$ 5,726,452
Reclamation deposits	-	1,468,300	-	1,468,300
Accounts payable and accrued liabilities	-	-	3,190,754	3,190,754
RSU liability	114,368	-	-	114,368
Leases payable	-	-	288,162	288,162

The Company classifies its financial instruments carried at fair value according to a three level hierarchy that reflects the significance of the inputs used in making the fair value measurements. The three levels of fair value hierarchy are as follows:

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

The carrying value of cash and cash equivalents, reclamation deposits, accounts payable and accrued liabilities and leases payables approximate fair value because of the limited terms of these instruments.

(Expressed in Canadian dollars)

18. RELATED PARTY DISCLOSURES

The following is a summary of the Company's related party transactions during the years ended December 31, 2023 and 2022:

The Company charged rent and other costs in the amount of $30,000 for the year ended December 31, 2023 (2022 - $131,556) paid by Millennial Precious Metals Corp., a company with certain common directors and officers.

The Company charged rent in the amount of $33,813 for the year ended December 31, 2023 (2022 - $nil) paid by JHI Associates Inc., a company with certain common officers.

The Company incurred operations costs in the amount of $120,702 for the year ended December 31, 2023 (2022 - $169,200) paid to JDS Energy & Mining Inc., a company with certain common former directors.

Compensation of Key Management Personnel of the Company

In accordance with IAS 24, key management personnel, including companies controlled by them, are those persons having authority and responsibility for planning, directing and controlling the activities of the Company directly or indirectly, including any directors (executive and non-executive) of the Company.

The remuneration of directors and key executives is determined by the compensation committee.

The remuneration of directors and other members of key management personnel during the years ended December 31, 2023 and 2022 were as follows:

	December 31, 2023	December 31, 2022
Short term employee benefits, director fees	**$ 2,146,405**	$ 1,763,432
Share based payments	**722,031**	189,786
	$ 2,868,436	$ 1,953,218

As at December 31, 2023, an amount of $131,485 (December 31, 2022 - $491,376) due to key management personnel, was included in accounts payable and accrued liabilities. This amount is unsecured, non-interest bearing and without fixed terms of repayment.

19. CAPITAL MANAGEMENT

The Company manages and adjusts its capital structure based on available funds in order to support its operations. The capital of the Company consists of issued capital, warrant reserve and share-based payment reserve. The Board of Directors does not establish quantitative return on capital criteria for management, but rather relies on the expertise of the Company's management to sustain future development of the business.

Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Company, is reasonable. There were no changes in the Company's approach to capital management in the year ended December 31, 2023. The Company is not subject to externally imposed capital requirements.

(Expressed in Canadian dollars)

20. FINANCIAL RISK FACTORS

The Company's risk exposure and the impact on the Company's financial instruments are summarized below. There have been no material changes in the risks, objectives, policies and procedures from the previous period.

Credit Risk

The Company's credit risk is primarily attributable to cash and cash equivalents and reclamation deposits. Management believes that the credit risk concentration with respect to the cash and cash equivalents and reclamation deposits is minimal.

Liquidity Risk

Liquidity risk is the risk that the Company will not have sufficient cash resources to meet its financial obligations as they come due. The Company's liquidity and operating results may be adversely affected if the Company's access to capital markets is hindered, whether as a result of a downturn in stock market conditions generally or related to matters specific to the Company. As at December 31, 2023, the Company had a cash and cash equivalents balance of $8,461,525 (December 31, 2022 - $5,726,452) to settle current liabilities of $7,315,780 (December 31, 2022 - $3,573,256). Working capital for the Company as at December 31, 2023 was $2,285,565 (December 31, 2022 - $2,856,033).

The maturity profiles of the Company's contractual obligations as at December 31, 2023, are summarized as follows:

	Total	Less than 1 Year	1 to 5 Years	More than 5 Years
Accounts payable and accrued liabilities	$ 7,194,757	$ 7,194,757	$ -	$ -
Leases obligations	316,496	130,222	186,274	-
Provision for site reclamation and closure	18,621,531	-	-	18,621,531
Total	$ 26,132,784	$ 7,324,979	$ 186,274	$ 18,621,531

Market Risk

(a) Foreign Currency Risk

The Company's reporting currency is the Canadian dollar. The functional currency of the Company is the Canadian dollar.

Based on the foreign currency balances at December 31, 2023, a 10% change in foreign exchange rates between the Canadian dollar and these foreign currencies over the next year would affect net income by approximately $300,000 (2022 - $5,000). This analysis only addresses the impact on financial instruments with respect to currency movement and excludes other economic or geo-political implications of such currency fluctuation. In practice, actual results will likely differ from this analysis and the difference may be material.

20. FINANCIAL RISK FACTORS (continued)

The exposure of the Company's financial assets as at December 31, 2023 is as follows:

	CDN Dollar	US Dollar	Total (in CDN dollars)
Financial assets			
Cash and cash equivalents	$ 5,414,726	$ 3,046,799	$ 8,461,525
Amounts receivable	302,172	-	302,172
Reclamation deposits	1,468,300	-	1,468,300
Total	$ 7,185,198	$ 3,046,799	$ 10,231,997
Financial liabilities			
Accounts payable and accrued liabilities	$ 7,187,536	$ 7,221	$ 7,194,757
Leases payable	288,281	-	288,281
	$ 7,475,817	$ 7,221	$ 7,483,038

(b) Commodities Price Risk

The Company is exposed to price risk with respect to commodity prices. Commodity price risk is defined as the potential adverse impact on earnings and economic value due to commodity price movements and volatilities. The Company closely monitors commodity prices, particularly as they relate to gold and silver to determine the appropriate course of action to be taken by the Company.

21. COMMITMENTS AND CONTINGENCIES

Flow-Through Shares

As at December 31, 2023, the Company was committed to spending approximately $1,955,000 to be spent by December 31, 2024 in connection with its flow-through offerings (December 31, 2022 - $3,045,000).

Due to the size, complexity and nature of the Company's operations, various legal, tax, environmental and regulatory matters are outstanding from time to time. By their nature, contingencies will only be resolved when one or more future events occur or fail to occur. The assessment of contingencies inherently involves the exercise of significant judgment and estimates of the outcome of future events.

(Expressed in Canadian dollars)

22. INCOME TAXES

(a) Income Tax Recovery

Major items causing the Company's income tax rate to differ from the Canadian statutory rate of approximately 26.5% (December 31, 2022 – 26.5%) are as follows:

		December 31, 2023		December 31, 2022
Loss from continuing operations before income taxes	**$**	**(14,592,589)**	$	(27,656,361)
Expected income tax recovery based on statutory rate	**$**	**(3,939,999)**	$	(7,467,217)
Adjustments to benefit resulting from:				
Non deductible expenses and other		**166,688**		(90,294)
Release of flow through premium liability		**(1,951,000)**		(8,623,000)
Flow through renunciation		**1,242,994**		7,173,536
Impact of initial grant of royalty		**2,318,411**		
Utilization of previously unrecognized loss carry forwards		**211,906**		383,975
Income tax recovery	**$**	**(1,951,000)**	$	(8,623,000)

(b) Deferred Tax Balance

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

		December 31, 2023		December 31, 2022
Non-capital losses	**$**	**66,458,456**	$	61,536,048
Mineral properties and property, plant and equipment		**6,023,589**		9,331,178
Un-deducted financing costs		**2,060,742**		2,929,753
Provision for site reclamation and closure		**8,615,947**		8,522,791
Capital losses		**1,871,284**		1,871,284
	$	**85,030,018**	$	84,191,054

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

(Expressed in Canadian dollars)

22. INCOME TAXES (continued)

(c) Non-capital Loss Balance

As at December 31, 2023, the Company has estimated non-capital losses for Canadian income tax purposes that may be carried forward to reduce taxable income derived in future years. A summary of these tax losses, and when they expire, is provided below:

2024	499,000
2025	1,365,000
2026	821,000
2027	1,027,000
2028	1,891,000
2029	3,972,000
2030	2,801,000
2031	3,841,000
2032	2,614,000
2033	1,383,000
2034	1,019,000
2035	2,712,000
2036	989,000
2037	1,993,000
2038	4,178,000
2039	12,266,000
2040	8,197,000
2041	7,312,000
2042	15,160,000
2043	5,250,000
	79,290,000

23. EVENTS AFTER THE REPORTING PERIOD

On March 12, 2024, through its 100% owned subsidiary Bralorne Gold Mines Ltd. (“Bralorne”), the Company announced the signing of a definitive Ore Purchase Agreement (the “Ore Purchase Agreement”) with New Gold Inc. (“New Gold”). As part of the Ore Purchase Agreement, New Gold will purchase up to 350,000 tonnes of material mined at Bralorne and process it at their mill located at its New Afton mine. The Ore Purchase Agreement can be extended by mutual agreement by New Gold and Talisker.