Financial Statements of

SILVER CROWN ROYALTIES INC.

Year ended December 31, 2022 and the period from incorporation August 23, 2021 to December 31, 2021

(Expressed in Canadian dollars)

Zeifmans

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of Silver Crown Royalties Inc.

Opinion

We have audited the financial statements of Silver Crown Royalties Inc. (the "Company"), which comprise the statements of financial position as at December 31, 2022, and 2021, and the Statement of net income (loss) and comprehensive income (loss), changes in shareholders' equity and cash flows for the year ended December 31, 2022 and the period from incorporation August 23, 2021 to December 31, 2021, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2022, and 2021 and its financial performance and its cash flows for the year ended December 31, 2022 and the period from incorporation August 23, 2021 to December 31, 2021, in accordance with International Financial Reporting Standards ("IFRS").

Basis for Opinion

We conducted our audits in accordance with Canadian generally accepted auditing standards ("GAAS"). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Material Uncertainty Related to Going Concern

We draw attention to Note 1 in the financial statements, which indicates that the Company incurred a net loss of $224,109 for the year ended December 31, 2022 and, as of that date, had an accumulated deficit of $224,109. As stated in Note 1, these events and conditions, along with other matters as set forth in Note 1 indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

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

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

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

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

Zeifmans

Auditor's Responsibilities for the Audit of the Financial Statements

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

As part of an audit in accordance with GAAS, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to audits in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

Zeifmans LLP

Toronto, Ontario
October 12, 2023

Chartered Professional Accountants
Licensed Public Accountants

SILVER CROWN ROYALTIES INC.

Statements of Financial Position
As at December 31, 2022 and 2021
(Expressed in Canadian dollars)

	Notes	2022	2021
		$	$
ASSETS			
Current assets			
Cash		44,728	-
Term deposit	4	101,163	-
Accounts receivable		5,000	1,000
TOTAL ASSETS		**150,891**	**1,000**
LIABILITIES			
Current liabilities			
Accrued liabilities		10,000	-
TOTAL LIABILITIES		**10,000**	**-**
SHAREHOLDERS' EQUITY			
Share capital	5	365,000	1,000
Retained earnings (deficit)		(224,109)	-
TOTAL SHAREHOLDERS' EQUITY		**140,891**	**1,000**
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		**150,891**	**1,000**

General information and going concern (note 1)
Subsequent events (note 10)

These financial statements were approved by the Board of Directors of the Company on October 12, 2023, and signed on their behalf by:

Director

Director

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

SILVER CROWN ROYALTIES INC.

Statement of Net Income (Loss) and Comprehensive Income (Loss)
For the year ended December 31, 2022 and the period from incorporation August 23, 2021 to December 31, 2021
(Expressed in Canadian dollars)

	Notes	2022	2021
		$	$
Expenses			
Consulting fees	5, 7	200,000	-
Marketing and business development		15,882	-
Professional fees		10,000	-
Total expenses		225,882	-
Other income			
Interest		1,773	-
Net income (loss) and comprehensive income (loss)		(224,109)	-

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

SILVER CROWN ROYALTIES INC.

Statement of Changes in Shareholders' Equity
For the year ended December 31, 2022 and the period from incorporation August 23, 2021 to December 31, 2021
(Expressed in Canadian dollars)

	Number of common shares	Share capital	Retained earnings (deficit)	Total
		$	$	$
Balance on August 23, 2021	-	-	-	-
Issue of founder shares	20,000	1,000	-	1,000
Net income and comprehensive income	-	-	-	-
Balance on December 31, 2021	20,000	1,000	-	1,000
Issue of shares under founders' round	3,280,000	164,000	-	164,000
Issue of shares for services	4,000,000	200,000	-	200,000
Net loss and comprehensive loss	-	-	(224,109)	(224,109)
Balance on December 31, 2022	7,300,000	365,000	(224,109)	140,891

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

SILVER CROWN ROYALTIES INC.

Statements of Cash Flows
For the year ended December 31, 2022 and the period from incorporation August 23, 2021 to December 31, 2021
(Expressed in Canadian dollars)

	2022	2021
	$	$
Cash flows from operating activities		
Net loss	(224,109)	-
Adjustments for non-cash items:		
Interest income	(1,773)	-
Consulting expenses	200,000	-
	(25,882)	-
Changes in non-cash working capital:		
Accounts receivable	(4,000)	(1,000)
Accrued liabilities	10,000	-
Net cash used in operating activities	(19,882)	(1,000)
Cash flows from investing activities		
Investment in term deposit	(100,000)	-
Interest received	610	-
Net cash used in investing activities	(99,390)	-
Cash flows from financing activities		
Proceeds from issuance of founders' shares	164,000	1,000
Net cash provided by financing activities	164,000	1,000
Net increase in cash	44,728	-
Cash, beginning of the period	-	-
Cash, end of the period	44,728	-

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

1. General information and going concern

Silver Crown Royalties Inc. ("Silver Crown" or the "Company") is an entity formed under the laws of the Province of Ontario, Canada by articles of incorporation dated August 23, 2021. Silver Crown is a royalty and streaming investment company primarily in the silver metal space. The Company's registered office is at First Canadian Place 6200-100 King Street West Toronto Ontario.

These financial statements were prepared on a going concern basis of accounting, which assumes that the Company will continue operations for the foreseeable future and be able to realize the carrying value of its assets and discharge its liabilities and commitments in the normal course of business. The Company does not generate revenue from operations and incurred a net loss of $224,109 for the year ended December 31, 2022. These conditions indicate the existence of material uncertainties that cast significant doubt on the Company's ability to continue as a going concern. The Company will need to raise capital in order to fund its operations. To address its financing requirements, management has been able to raise sufficient new equity to finance its operations and will need to continue to do so to fund operations in the future. Should the Company no longer be able to continue as a going concern, certain assets and liabilities may require restatement on a liquidation basis, which may differ materially from the going concern basis. No adjustments to the carrying values of the assets and liabilities have been made in these financial statements.

2. Significant accounting policies

(a) Statement of compliance

These financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board ("IASB"), and Interpretations of the International Financial Reporting Interpretation Committee ("IFRIC"). The accounting policies set out below were consistently applied to all periods presented unless otherwise noted.

These financial statements were approved and authorized by the Board of Directors of the Company on October 12, 2023. The Board of Directors has the power to amend the financial statements after issue.

(b) Basis of measurement

These financial statements have been prepared on an accrual basis and are based on historical cost.

(c) Functional and presentation currency

These financial statements are presented in Canadian dollars ("dollar"), which is the Company's functional and presentation currency. All amounts have been rounded to the nearest dollar, unless otherwise indicated.

(d) Cash and term deposit

Cash consists of bank balances held in Canadian financial institutions. As at December 31, 2022, and 2021, the Company did not have any cash equivalents.

Guaranteed Investment Certificates with original maturity of more than three months are presented as term deposits and stated at amortized cost.

(e) Financial instruments

Financial assets

Recognition and initial measurement

The Company recognizes financial assets when it becomes a party to the contractual provisions of the instrument. Financial assets are measured initially at their fair value plus, in the case of financial assets not subsequently measured at fair value through profit or loss, transaction costs that are directly attributable to their acquisition. Transaction costs attributable to the acquisition of financial assets subsequently measured at fair value through profit or loss are expensed in profit or loss when incurred.

Classification and subsequent measurement

On initial recognition, financial assets are classified as subsequently measured at amortized cost, fair value through other comprehensive income ("FVOCI") or fair value through profit or loss ("FVTPL"). The Company determines the classification of its financial assets, together with any embedded derivatives, based on the business model for managing the financial assets and their contractual cash flow characteristics. Financial assets are classified as follows:

- Designated at fair value through profit or loss (FVTPL) – On initial recognition, the Company may irrevocably designate a financial asset to be measured at fair value through profit or loss in order to eliminate or significantly reduce an accounting mismatch that would otherwise arise from measuring assets or liabilities, or recognizing the gains and losses on them, on different bases. All interest income and changes in the financial assets' carrying amount are recognized in profit or loss.
- Amortized cost - Assets that are held for collection of contractual cash flows where those cash flows are solely payments of principal and interest are measured at amortized cost. Interest revenue is calculated using the effective interest method and gains or losses arising from an impairment, foreign exchange and derecognition are recognized in profit or loss.
- Fair value through other comprehensive income - Assets that are held for collection of contractual cash flows and for selling the financial assets, and for which the contractual cash flows are solely payments of principal and interest, are measured at fair value through other comprehensive income. Interest income calculated using the effective interest method and gains or losses arising from impairment and foreign exchange are recognized in profit or loss. All other changes in the carrying amount of the financial

assets are recognized in other comprehensive income. Upon derecognition, the cumulative gain or loss previously recognized in other comprehensive income is reclassified to profit or loss.

- Mandatorily at fair value through profit or loss - Assets that do not meet the criteria to be measured at amortized cost, or fair value through other comprehensive income, are measured at fair value through profit or loss. All interest income and changes in the financial assets' carrying amount are recognized in profit or loss.

Classification and measurement of the financial instruments is as follows:

Financial instrument	**Classification**
Cash	Amortized cost
Term deposit	Amortized cost
Accounts receivable	Amortized cost
Accrued liabilities	Amortized cost

Write-off

Financial assets are written off (either partially or in full) when there is no realistic prospect of recovery. This is generally the case when the Company determines that the counterparty does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Company's procedures for recovery of amounts due.

Business model assessment

The Company assesses the objective of its business model for holding a financial asset at a level of aggregation that best reflects the way the business is managed, and information is provided to management. Information considered in this assessment includes stated policies and objectives.

Contractual cash flow assessment

The cash flows of financial assets are assessed as to whether they are solely payments of principal and interest on the basis of their contractual terms. For this purpose, 'principal' is defined as the fair value of the financial asset on initial recognition. 'Interest' is defined as consideration for the time value of money, the credit risk associated with the principal amount outstanding, and other basic lending risks and costs. In performing this assessment, the Company considers factors that would alter the timing and amount of cash flows such as prepayment and extension features, terms that might limit the Company's claim to cash flows, and any features that modify consideration for the time value of money.

Impairment of financial assets

The Company assesses all information available, including on a forward-looking basis the expected credit losses (ECL) associated with any financial assets carried at amortized cost.

- A maximum 12-month allowance for ECL is recognized from initial recognition reflecting the portion of lifetime cash shortfalls that would result if a default occurs in the 12 months after the reporting date, weighted by the risk of a default occurring.
- A lifetime ECL allowance is recognized if a significant increase in credit risk is detected subsequent to the instruments initial recognition reflecting lifetime cash shortfalls that would result over the expected life of a financial instrument.
- A lifetime ECL allowance is recognized for credit impaired financial instruments.

The Company assumes that the credit risk on a financial asset has increased significantly if it is more than 30 days past due. The Company considers a financial asset to be in default when the borrower is unlikely to pay its credit obligations to the Company in full or when the financial asset is more than 90 days past due.

The carrying amount of a financial asset is written off (either partially or in full) to the extent that there is no realistic prospect of recovery. This is generally the case when the Company determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts.

Derecognition of financial assets

The Company derecognizes financial assets only when the contractual rights to cash flows from the financial assets expire, or when it transfers the financial assets and substantially all the associated risks and rewards of ownership to another entity. Gains and losses on derecognition are generally recognized in the statements of income (loss) and comprehensive income (loss).

Financial instruments recorded at fair value

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

- Level 1 - valuation based on quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2 - valuation techniques based on inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- Level 3 - valuation techniques using inputs for the asset or liability that are not based on

observable market data (unobservable inputs).

Financial liabilities

Recognition and initial measurement

The Company recognizes a financial liability when it becomes a party to the contractual provisions of the instrument. At initial recognition, the Company measures financial liabilities at their fair value plus transaction costs that are directly attributable to their issuance, except for financial liabilities subsequently measured at fair value through profit or loss for which transaction costs are immediately recorded in profit or loss. Where an instrument contains both a liability and equity component, these components are recognized separately based on the substance of the instrument, with the liability component measured initially at fair value and the equity component assigned the residual amount after deducting from the fair value of the instrument as a whole the amount separately determined for the liability component.

Classification and subsequent measurement

Subsequent to initial recognition, all financial liabilities are measured at amortized cost using the effective interest rate method. Interest, gains and losses relating to a financial liability are recognized in profit or loss. Financial liabilities measured at amortized cost are comprised of accrued liabilities.

Derecognition of financial liabilities

The Company derecognizes a financial liability only when its contractual obligations are discharged, cancelled or expire.

(f) Provisions

Provisions are recognized when the Company has a present obligation (legal or constructive) that has arisen as a result of a past event, it is probable that a future outflow of resources will be required to settle the obligation, and a reliable estimate of the amount of the obligation can be made. Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognized as interest expense. A provision for onerous contracts is recognized when the expected benefits to be derived by the Company from a contract are lower than the unavoidable cost of meeting its obligations under the contract.

(g) Income taxes

Income taxes are comprised of current and deferred balances and are recognized in income (expense) except to the extent that the taxes relate to a business combination, or to items recognized directly in equity or in comprehensive income (loss). Current and deferred taxes are charged or credited to other comprehensive income (loss) if the tax relates to items that are credited or charged, in the same or a different period, to other comprehensive income (loss).

Current income taxes are recognized for the estimated income taxes payable or receivable on taxable income or loss for the current year and any adjustments to income tax payable in respect of previous years. Current income taxes are determined using tax rates and laws that have been enacted or substantively enacted by the year-end date.

Deferred income taxes are calculated by measuring the temporary differences arising between the tax basis of an asset or liability and its carrying value. Deferred income tax assets or liabilities are calculated using enacted or substantively enacted income tax rates expected to apply in the period in which the temporary differences are expected to be recovered or settled.

The effect on deferred tax assets and liabilities of a change in tax rates is recognized in the statement of net income (loss) and comprehensive income (loss)in the period that substantive enactment occurs.

Recognition of a deferred tax asset for unused tax losses, tax credits and deductible temporary differences is recognized to the extent that it is probable that future taxable income will be available against which the deductible temporary difference can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that all or part of the related tax benefit will be realized.

(h) Share capital

Share capital is presented at the fair value of the shares issued. Costs related to the issuance of shares are reported in equity, net of income tax, as a deduction from the issuance proceeds.

(i) Related party transactions

Parties are considered to be related if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions. Parties are also considered to be related if they are subject to common control. Related parties may be individuals or entities. A transaction is considered to be a related party transaction when there is transfer of resources or obligations between related parties.

(j) New Standards, Amendment and Interpretation Not Yet Adopted

<u>IAS 1, Presentation of Financial Statements ("IAS 1") - Classification of Liabilities as Current or Non-Current</u>

In January 2020, the IASB issued amendments to IAS 1. The amendments aim to promote consistency in applying the requirements by helping companies determine whether, in the statements of financial position, debt and other liabilities with an uncertain settlement date should be classified as current (due or potentially due to be settled within one year) or non-current. The amendments include clarifying the classification requirements for debt a company might settle by converting it into equity. The amendments are effective for annual reporting periods beginning on or after January 1, 2024, with earlier application permitted. The Company is still assessing the impact of adopting these amendments on its financial statements.

Amendments to IAS 1 and IFRS Practice Statement 2

In February 2021, the IASB issued amendments to IAS 1 and IFRS Practice Statement 2, Making Materiality Judgements, in which it provides guidance and examples to help entities apply materiality judgements to accounting policy disclosures. The amendments aim to help entities provide accounting policies disclosures that are more useful by replacing the requirement for entities to disclose "significant" accounting policies with a requirement to disclose their "material" accounting policies and adding guidance on how entities apply the concept of materiality in making decisions about accounting disclosures. The amendments to IAS 1 are applicable for annual periods beginning on or after January 1, 2023, with earlier application permitted. Since the amendments to IFRS Practice Statement 2 provide non-mandatory guidance on the application of the definition of material to accounting policy information, an effective date for these amendments is not necessary. The amendments are not expected to have a material impact on the Company's financial statements.

IAS 8, Accounting Policies, Changes in Accounting Estimates and Errors ("IAS 8") - Definition of Accounting Estimates

In February 2021, the IASB issued amendments to IAS 8. The amendment will require the disclosure of material accounting policy information rather than disclosing significant accounting policies and clarifies how to distinguish changes in accounting policies from changes in accounting estimates. Under the new definition, accounting estimates are "monetary amounts in financial statements that are subject to measurement uncertainty". The amendment provides clarification to help entities to distinguish between accounting policies and accounting estimates. The amendments are effective for annual periods beginning on or after January 1, 2023. The Company has determined that adoption of these amendments has no significant effect on the Company's financial statements.

IAS 12, Income Taxes ("IAS 12") - Deferred Tax related to Assets and Liabilities Arising from a Single Transaction

In May 2021, the IASB issued amendments to IAS 12. The amendment narrows the scope of the initial recognition exemption so that it does not apply to transactions that give rise to equal taxable and deductible temporary differences. As a result, companies will need to recognize a deferred tax asset and deferred tax liability for temporary differences arising on initial recognition of transactions such as leases and decommissioning obligations. The amendments are effective for annual reporting periods beginning on or after January 1, 2023, and are to be applied retrospectively.

All other IFRSs and amendments issued but not yet effective have been assessed by the Company and are not expected to have a material impact on the Company's financial statements.

3. Use of management estimates, judgments and measurement uncertainty

The preparation of financial statements in conformity with IFRS requires management to make certain estimates, judgments and assumptions concerning the future. Actual results may differ from these estimates. The Company's management reviews these estimates, judgments, and assumptions on an ongoing basis, based on experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Revisions to estimates are adjusted prospectively in the period in which the estimates are revised. The following are deemed to be critical accounting estimates by management for the year ended December 31, 2022, as these require a high level of subjectivity and judgement and could have a material impact on Silver Crown's financial statements.

(a) Deferred tax assets

Deferred tax assets, including those arising from un-utilized tax losses, require management to assess the likelihood that the Company will generate sufficient taxable earnings in future periods in order to utilize recognized deferred tax assets. Assumptions about the generation of future taxable profits depend on management's estimates of future cash flows. In addition, future changes in tax laws could limit the ability of the Company to obtain tax deductions in future periods. To the extent that future cash flows and taxable income differ significantly from estimates, the ability of the Company to realize the net deferred tax assets recorded at the reporting date could be impacted.

(b) Going concern

These financial statements have been prepared on the assumption that the Company will continue as a going concern, meaning it will continue in operation for the foreseeable future and will be able to realize assets and discharge liabilities in the ordinary course of operations. Management routinely plans future activities including forecasting future cash flows and forming judgements collectively with the directors of the Company.

(c) Provisions

Accounting for provisions including assessments of possible legal contingencies requires judgement whether a present obligation is probable. The nature and type of risks for these provisions differ and judgement is applied regarding the nature and extent of obligations in deciding if an outflow of resources is probable or not.

(Expressed in Canadian dollars)

4. Term deposit

		2022	2021
Term deposit and accrued interest thereon	$	101,163	-

It represents a Guaranteed Investment Certificate with an original maturity of twelve months with an annual interest of 2.05%.

5. Share capital

(a) Authorized share capital

The Company is authorized to issue an unlimited number of common shares with no par value. As at December 31, 2022, the Company had 7,300,000 common shares (2021: 20,000 common shares) issued and outstanding.

(b) Issuance of shares

- During the year ended December 31, 2021, the Company issued 20,000 shares at a nominal price of $0.05 per share to the founding shareholders for aggregate proceeds of $1,000.
- During the year ended December 31, 2022, the Company completed a non-brokered private placement issuing a total of 3,300,000 founder shares at a nominal price of $0.05 per share for aggregate gross proceeds of $165,000.
- During the year ended December 31, 2022, the Company issued a total of 4,000,000 common shares at a price of $0.05 for services rendered by key management personnel.

6. Income taxes

A reconciliation between tax expense and the product of accounting loss multiplied by the Company's domestic tax rate for the year ended December 31, 2022, and the period from incorporation August 23, 2021, to December 31, 2021, is as follows:

		2022	2021
Net loss before income taxes	$	(224,109)	-
Statutory Canadian tax rate		26.50%	-
Expected income tax recovery based on statutory rate		59,389	-
Change in unrecognized deferred tax assets		(59,389)	-
	$	-	-

(Expressed in Canadian dollars)

The significant components of the Company's deferred tax assets, resulting from temporary differences, unused tax losses, that have not been included on the statements of financial position, are as follows:

		2022	2021
Non-capital loss carried forward	$	59,389	-
Less: valuation allowance		(59,389)	-
	$	-	-

These deferred tax assets have not been recognized because it is not probable that future taxable profit will be available against which the Company will be able to use these potential benefits.

As at December 31, 2022, the Company has non-capital losses in Canada, which under certain circumstances can be used to reduce the taxable income of future years. The non-capital losses expire as follows:

		Amount
2042	$	224,109

7. Related party balances and transactions

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Company, directly or indirectly. Key management personnel include the Company's executive officers and members of the board of directors.

The Company incurred the following transactions with related parties during the year ended December 31, 2022:

- The Company incurred consulting fees in the amount of $200,000 (2021 - $nil) to key management personnel or the corporations controlled by key management personnel of the Company which were settled by issuing shares at $0.05 per share.

8. Capital management

The Company's objectives for managing capital are:

(i) to maintain a flexible capital structure which optimizes the cost/risk equation; and
(ii) to manage capital in a manner that maximizes the interests of stockholder.

The Company considers capital as the total equity disclosed on the statement of financial position.

Management does not establish quantitative return on capital criteria, however management reviews its capital management approach on an on-going basis and believes that this approach, given the relative size of the Company, is appropriate. As at December 31, 2022, and 2021, the Company was not subject to any externally imposed capital requirements.

(Expressed in Canadian dollars)

9. Financial instruments and associated risks

(a) Fair value

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date in the principal or, in its absence, the most advantageous market to which the Company has access at that date. The fair value of a liability reflects its non-performance risk.

Following is the summary of the financial instruments as at December 31, 2022, and 2021:

		Total
2022		
Financial assets:		
Cash	$	44,728
Term deposit		101,163
Accounts receivable		5,000
	$	150,891
Financial liabilities:		
Accrued liabilities	$	10,000
	$	10,000
2021		
Financial assets:		
Accounts receivable	$	1,000
	$	1,000

There were no financial liabilities as at December 31, 2021. The carrying values of financial instruments and fair value amounts of all the Company's financial instruments approximate their fair values as at December 31, 2022, and 2021.

(b) Risk management

A summary of the Company's risk exposures as it relates to financial instruments are reflected below:

(i) Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in market prices. Market risk comprises three types of risk: interest rate risk, foreign currency risk and other price risk.

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. As at December 31, 2022, the Company has determined its exposure to interest rate risk is minimal.

Foreign currency risk

Foreign currency risk is the risk that changes in foreign exchange rates may have an effect on future cash flows associated with financial instruments. The Company is not exposed to significant foreign currency risk as most of its financial instruments are not denominated in currencies other than its functional currency.

Other price risk

Other price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices, other than those arising from interest rate risk or foreign currency risk. The Company is not exposed to significant other price risk.

(ii) Credit risk

Credit risk is the risk of financial loss to the Company if a customer or a counterparty to a financial instrument fails to meet its contractual obligations. The Company's exposure to credit risk is limited to its cash, term deposit and accounts receivable.

Cash and term deposit are held with a reputable financial institution and are closely monitored by management. As at December 31, 2022, the Company has $nil (2021 - $nil) of impaired accounts receivable. The carrying amount of financial assets represents the maximum credit exposure.

(iii) Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Company's approach to managing liquidity is to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when they are due, without incurring unacceptable losses or risking damage to the Company's reputation.

The Company's liquidity and operating results may be adversely affected if the Company's access to the capital market is hindered, whether as a result of a downturn in stock market conditions generally or related to matters specific to the Company. During 2022 and 2021, the Company generated cash flow primarily from its financing activities.

(Expressed in Canadian dollars)

The following are the remaining undiscounted contractual maturities of financial liabilities at December 31:

		Carrying value	less than 6 months	7 - 12 months	Over 12 months
2022					
Accrued liabilities	$	10,000	10,000	-	-
	$	10,000	10,000	-	-

There were no financial liabilities as at December 31, 2021.

10. Subsequent events

(a) During the period from May 05, 2023, to June 15, 2023, the Company completed a non-brokered private placement in tranches, consisting of 16,520,500 units at a unit price of $0.20 per unit for an aggregate amount of $3,304,100. Each unit consisted of one common share and one-half of one common share purchase warrant at an exercise price of $0.40 for a period of two years following the closing. In connection with this private placement, where applicable, the Company paid a cash finder fee of 8% and issued broker warrants equal to 8% of the aggregate number. of units sold by the broker with an exercise price of $0.40 for a period of two years from the closing.

(b) During May 2023, the Company entered into royalty purchase agreements with Gold Mountain Mining Corp. (“GMTN”), whereby the Company purchased a royalty on 90% of the aggregate gross proceeds of silver sold from GMTN’s Elk Gold project located in British Columbia, Canada for a cash consideration of $2,500,000 and issuing 250,000 units. Each unit consisted of one common share and one-half of one common share purchase warrant at an exercise price of $0.40 for a period of two years following the closing. During July 2023, the Company paid an additional $500,000 to GMTN as a baseline silver production bonus since GMTN achieved a certain increase in its baseline silver production as outlined in respective royalty agreements.

(c) During the period from July 21, 2023, to October 06, 2023, the Company completed the second tranche of an ongoing non-brokered private placement, consisting of cumulative 3,051,250 units at a unit price of $0.40 per unit for aggregate gross proceeds of $1,220,500. Each unit consisted of one common share and one-half of one common share purchase warrant at an exercise price of $0.80 for a period of three years following the closing. In connection with this private placement, where applicable, the Company paid a cash finder fee of 8% and issued broker warrants equal to 8% of the aggregate number of units sold by the broker with an exercise price of $0.40 for a period of three years from the closing.