Stratabound
MINERALS CORP.

Consolidated Financial Statements

For the Years Ended December 31, 2022 and 2021

(Expressed in Canadian dollars)

McGovern Hurley

Audit. Tax. Advisory.

Independent Auditor's Report

To the Shareholders of Stratabound Minerals Corp.

Opinion

We have audited the consolidated financial statements of Stratabound Minerals Corp. and its subsidiaries (the "Company"), which comprise the consolidated statement of financial position as at December 31, 2022, and the consolidated statement of loss and comprehensive loss, consolidated statement of changes in shareholders' equity and consolidated statement of cash flow for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

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

Basis for opinion

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

Other matter

The consolidated financial statements of the Company for the year ended December 31, 2021, were audited by another auditor who expressed an unmodified opinion on those statements on May 2, 2022.

251 Consumers Road, Suite 800
Toronto, Ontario
M2J 4R3
mcgovernhurley.com
t. 416-496-1234

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Material uncertainty related to going concern

We draw attention to Note 2(b) in the consolidated financial statements, which indicates that the Company has a history of losses, with an accumulated deficit and a working capital deficiency as at December 31, 2022. As stated in Note 2(b), these events or conditions, along with other matters as set forth in Note 2, indicate that material uncertainties exist that cast significant doubt on the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Key audit matters

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

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

Other information

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

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

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

We obtained Management's Discussion and Analysis prior to the date of this auditor's report. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

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

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

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

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

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

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

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

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

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

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

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

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

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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 of the audit resulting in this independent auditor's report is Glen McFarland.

McGovern Hurley LLP

McGovern Hurley LLP

Chartered Professional Accountants
Licensed Public Accountants

Toronto, Ontario
May 1, 2023

Stratabound Minerals Corp.
Consolidated Statements of Financial Position
As at December 31, 2022 and 2021

		December 31, 2022		December 31, 2021
Assets				
Current assets				
Cash	$	1,369,179	$	2,661,825
Marketable securities (Note 6)		36,000		108,000
Subscription deposit receivable		25,000		-
Prepaid expenses		202,132		582,481
Term deposits (Note 7)		30,223		1,282,034
Sales tax receivable		49,995		115,535
Total current assets		1,712,529		4,749,875
Non-current assets				
Property and equipment		152,322		161,864
Land held in Mariposa, CA		7,149,546		7,149,546
Mineral exploration and evaluation assets (Note 8)		18,033,637		14,924,852
Total assets	$	27,048,034	$	26,986,137
Liabilities and shareholders' equity				
Current liabilities				
Accounts payable and accrued liabilities (Note 11, 16)	$	2,584,850	$	2,222,861
Loans payable (Note 10)		3,917,893		3,712,142
Total current liabilities		6,502,743		5,935,003
Non-current liabilities				
Rehabilitation provision (Note 8)		14,066		13,858
Total liabilities	$	6,516,809	$	5,948,861
Shareholders' equity				
Share capital (Note 12)	$	38,720,420	$	36,898,934
Contributed surplus (Note 12)		3,948,442		3,327,923
Accum. other comprehensive income		-		(69,000)
Deficit		(22,137,637)		(19,120,581)
Total shareholders' equity	$	20,531,225	$	21,037,276
Total liabilities and shareholders' equity	$	27,048,034	$	26,986,137

Going concern (Note 2)
Commitments and contingencies (Notes 10 and 16)
Subsequent events (Note 17)

Approved on behalf of the Board of Directors

Director *"R. Kim Tyler"* Director *"Hashim Ahmed"*

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

Stratabound Minerals Corp.
Consolidated Statements of Loss and Comprehensive Loss
For the Years Ended December 31, 2022 and 2021

		2022		2021
Expenses				
General and administrative (Note 11)	$	1,844,438	$	915,914
Share-based compensation (Note 11, 12)		465,019		619,243
Finance costs (Note 10)		572,092		217,125
Acquisition-related costs		-		91,048
Loss on foreign exchange		96,706		-
Gain on settlement of accounts payable		(40,714)		(42,135)
Accretion and amortization		7,515		3,258
Total expenses		2,945,056		1,804,453
Loss from operations before the undernoted		(2,945,056)		(1,804,453)
Unrealized loss on marketable securities (Note 6)		(72,000)		-
Flow-through share premium recovery (Note 9)		-		165,200
Loss for the year	$	(3,017,056)	$	(1,639,253)
Other comprehensive income				
Gain(loss) on translation of foreign subsidiary		69,000		(69,000)
Loss and comprehensive loss for the year		(2,948,056)		(1,708,253)
Basic and diluted loss per share	$	0.02	$	0.01
Weighted average number of shares:				
Basic and diluted		177,937,666		116,283,176

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

Stratabound Minerals Corp.
Consolidated Statements of Changes in Shareholders' Equity
For the Years Ended December 31, 2022 and 2021

	Number of issued and outstanding shares	Share capital	Contributed surplus	Accumulated other compreh-ensive loss	Deficit	Shareholders' equity
		$	$	$	$	$
Balance at December 31, 2020	89,094,215	26,433,048	2,317,793	-	(17,481,328)	11,269,513
Shares issued in private placements	16,130,267	1,568,662	366,970	-	-	1,935,632
Share-based compensation	-	(4,700)	623,943	-	-	619,243
Shares issued in respect of E&E properties	2,311,834	235,216	-	-	-	235,216
Warrants exercised	2,402,777	219,500	-	-	-	219,500
Options exercised	178,844	35,635	(41,983)	-	-	(6,348)
Share issue costs	-	(52,503)	-	-	-	(52,503)
Acquisition of California Gold Mining Inc.	65,108,269	8,464,076	61,200	-	-	8,525,276
Comprehensive loss for the year	-	-	-	(69,000)	(1,639,253)	(1,708,253)
Balance at December 31, 2021	175,226,206	36,898,934	3,327,923	(69,000)	(19,120,581)	21,037,276
Balance at December 31, 2021	175,226,206	36,898,934	3,327,923	(69,000)	(19,120,581)	21,037,276
Shares issued in private placements	31,100,000	1,399,500	155,500	-	-	1,555,000
Share-based compensation	-	-	465,019	-	-	465,019
Shares issued in respect of E&E properties	8,256,010	441,155	-	-	-	441,155
Share issue costs	-	(19,169)	-	-	-	(19,169)
Comprehensive loss for the year	-	-	-	69,000	(3,017,056)	(2,948,056)
Balance at December 31, 2022	214,582,216	38,720,420	3,948,442	-	(22,137,637)	20,531,225

Stratabound Minerals Corp.
Consolidated Statements of Cash Flow
For the years ended December 31, 2022 and 2021

	2022	2021
Operating activities		
Comprehensive loss for the year	$ (3,017,056)	$ (1,639,253)
Items not affecting cash:		
Share-based payments (Note 11, 12)	465,019	619,243
Marketable securities – market value adjustment (Note 6)	72,000	-
Interest on loans payable	572,092	217,125
Flow-through share premium recovery (Note 12)	-	(165,200)
Gain on settlement of accounts payable	(40,714)	(42,135)
Foreign exchange not affecting cash flows	40,347	17,720
Accrued interest income	-	(2,034)
Accretion and amortization	7,515	3,258
Change in non-cash working capital (Note 5)	503,761	(1,176,699)
Net cash used in operations	(1,397,036)	(2,167,975)
Investing activities		
Acquisition of option on Golden Culvert (Note 8)	(100,000)	(224,300)
Acquisition of option on McIntyre Brook (Note 8)	(112,500)	(67,500)
Expenditures on mineral exploration and evaluation assets (Note 8)	(2,153,743)	(1,027,864)
Costs associated with California Gold Mining Inc. acquisition	-	(351,089)
Cash acquired in California Gold Mining Inc. transaction (Note 15)	-	20,668
Redemptions of term deposits	1,251,811	3,550,000
Government assistance	30,000	73,000
Purchase of term deposits	-	(2,030,089)
Net cash used in investing activities	(1,084,432)	(57,174)
Financing activities		
Proceeds from share issuances (Note 12)	1,530,000	1,935,632
Proceeds from warrant exercises (Note 12)	-	219,500
Interest on loans payable	(296,973)	(217,125)
Share issue costs	(44,205)	(24,603)
Net cash from financing activities	1,188,822	1,913,404
Change in cash	(1,292,646)	(311,745)
Cash - beginning of the year	2,661,825	2,973,570
Cash - end of the year	$ 1,369,179	$ 2,661,825

1. Corporate information

Stratabound Minerals Corp. ("Stratabound" or "the Company") is in the business of acquiring and exploring mineral properties in North America. Stratabound was incorporated under the Business Corporations Act (Alberta) on March 5, 1986, and is listed on the TSX Venture Exchange, having the symbol TSX.V: SB, as a Tier 2 mining issuer and is in the process of exploring its optioned Golden Culvert property in the Yukon Territory, its mineral properties in the province of New Brunswick, and its Fremont property in Mariposa County, California.

Stratabound has the following Canadian and US wholly owned subsidiaries (collectively with Stratabound, "the Company"):

- California Gold Mining Inc. (CAD) – acquired during 2021, see Note 15
- California Gold Mining Inc. (US) - acquired during 2021, see Note 15
- Fremont Gold Mining LLC (US) – acquired during 2021, see Note 15

The address of the Company's principal office is 100 King Street West, Suite 5700, Toronto, Ontario, Canada, M5X 1C7.

The consolidated financial statements were authorized for issue by the Board of Directors on May 1, 2023.

2. Basis of preparation

a) Statement of compliance

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and interpretation made by the International Financial Reporting Standards Interpretation Committee ("IFRIC").

b) Basis of measurement and going concern

The business of exploring for mineral resources involves a high degree of risk and there can be no assurance that the Company's exploration programs will result in profitable operations. The Company's ability to repay its loans, to meet its obligations arising from exploration and development activity and to provide working capital for normal operations is dependent upon the existence of economically recoverable reserves; the ability of the Company to continue to secure financial support from the public market; the ability to complete future equity financing; as well as the ability to generate future profitable production or proceeds from the disposition of its properties. The Company has a history of losses, with an accumulated deficit

2. Basis of preparation – continued

of $22,137,637 (2021 - $19,120,581) and a working capital deficiency of $4,790,214 (2021 - $1,185,128) as at December 31, 2022. The Company is dependent on its ability to raise additional funds through equity financing in order to meet the Company's current liabilities and continue exploring its mineral resources. As there is no assurance the Company will be successful in these efforts, these conditions result in material uncertainties that cast significant doubt upon the Company's ability to continue as a going concern.

c) Basis of consolidation

These consolidated financial statements include the accounts of Stratabound and its wholly owned subsidiaries. The financial statements of subsidiaries, including entities which the Company controls, are included in the consolidated financial statements from the date that control commences until the date that control ceases. The financial statements of the subsidiaries are prepared for the same reporting period as the Company, using consistent accounting policies. All intercompany transactions and balances have been eliminated.

d) Currency translation

The consolidated financial statements are presented in Canadian dollars ("CDN") which is also the functional currency of the parent and its subsidiaries.

3. Summary of significant accounting policies

a) Cash

Cash includes cash on hand and deposits held with financial institutions.

b) Foreign currency

Transactions in currencies other than the functional currency are recorded at the rates of exchange prevailing on the transaction dates. At each financial statement reporting date, monetary assets and liabilities that are denominated in foreign currencies are translated at the rates prevailing on the date of the statement of financial position. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated. Non-monetary items that are carried at fair value and were measured in a foreign currency are translated at the rate prevailing at the date when the fair value was determined. Foreign exchange gains and losses on the foregoing transactions are recorded in profit or loss.

c) Mineral exploration and evaluation expenditures

i) Pre-exploration costs

3. Summary of significant accounting policies - continued

Pre-exploration costs are expensed in the year in which they are incurred. Pre-exploration costs are those incurred prior to obtaining the legal right to explore.

ii) Exploration and evaluation expenditures

Once the legal right to explore a property has been acquired, costs directly related to exploration and evaluation ("E&E") expenditures are recognized and capitalized, in addition to the acquisition costs. These direct expenditures include such costs as materials used, surveying costs, drilling costs, payments made to contractors and depreciation on plant and equipment during the exploration phase. Costs not directly attributable to E&E activities, including general and administrative overhead costs, are expensed in the year in which they occur.

The Company may occasionally enter into farm-out arrangements, whereby the Company will transfer part of a mineral interest, as consideration, for an agreement by the transferee to meet certain E&E expenditures which would have otherwise been undertaken by the Company. The Company does not record any expenditures made by the transferee on its behalf. Any consideration received from the agreement is credited against the costs previously capitalized to the mineral interest given up by the Company, with any excess cash accounted for as a gain on disposal.

iii) Developed and producing properties

Once technical feasibility and commercial viability of extracting the mineral resource have been determined, the property is considered to be a mine under development and is classified as property, plant and equipment. Once commercial production has commenced, these costs are amortized using the units-of-production method based on proven and probable reserves. Production facilities and equipment are stated at cost and are depreciated using the units-of-production method at rates sufficient to depreciate the assets over their estimated useful lives, not to exceed the life of the mine to which the assets relate.

d) Property and equipment

i) Recognition and measurement

On initial recognition, property and equipment are measured at cost, being the purchase price and directly attributable costs of acquisition or construction required to bring the asset to the location and condition necessary to be capable of operating in the manner intended by the Company, including appropriate borrowing costs and the estimated present value of any future unavoidable costs of dismantling and removing the items. The corresponding liability is recognized within provisions.

Property and equipment are subsequently measured at cost less accumulated depreciation, less any accumulated impairment losses, with the exception of land, which is not depreciated.

When parts of an item of property and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

3. Summary of significant accounting policies - continued

ii) Subsequent costs

The cost of replacing part of an item of property and equipment is recognized in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Company and its cost can be measured reliably. The carrying amount of the replaced part is derecognized. The costs of the day-to-day servicing of property, plant and equipment are recognized in profit or loss as incurred.

iii) Gains and losses

Gains and losses on disposal of an item of property and equipment are determined by comparing the proceeds from disposal with the carrying amount, and are recognized net within other income and expenses in profit or loss.

iv) Depreciation

Depreciation is recognized in profit or loss and is provided on a declining balance basis over the estimated useful life of the assets as follows:

Office equipment	Declining balance at 20%
Computer equipment	Declining balance at 30%
Buildings and structures	Declining balance at 4%

e) Impairment of non-financial assets

Non-financial assets, including E&E assets and property, plant and equipment are subject to impairment tests whenever events or changes in circumstances indicate that their carrying amount may not be recoverable. Where the carrying value of an asset exceeds its recoverable amount, which is the higher of value in use and fair value less costs to sell, the asset is written down accordingly.

Where it is not possible to estimate the recoverable amount of an individual asset, the impairment test is carried out on the asset's cash-generating unit (“CGU”). An asset’s CGU is the lowest group of assets in which the asset belongs for which there are separately identifiable cash inflows that are largely independent of the cash inflows from other assets. The Company has determined its CGUs on an area-by-area basis.

An impairment loss is charged to profit or loss.

Management has adopted a policy whereby if it is determined that a property no longer has economic viability (i.e., leases or licenses have expired or will expire in the near future without renewal, future expenditures are not planned for the area or the carrying amount of the asset is unlikely to be recovered in full from development or sale), the Company will immediately impair 100% of the costs of the property.

3. Summary of significant accounting policies - continued

f) General provisions

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. The expense relating to any provision is presented in the consolidated statement of operations, 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.

g) Rehabilitation provisions

The Company recognizes a provision for statutory, contractual, constructive or legal obligations associated with decommissioning of mining operations and reclamation and rehabilitation costs arising when environmental disturbance is caused by the exploration or development of mineral evaluation and exploration assets. Provisions for site closure and reclamation are recognized in the period in which the obligation is incurred or acquired, and are measured based on expected future cash flows to settle the obligation, discounted to their present value. The discount rate used is a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability including risks specific to the countries in which the related operation is located. When an obligation is initially recognized, the corresponding cost is capitalized to the carrying amount of the related asset in exploration or development of mineral evaluation and exploration assets.

The obligation is increased for the accretion and the corresponding amount is recognized as a finance expense. The obligation is also adjusted for changes in the estimated timing, amount of expected future cash flows, and changes in the discount rate. Such changes in estimates are added to or deducted from the related asset except where deductions are greater than the carrying value of the related asset in which case, the amount of the excess is recognized in the consolidated statement of operations.

Due to uncertainties concerning environmental remediation, the ultimate cost to the Company of future site restoration could differ from the amounts provided. The estimate of the total provision for future site closure and reclamation costs is subject to change based on amendments to laws and regulations, changes in technology, price increases and changes in interest rates, and as new information concerning the Company's closure and reclamation obligations becomes available.

h) Financial instruments

The Company's financial instruments include cash, term deposits, marketable securities, subscription deposit receivable, loans payable and accounts payable and accrued liabilities.

3. Summary of significant accounting policies - continued

i) Financial assets

Initial recognition and measurement

Non-derivative financial assets within the scope of IFRS 9 are classified and measured as “financial assets at fair value”, as either Fair Value through Profit and Loss (“FVPL”) or Fair Value through Other Comprehensive Income (“FVOCI”), and “financial assets at amortized costs”, as appropriate. The Company determines the classification of financial assets at the time of initial recognition based on the Company’s business model and the contractual terms of the cash flows.

All financial assets are recognized initially at fair value plus, in the case of financial assets not at FVPL, directly attributable transaction costs on the trade date at which the Company becomes a party to the contractual provisions of the instrument. The Company’s financial assets measured at amortized cost include cash, subscription deposit receivable and term deposits.

The Company’s financial assets at FVPL include marketable securities. Financial assets with embedded derivatives are considered in their entirety when determining their classification at FVPL or at amortized cost. Other accounts receivable held for collection of contractual cash flows are measured at amortized cost.

Subsequent measurement – financial assets at amortized cost

After initial recognition, financial assets measured at amortized cost are subsequently measured at the end of each reporting period at amortized cost using the Effective Interest Rate (“EIR”) method. Amortized cost is calculated by taking into account any discount or premium on acquisition and any fees or costs that are an integral part of the EIR. The EIR amortization is included in finance costs in the consolidated statements of operations.

Subsequent measurement – financial assets at FVPL

Financial assets measured at FVPL include financial assets management intends to sell in the short term and any derivative financial instrument that is not designated as a hedging instrument in a hedge relationship. Financial assets measured at FVPL are carried at fair value in the consolidated statements of financial position with changes in fair value recognized in other income or expense in the consolidated statements of operations.

Subsequent measurement – financial assets at FVOCI

Financial assets measured at FVOCI are non-derivative financial assets that are not held for trading and the Company has made an irrevocable election at the time of initial recognition to measure the assets at FVOCI. The Company does not measure any financial assets at FVOCI.

3. Summary of significant accounting policies - continued

After initial measurement, investments measured at FVOCI are subsequently measured at fair value with unrealized gains or losses recognized in other comprehensive income or loss in the consolidated statements of comprehensive income (loss). When the investment is sold, the cumulative gain or loss remains in accumulated other comprehensive income or loss and is not reclassified to profit or loss. Dividends from such investments are recognized in other income in the consolidated statements of operations when the right to receive payments is established.

Derecognition

A financial asset is derecognized when the contractual rights to the cash flows from the asset expire, or the Company no longer retains substantially all the risks and rewards of ownership.

Impairment of financial assets

The Company has elected to apply the simplified approach to impairment of receivables as permitted by IFRS 9, which requires the expected lifetime loss to be recognized at the time of initial recognition of the receivable. To measure estimated credit losses, amounts receivable have been grouped based on shared credit risk characteristics, including the number of days past due. An impairment loss is reversed in subsequent periods if the amount of the expected loss decreases and the decrease can be objectively related to an event occurring after the initial impairment was recognized.

ii) Financial liabilities

Initial recognition and measurement

Financial liabilities are measured at amortized cost, unless they are required to be measured at FVPL as is the case for held for trading or derivative instruments, or the Company has opted to measure the financial liability at FVPL. All financial liabilities are recognized initially at fair value and in the case of long-term debt, net of directly attributable transaction costs. The Company's financial liabilities include accounts payable and accrued liabilities and loans payable, which are each measured at amortized cost.

Subsequent measurement – financial liabilities at amortized cost

After initial recognition, financial liabilities measured at amortized cost are subsequently measured at the end of each reporting period at amortized cost using the EIR method. Amortized cost is calculated by taking into account any discount or premium on acquisition and any fees or costs that are an integral part of the EIR. The EIR amortization is included in finance cost in the consolidated statements of loss.

Derecognition

A financial liability is derecognized when the obligation under the liability is discharged, cancelled or expires with any associated gain or loss recognized in other income or expense in the consolidated statements of operations.

3. Summary of significant accounting policies - continued

i) Share capital

Financial instruments issued by the Company are classified as equity only to the extent that they do not meet the definition of a financial liability or financial asset. The Company's common shares, stock options and common share purchase warrants are classified as equity instruments. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds. On unit offerings of common shares and warrants the market price of the common share is recorded to share capital and the residual value to the warrants.

j) Flow-through shares

From time to time the Company will issue flow-through common shares to finance a portion of its exploration program. These shares transfer the tax deductibility of qualifying resource expenditures to investors. On issuance, the Company splits the flow-through shares 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. When expenses are renounced with the appropriate tax filings made in a prescribed manner to the Government of Canada, 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 other income.

Proceeds received from the issuance of flow-through shares are to be used only for Canadian resource property exploration expenditures. 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 Government of Canada flow-through regulations. When applicable, this tax is accrued as a financial expense until paid. The Company indemnifies the subscribers of flow-through shares for additional taxes payable by the subscribers if the Company does not meet its expenditure requirements.

k) Share-based payments

Where equity-settled share options are awarded to employees, the fair value of the options at the date of grant is charged to profit or loss over the vesting period. Performance-vesting conditions are taken into account by adjusting the number of equity instruments expected to vest at each reporting date so that, ultimately, the cumulative amount recognized over the vesting period is based on the number of options that eventually vest. Non-vesting conditions and market-vesting conditions are factored into the fair value of the options granted. As long as all other vesting conditions are satisfied, a charge is made irrespective of whether these vesting conditions are satisfied. The cumulative expense is not adjusted for failure to achieve a market-vesting condition or where a non-vesting condition is not satisfied.

3. Summary of significant accounting policies - continued

Where the terms and conditions of options are modified before they vest, the incremental fair value of the options, measured as the difference between the fair value immediately before and after the modification, is charged to the statement of operation and comprehensive loss over the remaining vesting period.

Where equity instruments are granted to employees, they are recorded at the fair value of the equity instrument granted at the grant date. The grant date fair value is recognized in profit or loss over the vesting period, described as the period during which all the vesting conditions are to be satisfied.

Where equity instruments are granted to non-employees, they are recorded at the fair value of the goods or services received in the statement of operation and comprehensive loss, unless they are an expense directly related to the issuance of shares. Options or warrants granted related to the issuance of shares are recorded as a reduction of share capital. When the value of goods or services received in exchange for the share-based payment cannot be reliably estimated, the fair value is measured by reference to the fair value of the equity instruments issued.

All equity-settled share-based payments are reflected in contributed surplus, until exercised. Upon exercise, shares are issued from treasury and the amount previously recognized in contributed surplus is credited to share capital, adjusted for any consideration paid.

Where a grant of options is cancelled or settled during the vesting period, excluding forfeitures when vesting conditions are not satisfied, the Company accounts for the cancellation as an acceleration of vesting and recognizes immediately the amount that otherwise would have been recognized for services received over the remainder of the vesting period. Any payment made to the employee on the cancellation is accounted for as the repurchase of an equity interest except to the extent the payment exceeds the fair value of the equity instrument granted, measured at the repurchase date. Any such excess is recognized as an expense.

l) Loss per share

The calculation of basic loss per share is based on loss for the year divided by the weighted average number of common shares outstanding for the year. Diluted loss per share is equal to basic loss per share as the effect of potentially dilutive options and warrants would be anti-dilutive as the Company is in a loss position.

m) Government incentives

Government incentives received for mineral property expenditures are accrued when there is reasonable assurance of realization and are applied against the related asset.

3. Summary of significant accounting policies - continued

n) Income taxes

Income tax expense comprises current and deferred tax. Income tax expense is recognized in the consolidated statement of operations and comprehensive loss except to the extent that it relates to items recognized directly in equity, in which case it is recognized in equity.

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

Deferred tax is recognized using the statement of financial position method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognized on the initial recognition of assets or liabilities in a transaction that is not a business combination. In addition, deferred tax is not recognized for taxable temporary differences arising on the initial recognition of goodwill. Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date. Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realized simultaneously.

A deferred tax asset is recognized to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

o) New accounting policies

Certain pronouncements were issued by the IASB or the IFRIC that are mandatory for accounting periods commencing on or after January 1, 2022. The adoption of such changes did not have a material impact on the Company's consolidated financial statements.

p) Future accounting policies

Certain pronouncements were issued by the IASB or the IFRIC that are mandatory for accounting periods commencing on or after January 1, 2023 or later periods. Many are not applicable or do not have a significant impact to the Company and have been excluded. The following have not yet been adopted and are being evaluated to determine their impact on the Company.

IAS 8 – Accounting Policies, Changes in Accounting Estimates and Errors ("IAS 8") was amended in February 2021 to introduce the definition of an accounting estimate and include other amendments to IAS 8 to help entities distinguish changes in accounting estimates from changes in accounting policies. The amendments are effective for annual reporting periods beginning

3. Summary of significant accounting policies - continued

on or after January 1, 2023 and changes in accounting policies and changes in accounting estimates that occur on or after the start of that period.

IAS 1 – Presentation of Financial Statements ("IAS 1") was amended to clarify that the classification of liabilities as current or non-current should be based on rights that are in existence at the end of the reporting period and is unaffected by expectations about whether or not an entity will exercise their right to defer settlement of a liability. The amendments further clarify requirements for classifying liabilities an entity will or may settle by issuing its own equity instruments. The amendments are effective for annual reporting periods beginning on or after January 1, 2023.

4. Critical accounting estimates and judgments

The Company makes estimates and assumptions about the future that affect amounts reported in the consolidated financial statements. Estimates and judgments are continually evaluated based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. In the future, actual experience may differ from these estimates and assumptions.

The effect of a change in an accounting estimate is recognized prospectively by including it in total comprehensive loss in the period of the change, if the change affects that period only, or in the period of the change and future periods, if the change affects both.

Information about critical judgments in applying accounting policies that have the most significant risk of causing material adjustment to amounts recognized in the consolidated financial statements are discussed below:

a) Exploration and evaluation expenditure

Estimates

In situations where indicators of impairment are present for the Company's mineral E&E assets, estimates of recoverable amount must be determined as the higher of the CGU's estimated value in use or the estimated fair value less costs to sell.

Judgments

Management uses judgment in determining whether or not there are indicators of impairment for its CGUs. The results of management's assessment could result in an impairment test not being performed when indicators did in fact exist, which could impact the valuation of the CGUs' carrying values. Management uses judgment in determining what constitutes a CGU (Note 3e).

4. Critical accounting estimates and judgments - continued

The CGUs identified by the Company are as follows:

a) Bathurst Group;
b) Golden Culvert;
c) McIntyre Brook;
d) Fremont; and
e) Dingman

b) Income taxes

Estimates

Deferred tax assets and liabilities are determined using the tax rates expected to be in effect at the time the assets are realized and liabilities settled. The actual tax rate in effect at that time may vary from the expected tax rates.

Judgments

Significant judgment is required in determining the provision for income taxes. There are many transactions and calculations undertaken during the ordinary course of business for which the ultimate tax determination is uncertain. The Company recognizes liabilities and contingencies for anticipated tax audit issues based on the Company's current understanding of tax law. For matters where it is probable that an adjustment will be made, the Company records its best estimate of the tax liability including the related interest and penalties in the current tax provision. Management believes they have adequately provided for the probable outcome of these matters; however, the final outcome may differ materially from the amount included in the tax liabilities.

The Company is subject to income, value added, withholding and other taxes. Significant judgment is required in determining the Company's provisions for taxes. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The Company recognizes liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. The determination of the Company's income, value added, withholding and other tax liabilities requires interpretation of complex laws and regulations. The Company's interpretation of taxation law as applied to transactions and activities may not coincide with the interpretation of the tax authorities. All tax related filings are subject to government audit and potential reassessment subsequent to the financial statement reporting period. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the tax related accruals and deferred income tax provisions in the period in which such determination is made.

In assessing the probability of realizing income tax assets recognized, management makes estimates related to expectations of future taxable income, applicable tax planning opportunities, expected timing of reversals of existing temporary differences and the likelihood that tax positions taken will be sustained upon examination by applicable tax authorities. In making its assessments, management gives additional weight to positive and negative evidence

4. Critical accounting estimates and judgments - continued

that can be objectively verified. Estimates of future taxable income are based on forecasted cash flows from operations and the application of existing tax laws in each jurisdiction. The Company considers whether relevant tax planning opportunities are within the Company's control, are feasible, and are within management's ability to implement. Examination by applicable tax authorities is supported based on individual facts and circumstances of the relevant tax position examined in light of all available evidence. Where applicable tax laws and regulations are either unclear or subject to ongoing varying interpretations, it is reasonably possible that changes in these estimates can occur that materially affect the amounts of income tax assets recognized. Also, future changes in tax laws could limit the Company from realizing the tax benefits from the deferred tax assets. The Company reassesses unrecognized income tax assets at each reporting period.

In addition, the Company recognizes deferred tax assets relating to tax losses carried forward to the extent there will be future taxable profit available against which the unused tax losses can be utilized.

c) Share-based payment transactions

Estimates

The Company measures the cost of equity-settled transactions with directors, officers and consultants by reference to the fair value of the equity instruments at the date at which they are granted.

Judgments

Estimating fair value for share-based payment transactions requires management's judgment in determining the most appropriate valuation model, which is dependent on the terms and conditions of the grant. This valuation requires the determination of the most appropriate inputs including the expected life of the share option (based on historical times between vesting date and exercise date) and share price volatility (based on historical share price volatility). In addition, the amount recognized is based on the number of equity instruments expected to ultimately vest, which relies on estimates of forfeiture rates which is based on historical evidence of forfeitures. History may not always be indicative of the future and as a result, the value determined has significant estimation uncertainty. The same estimates are required for transactions with non-employees where the fair value of the goods or services received cannot be reliably determined.

d) Acquisition of California Gold Mining Inc.

Estimates

The Company estimated the fair value of the assets and liabilities that were acquired through the purchase of California Gold Mining Inc. and its subsidiaries.

4. Critical accounting estimates and judgments - continued

Judgments

Estimating the fair value of the assets and liabilities of California Gold Mining Inc. required management's judgment in determining the value of the assets and liabilities, specifically the fair value of the land, exploration and evaluation assets, and the accrued liabilities. These valuations required estimates using third-party data (i.e. – property tax values, and the share price of Stratabound on the closing date of the transaction), reviews of the historical accounting data of California Gold Mining Inc., outreach from existing creditors, and estimates for contingent legal liabilities.

In addition, the determination of whether a set of assets acquired and liabilities assumed constitute the acquisition of a business or asset may require management to make certain judgments as to whether or not the assets acquired and liabilities assumed include the inputs, processes and outputs necessary to constitute a business as defined in IFRS 3 - Business Combinations. The Company determined that its acquisition of California Gold Mining Inc. did not meet the criteria for a business based on the criteria outlined by IFRS 3. As such, the Company determined that the acquisition was not a business combination and accordingly this acquisition was accounted for as an asset acquisition.

e) Contingencies

Refer to Notes 10 and 16.

5. Supplemental cash flow information

		2022		2021
Changes in non-cash working capital:				
Prepaid expenses	$	380,349	$	(483,715)
Sales tax receivable		65,540		(12,678)
Accounts payable and accrued liabilities		361,991		(639,805)
Accounts payable and accrued liabilities related to mineral property evaluation and exploration, and included in the investing activities section of the consolidated statement of cash flows		(331,387)		(12,600)
Share issuance costs included in accounts payable and accrued liabilities		27,268		(27,901)
	$	503,761	$	(1,176,699)

6. Marketable securities

The Company holds an investment in Jaeger Resources Inc. The investment is recorded at its quoted market value.

Continuity of investment in Jaeger Resources Inc.		
Balance at December 31, 2020 (3,600,000 shares)	$	108,000
Increase in fair value		-
Balance at December 31, 2021 (3,600,000 shares)	$	108,000
Decrease in fair value		(72,000)
Balance at December 31, 2022 (3,600,000 shares)	$	36,000

7. Term deposits

At December 31, 2022, the Company held a term deposit totalling $30,223 (2021 - $1,280,000) maturing July 2023 (2021 – between February and July 2022) and bearing interest at 0.75% (2021 – 0.40% and 1.0%).

8. Mineral exploration and evaluation assets

Continuity of mineral exploration and evaluation assets		
Balance at December 31, 2020	$	5,562,714
Acquisition, renewal and exploration costs		1,040,464
Acquisition of California Gold Mining Inc. (Note 15)		7,867,658
Shares issued for mineral exploration rights (Note 12)		235,216
Government assistance received		(73,000)
Option payments		291,800
Balance at December 31, 2021	$	14,924,852
Acquisition, renewal and exploration costs		2,485,130
Shares issued for mineral exploration rights (Note 12)		441,155
Government assistance received		(30,000)
Option payments		212,500
Balance at December 31, 2022	$	18,033,637

The mineral exploration and evaluation assets of the Company consist of the following claim groups:

a) Golden Culvert, Yukon Territory

The Company has the option to acquire 100% ownership of the Golden Culvert and Little Hyland properties (collectively, Golden Culvert) comprising certain mineral claims in the Little Hyland Valley District of the Southeastern Yukon Territory.

The 2022 final payments for Golden Culvert and Little Hyland were made as scheduled, with the exception of the 50% cash portion of the Golden Culvert payment. The Company and the optionors agreed to defer the cash portion of the payment of $175,000 to 2023, subject to an 8% per annum late payment penalty. As of December 31, 2022 the Company has earned a 40% interest in the Golden Culvert and 100% interest in the Little Hyland claims and Rubus claims respectively. The final $175,000 cash payment was made in April 2023 upon which the Company now holds 100% interest in all claim groups. The 2022 payments totaled $100,000 in cash and 5,962,577 common shares of the Company, recorded at their quoted market value of $268,317.

8. Mineral exploration and evaluation assets - continued

Exercise of the options also required fulfillment of work requirements of $350,000 at each of the Golden Culvert and Little Hyland properties during the period ending December 12, 2022. The Golden Culvert work commitment was fulfilled during 2018 and the Little Hyland work commitment was fulfilled during 2022. The claims are subject to net smelter royalties ("NSR") aggregating to 2.5%.

The Company has a rehabilitation provision of $14,066 (2021 - $13,858) for trenching performed on the property. This rehabilitation must be completed by the year 2026.

During 2021, the Company expanded the Golden Culvert claim group by completing a transaction to acquire 100% of the mineral rights to the Win property. In connection with this acquisition, the Company issued 117,300 common shares valued at their quoted market value of $28,152 and made a payment to the optionors of $13,400.

Exercise of the Win option requires $35,000 of exploration expenditures before the first anniversary of the option agreement, which was completed in 2022. Maintenance and exercise of the option will require the following annual payments:

- 2022 - $13,400 – payment made
- 2023 - $20,100
- 2024 - $20,100
- 2025 - $26,800
- 2026 - $40,200

Upon completion of all payments and expenditures up to the third anniversary payment, the Company will have earned a 50% interest in the property, and upon completion of the fifth anniversary payment, the Company will have earned a 100% interest in the property.

The Win property is subject to a 2% NSR on production; however, the Company may re-purchase 1.5% (1.5% of the 2% NSR) for $1,500,000 at increments of $500,000 per 0.50% NSR.

The carrying value of the Golden Culvert property claim group at December 31, 2022 is $6,605,842 (2021 - $5,756,581).

b) Bathurst, New Brunswick

The Company holds a 100% interest in certain units and one mining lease in the Bathurst base metal mining camp in New Brunswick, Canada. The properties include the CNE/Captain and Taylor Brook (see Note 6) claim groups. All are subject to 1% NSR on production, with the exception of a portion of the CNE/Captain Group, which is royalty free.

During the year ended December 31, 2017, the Company granted Jaeger Resources Corp. an option to acquire an 80% interest in the Taylor Brook claim, which is a part of the Bathurst Group CGU, in exchange for 1,000,000 shares of Jaeger Resources Inc. Pursuant to the

8. Mineral exploration and evaluation assets - continued

agreement and through amendments to the term of the option, the Company received an additional 2,600,000 shares of Jaeger Resources Inc., of which 1,600,000 were received in 2019. Jaeger Resources Inc. has until February 2024 to complete the required cumulative expenditures on the property. Upon acquisition by Jaeger Resources Inc. of its 80% interest in the property when all requirements are met, the Company could elect within 90 days to continue in a joint venture with Jaeger Resources Inc., buy back 40% ownership from Jaeger Resources Inc. for an amount equal to 150% of the exploration expenditures and renewal payments incurred by Jaeger Resources Inc., or transfer the remaining interest in exchange for a 3% net smelter return royalty.

The carrying value of the Bathurst properties at December 31, 2022 is $598,321 (2021 - $592,026).

c) McIntyre Brook, New Brunswick

During 2019, the Company completed a transaction to acquire 100% of the mineral rights to the McIntyre Gold Project. At closing, the Company issued 300,000 common shares to the Optionors recorded at their quoted market value of $18,000. During 2020, the Company expanded its original McIntyre Brook property as follows:

i) Acquisition of the McIntyre-Moose Brook property

During February 2020, the Company completed a transaction to acquire 100% of the mineral rights to the McIntyre-Moose Brook property, which is adjacent to the original McIntyre Brook property, by issuing 500,000 common shares, recorded at their quoted market value of $40,000.

ii) Acquisition of the Gold Brook property

During February 2020, the Company completed a transaction to acquire 100% of the mineral rights to the Gold Brook property, which is adjacent to the original McIntyre Brook property, by issuing 90,000 common shares, recorded at their quoted market value of $7,200.

iii) Expansion of the initial McIntyre Brook property

In November 2020, the Company completed an amendment to the initial McIntyre Brook property acquisition to acquire additional claims adjacent to the original McIntyre Brook claim. The Company agreed to issue 200,000 common shares, recorded at their quoted market value of $60,000.

iv) Acquisition of the Tardif Brook property

During October 2020, the Company completed a transaction to acquire 100% of the mineral rights to the Tardif Brook property, which is adjacent to the original McIntyre Brook property, by issuing 200,000 common shares, recorded at their quoted market value of $60,000.

8. Mineral exploration and evaluation assets - continued

v) Additional expansion of the McIntyre Brook Property

In May 2022, the Company completed acquisitions certain claims located adjacent to and east of the Company's existing McIntyre Brook claims. On acquisition, the Company made a cash payment of $40,000 and issued 1,761,000 common shares, recorded at their quoted market value of $132,075. Subsequent payments on the first, second, third and fourth anniversaries of $164,000, $209,000, $246,500 and $285,500 respectively, are required to maintain the Options, $865,000 of which may be paid at the Company's election up to 50% in shares. Upon completion of the fourth anniversary payments Stratabound will have earned 100% ownership in the claims. Stratabound has the option to accelerate the payments to exercise the Options sooner if it so desires. The Company has also agreed to pay the owners a 2% NSR royalty on production from the claims of which may be bought back in increments of $1,000,000 for each 1% of the NSR. All the Options have a provision for performance payments upon completing the following milestones:

- a one-time cash payment of $25,000 upon a Positive Preliminary Economic Assessment
- a one-time cash payment of $50,000 upon a Positive Feasibility Study
- a one-time cash payment of $100,000 upon Commercial Production

Exercise of the McIntyre Brook options will require fulfillment of the following work requirements:

- 2021 - $10,000 – completed in 2021
- 2022 - $15,000 – completed in 2022
- 2023 - $20,000
- 2024 - $15,000

Maintenance and exercise of the McIntyre Brook options will require the following future annual payments:

- 2021:
    - i) $75,000, with the option to pay up to $30,000 with common shares
    - ii) 100,000 common shares
        - The Company has made payments of $67,500 in cash and issued 183,334 common shares of the Company, recorded at their quoted market value of $16,000. All annual payments for 2021 have been made.
- 2022:
    - i) $115,000, with the option to pay up to $42,500 with common shares
    - ii) 50,000 common shares
        - The Company has made payments of $72,500 in cash and issued 532,433 common shares of the Company, recorded at their quoted market value of $40,763. All annual payments for 2022 have been made.
- 2023:
    - i) $309,000, with the option to pay up to $134,500 with common shares
    - ii) 50,000 common shares
- 2024:
    - i) $319,000, with the option to pay up to $159,500 with common shares

8. Mineral exploration and evaluation assets - continued

- 2025:
  - i) $236,500, with the option to pay up to $118,250 with common shares
- 2026:
  - i) $275,500, with the option to pay up to $137,750 with common shares

Upon completion of the anniversary payments the Company will have earned 100% ownership in the McIntyre Brook claim group. This claim group is subject to the following NSR on production:

- McIntyre Brook – This claim group is subject to a 2% NSR on production; however, the Company may re-purchase the NSR for either $1,000,000 or increments of $500,000 per 0.50% NSR;
- McIntyre-Moose Brook - This claim group is subject to a 2% NSR on production; however, the Company may re-purchase 1% (one-half of the 2% NSR) for $1,000,000 or increments of $500,000 per 0.50% NSR;
- Gold Brook - This claim group is subject to a 2% NSR on production; however, the Company may re-purchase 1% (one-half of the 2% NSR) for $1,000,000 or increments of $500,000 per 0.50% NSR;
- Tardif Brook - This claim group is subject to a 2% NSR on production; however, the Company may re-purchase the NSR for either $2,000,000 or increments of $100,000 per 0.50% NSR;
- Tardif Lake South - This claim is subject to a 2% NSR on production; however, the Company may re-purchase 1% (one-half of the 2% NSR) for $1,000,000;
- Ramsay Brook – With the exception of two claims (9743 and 10349) this claim group is subject to a 2% NSR on production; claims 9743 and 10349 are subject to a 1% NSR on production; however, the Company may re-purchase 1% of the NSR (being 100% of the 1% NSR on claims 9743 and 10349, plus one-half of the 2% NSR of the remaining claims) for $1,000,000;
- Ramsay Brook Central - This claim is subject to a 2% NSR on production; however, the Company may re-purchase 1% (one-half of the 2% NSR) for $1,000,000;
- Ramsay Brook Cobalt – This claim is subject to a 2% NSR on production; however, the Company may re-purchase 1% (one-half of the 2% NSR) for $1,000,000;
- Ramsay Portage – This claim group is subject to a 2% NSR on production; however, the Company may re-purchase 1% (one-half of the 2% NSR) for $1,000,000;
- Ramsay Brook Cobalt East - This claim group is subject to a 2% NSR on production; however, the Company may re-purchase 1% (one-half of the 2% NSR) for $1,000,000;
- Greys Gulch – This claim is subject to a 2% NSR on production; however, the Company may re-purchase 1% (one-half of the 2% NSR) for $1,000,000;

The carrying value of the McIntyre Brook property is $1,318,247 (2021 - $670,311).

8. Mineral exploration and evaluation assets - continued

d) Fremont Property, California, USA

On August 16, 2021, the Company acquired 3,351 acres of land, and the corresponding mineral rights, in Mariposa County, California, known as the Fremont Property, as part of its acquisition of California Gold Mining Inc. The land package is a fee simple interest, subject to a 3% NSR. On acquisition, the land was valued at $7,149,546 and the mineral exploration and evaluation assets were valued at $7,867,658. See Note 15 for further detail on the acquisition.

The carrying value of the Fremont Property is $9,469,873 (2021 - $7,902,732).

e) Dingman Property, Ontario

On August 16, 2021 the Company also acquired certain mineral claims located in both Madoc and Marmora Townships known as the Dingman Property as part of its acquisition of California Gold Mining Inc. (Note 15). The claims are in good standing until 2025. The Dingman property is subject to a 2% NSR royalty, half of which may be purchased by Stratabound at any time for $250,000.

The carrying value of the Dingman Property is $41,354 (2021 - $3,202).

9. Income taxes

The difference between the tax expense for the year and the expected income taxes based on the statutory tax rate arises as follows:

		December 31, 2022		December 31, 2021
Loss before income taxes	$	(3,017,056)	$	(1,639,253)
Recovery based on the statutory rate of 26.50% (2021 – 26.5%)		(799,520)		(434,435)
Net non-deductible expenses		179,746		160,868
Pool balance adjustments		(852,803)		(248,108)
Changes in unrecognized deferred tax assets		1,472,577		521,675
Total income tax provision	$	-	$	-

No deferred tax asset has been recognized in respect of the following losses and temporary differences as it is not considered probable that sufficient future taxable profit will allow the deferred tax asset to be recovered.

		December 31, 2022		December 31, 2021
Mining property	$	723,131	$	190,314
Non-capital losses		1,637,301		1,321,217
Property and equipment		(203)		(203)
Marketable securities		9,540		4,910
Share issue costs		51,972		52,700
	$	2,421,741	$	1,568,938

9. Income taxes - continued

As at December 31, 2022, the Company has estimated non-capital losses for tax purposes that may be carried forward to reduce taxable income derived in future years, expiring as follows:

Year of expiry		Non-capital losses (Canada - CDN)	Non-capital losses (United States - USD)
2026	$	59,000	-
2027		46,000	-
2028		121,000	-
2029		326,366	-
2030		387,000	-
2031		790,000	-
2032		479,000	-
2033		621,753	1,159,000
2034		970,142	769,000
2035		817,358	535,000
2036		997,058	998,000
2037		1,330,531	1,131,000
2038		2,080,853	2,345,000
2039		2,280,810	1,771,000
2040		3,036,779	260,000
2041		4,558,035	139,000
2042		2,338,097	136,000
Total	$	21,239,782	9,243,000

10. Loans payable

As part of the acquisition of California Gold Mining Inc. (Note 15), the Company assumed the loans that were payable by California Gold Mining Inc. and its subsidiaries. At December 31, 2022, the loans consisted of:

$3,217,893 ($2,375,881 USD) – owed to Romspen Investment Corporation. This loan matures on June 30, 2023 and is secured and in first position against the Company's Fremont Gold property in Mariposa County, California. The loan bears interest at 12% per annum. During 2022, the loan maturity was extended from June 30, 2022 to June 30, 2023, for consideration of $11,879 and the warrants owned by Romspen Investment Corporation were repriced to exercise at $0.085/share, and the expiry date was extended to June 30, 2023. No adjustment was made to record the value of the warrant extension as it was not significant.

$700,000 – owed to R.W. Tomlinson Ltd., a related party by virtue of the Chief Executive Officer of R.W. Tomlinson Ltd. being a director and shareholder of the Company. This loan is past maturity and due on demand, and bears interest at 14% per annum plus default interest of 5% compounding monthly on any unpaid balances past the maturity date. It is secured against the Company's Fremont Gold property in Mariposa County, California, subordinated with respect to the Romspen Investment Corporation loan.

No principal debt repayments were made during 2022 or 2021.

11. Key management compensation and related-party transactions

Compensation awarded to key management included non-cash stock-based compensation of $444,287 (2021 - $582,000) along with consulting fees of $343,000 (2021 - $289,000). Key management includes the Company's officers and directors.

During 2021, the estate of a former director exercised 300,000 options with an exercise price of $0.10 per share on a net settlement basis, resulting in 178,844 shares issued to the estate.

As part of the acquisition of California Gold Mining Inc. (Note 15), the Company converted 300,000 common shares purchase warrants of purchase California Gold Mining Inc. to warrants to purchase shares of the Stratabound Minerals Corp. These warrants were owned by R.W. Tomlinson Ltd., an entity which is controlled by a director of Stratabound Minerals Corp., and have subsequently expired.

Included in accounts payable and accrued liabilities at December 31, 2022 is $25,519 (2021 - $nil) owing to officers and directors of the Company. The amounts are unsecured, non-interest bearing and due on demand.

$177,177 is included in accounts payable and accrued liabilities that is owed to R.W. Tomlinson Ltd. in respect of expenses paid on behalf of California Gold Mining Inc. R.W. Tomlinson Ltd. is also owed $355,955 (2021 - $139,076) in interest payable with respect to the loan payable (Note 10).

12. Share capital

a) Authorized

Unlimited number of common shares, without nominal or par value.

b) Common shares

		Number of shares		Amount
Balance at December 31, 2020		89,094,215	$	26,433,048
Shares issued - private placements	(i)	16,130,267		1,568,662
Shares issued – warrant exercises	(12.c)	2,402,777		219,500
Shares issued – option exercises	(12.d)	178,844		35,635
Shares issued - exploration and evaluation assets	(ii)	2,311,834		235,216
Shares issued – California Gold Mining Inc. acquisition (Note 15)		65,108,269		8,464,076
Share issue costs		-		(57,203)
Balance at December 31, 2021		175,226,206	$	36,898,934
Shares issued - private placements	(iii)	31,100,000		1,399,500
Shares issued – exploration and evaluation assets	(iv)	8,256,010		441,155
Share issue costs		-		(19,169)
Balance at December 31, 2022		214,582,216	$	38,720,420

i) During 2021 the Company closed the following non-brokered private placements:

a. During October 2021, the Company closed a private placement consisting of 1,426,498 units. Each common share unit was comprised of one common share and one half of one common share purchase warrant for $0.12/unit, with gross proceeds raised of $171,180. Each whole warrant entitles the holder to purchase one common share of the Company at $0.25 per share for a period of two years from the date of issue. The warrants also contain an acceleration clause, in that if the shares of the Company trade above $0.40 for more than a 10-day period, the Company may elect to accelerate the expiry date. The warrants were valued using the residual difference between the share issuance price and the market price, with a total warrant value of $42,795 for this issuance.

b. During October 2021, the Company closed a private placement consisting of 3,010,000 flow-through units. Each unit was comprised of one common share issued on a flow-through basis, and one half of one common share purchase warrant for $0.12/unit, with gross proceeds raised of $361,200. Each warrant entitles the holder to purchase one common share of the Company at $0.25 for a period of one year from the closing of the financing. The warrants also contain an acceleration clause, in that if the shares of the Company trade above $0.35 for more than a 10-day period, the Company may elect to accelerate the expiry date. The warrants were valued using the residual difference between the share issuance price and the market price, with a total warrant value of $90,300 for this issuance.

12. Share capital – continued

c. During November 2021, the Company the Company closed a private placement consisting of 9,266,701 units. Each common share unit was comprised of one common share and one half of one common share purchase warrant for $0.12/unit, with gross proceeds raised of $1,112,004. Each whole warrant entitles the holder to purchase one common share of the Company at $0.25 per share for a period of two years from the date of issue. The warrants also contain an acceleration clause, in that if the shares of the Company trade above $0.40 for more than a 10-day period, the Company may elect to accelerate the expiry date. The warrants were valued using the residual difference between the share issuance price and the market price, with a total warrant value of $185,334 for this issuance.
d. During November 2021, the Company closed a private placement consisting of 2,427,068 flow-through units. Each unit was comprised of one common share issued on a flow-through basis, and one half of one common share purchase warrant for $0.12/unit, with gross proceeds raised of $291,248. Each warrant entitles the holder to purchase one common share of the Company at $0.25 for a period of one year from the closing of the financing. The warrants also contain an acceleration clause, in that if the shares of the Company trade above $0.35 for more than a 10-day period, the Company may elect to accelerate the expiry date. The warrants were valued using the residual difference between the share issuance price and the market price, with a total warrant value of $48,541 for this issuance.

ii) During 2021, the Company issued shares in exchange for mineral and exploration rights as follows:

a. In January 2021, the Company issued 117,300 common shares, valued at their quoted market price of $28,152, in connection with the acquisition of the Win property, which is adjacent to the Company's Golden Culvert property.
b. In October 2021, the Company issued 83,334 common shares, valued at their quoted market price of $7,500, in connection with the Tardif Brook property option.
c. In November 2021, the Company issued 100,000 common shares, valued at their quoted market price of $8,500, in connection with the McIntyre Brook property option.
d. In December 2021, the Company issued 2,011,200 common shares, valued at their quoted market price of $191,064, in connection with the Golden Culvert property option.

iii) During 2022 the Company closed the following non-brokered private placement:

a. During December 2022, the Company closed a private placement consisting of 31,100,000 units. Each common share unit was comprised of one common share and one common share purchase warrant for $0.05/unit, with gross proceeds raised of $1,555,500. Each whole warrant entitles the holder to purchase one common share of the Company at $0.07 per share for a period of two years from the date of issue. The warrants were valued using the residual difference between the share issuance price and the quoted market price, with a total warrant value of $155,500 for this issuance. Key management and entities controlled by key management subscribed for $1,520,000 of the total placement.

12. Share capital – continued

iv) During 2022, the Company issued shares in exchange for mineral and exploration rights as follows:

a. In February 2022, the Company issued 353,535 common shares, valued at their market price of $31,818, in connection with the McIntyre Brook property option.
b. In May 2022, the Company issued 1,761,000 common shares, valued at their market price of $132,075, in connection with the McIntyre Brook expansion.
c. In October 2022, the Company issued 47,620 common shares, valued at their market price of $2,381, in connection with the Tardif Brook property option.
d. In November 2022, the Company issued 50,000 common shares, valued at their market price of $2,500, in connection with the McIntyre Brook property option.
e. In November 2022, the Company issued 81,278 common shares, valued at their market price of $4,064, in connection with the Tardif Brook property option.
f. In December 2022, the Company issued 3,794,366 common shares, valued at their market price of $170,747, in connection with the Golden Culvert property option.
g. In December 2022, the Company issued 2,168,211 common shares, valued at their market price of $97,570, in connection with the Little Hyland property option.

c) Warrants

The following table summarizes the warrant transactions:

	Number of warrants		Weighted average price
Balance at December 31, 2020	21,771,551	$	0.311
Exercised during the year	(2,402,777)		0.091
Granted – California Gold Mining Inc. acquisition (Note 15)	600,000		0.150
Issued during the year – private placements	8,065,135		0.250
Balance at December 31, 2021	28,033,909	$	0.300
Expired during the year	(22,387,309)		0.314
Issued during the year – private placements	31,100,000		0.070
Balance at December 31, 2022	36,746,600	$	0.0963

12. Share capital - continued

The following table summarizes the warrants outstanding at December 31, 2022:

Warrants outstanding		Exercise price	Expiry date
300,000		0.085	June 30, 2023
713,249		0.250	October 26, 2023
4,633,351		0.250	November 10, 2023
31,100,000		0.07	December 21, 2024
36,746,600	$	0.0963	

In June 2022, the Company extended and re-priced 300,000 warrants held by Romspen. The warrants initially expired November 6, 2022, with an exercise price of $0.15. The warrants were extended to June 30, 2023, and re-priced to their market value of $0.085.

d) Stock options

The Company has a stock-based compensation plan for its key officers, directors, employees and consultants. Up to 10% of the issued and outstanding shares may be reserved for issuance under the plan. The fair value of each option, for the most recent option grant, was estimated using the Black-Scholes option pricing model for the issuance of options was $0.049 using the following assumptions: weighted average life of 5 years (2021 – 5 years); risk-free rate of 3.60% (2021 – 0.82%); expected volatility of 140% (2021 – 185%); and, a dividend yield of 0% (2021 – 0%). All options granted in 2022 vest 50% in year 1 and 50% in year 2 (2021 – 50% vested in year 1 and 50% in year 2); however, as the forfeiture of options in a one-year period was deemed unlikely, a forfeiture rate of 0% (2021 – 0%) was used. The Company granted 5,350,000 (2021 – 5,425,000) options during 2022, including 5,250,000 (2021 – 5,150,000) to officers and directors. $143,376 (2021 - $352,457) of value has been recognized in relation to these options in 2022. The number of options that vested in 2022 were 5,091,875 with 4,932,665 of those options vested to officers and directors of the Company. $447,287 (2021 - $582,000) is included in the share-based compensation of the Company for 2022 in relation to options issued and vested with directors and officers of the Company.

The following table summarizes the stock option transactions:

	Number		Weighted average exercise price
Outstanding at December 31 2020	7,033,333	$	0.197
Granted	5,425,000		0.130
Exercised (i)	(300,000)		0.100
Expired	(33,333)		0.330
Outstanding at December 31, 2021	12,125,000	$	0.169
Granted	5,350,000		0.055
Expired	(800,000)		0.227
Outstanding at December 31, 2022	16,675,000	$	0.130

(i) During 2021, the estate of a former director of the Company exercised 300,000 options at $0.10 per on a net settlement basis, resulting in a share issuance of 178,844 common shares of the Company.

12. Share capital - continued

The following table summarizes the options outstanding at December 31, 2022:

Options outstanding		Exercise price	Expiry date
1,000,000		0.100	July 16, 2024
300,000		0.100	January 16, 2025
800,000		0.100	May 19, 2025
3,500,000		0.250	September 28, 2025
100,000		0.250	October 22, 2025
300,000		0.220	November 3, 2025
5,325,000		0.130	August 18, 2026
5,350,000		0.055	October 17, 2027
16,675,000	$	0.130	

The total options vested at December 31, 2022 is 13,428,000 (2021 – 8,311,500).

13. Financial instruments and risk management

The Company is exposed through its operations to the following financial risks:

- Market risk
- Credit risk
- Liquidity risk

In common with all other businesses, the Company is exposed to risks that arise from its use of financial instruments. This note describes the Company’s objectives, policies and processes for managing those risks and the methods used to measure them. Further quantitative information in respect of these risks is presented throughout these consolidated financial statements.

There have been no substantive changes in the Company’s exposure to financial instrument risks, its objectives, policies and processes for managing those risks or the methods used to measure them during 2022 and 2021 unless otherwise stated in the note.

General objectives, policies and processes

The Board of Directors has overall responsibility for the determination of the Company’s risk management objectives and policies and, while retaining ultimate responsibility for them, it has delegated the authority for designing and operating processes that ensure the effective implementation of the objectives and policies to the Company’s finance function. The Board of Directors receive monthly reports from the Company’s financial controller through which it reviews the effectiveness of the processes put in place and the appropriateness of the objectives and policies it sets.

The overall objective of the Board of Directors is to set policies that seek to reduce risk as far as possible without unduly affecting the Company’s competitiveness and flexibility. Further details regarding these policies are set out below:

13. Financial instruments and risk management - continued

a) Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market prices are comprised of four types of risk:

i) Foreign currency risk;
ii) Interest rate risk;
iii) Commodity price risk; and,
iv) Equity price risk.

The Company is exposed to foreign currency risk in that some of its accounts payables and loans are denominated in a foreign currency. Management believes that the Company is not exposed to significant foreign currency risk. In addition, the Company is exposed to equity price risk as a result of its marketable securities (Note 6). The Company is not exposed to interest rate risk as the interest rate on its debt is fixed. Management monitors the equity price of the investment to manage its exposure to the equity price risk.

b) Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations. Financial instruments which are potentially subject to credit risk include cash and term deposits. Cash is maintained with financial institutions and may be redeemed upon demand. The financial institutions are considered reputable and creditworthy institutions.

The carrying amount of cash, term deposits, and receivables represents the maximum credit exposure. The Company has gross credit exposure at December 31, 2022 and December 31, 2021 of $1,424,402 and $3,943,859, respectively. Management considers that all financial assets held are of good credit quality, and therefore credit risk is not considered significant.

c) Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they become due. The Company's policy is to ensure that it will have sufficient cash to allow it to meet its liabilities when they become due.

Typically, the Company ensures that it has sufficient cash to meet expected operational expenses. To achieve this objective, the Company prepares annual capital expenditure budgets, which are regularly monitored and updated as considered necessary.

Further, the Company utilizes authorizations for expenditures on exploration projects to further manage expenditure.

13. Financial instruments and risk management - continued

The Company monitors its risk of shortage of funds by monitoring the maturity dates of existing accounts payable and accrued liabilities and loans payable in conjunction with its daily cash position.

The following are the contractual maturities of financial liabilities at December 31, 2022:

	Recognized in financial statements	Contractual cash flows	Less than 1 year	1-3 years	4-5 years	More than 5 years
Accounts payable and accrued liabilities	Yes – liability	$2,584,850	$2,584,850			-
Loans payable	Yes – liability	$3,917,893	$3,917,893			-
Decommissioning liability	Yes - liability	$15,000	-	-	$15,000	-
Total		$6,517,743	$6,502,743	-	$15,000	-

The following are the contractual maturities of financial liabilities at December 31, 2021:

	Recognized in financial statements	Contractual cash flows	Less than 1 year	1-3 years	4-5 years	More than 5 years
Accounts payable and accrued liabilities	Yes – liability	$2,222,861	$2,222,861			-
Loans payable	Yes – liability	$3,712,142	$3,712,142			-
Exploration commitments for flow through shares	No	$569,922	$569,922			-
Decommissioning liability	Yes - liability	$15,000	-	-	$15,000	-
Total		$6,519,925	$6,504,925	-	$15,000	-

13. Financial instruments and risk management – continued

Determination of fair values

Fair values have been determined for measurement and/or disclosure purposes based on the following methods. When applicable, further information about the assumptions made in determining fair value is disclosed in the notes specific to that asset or liability.

The carrying amounts for cash, term deposits, subscription deposit receivable, loans payable and accounts payable and accrued liabilities approximate fair value due to their short-term nature. Marketable securities are measured at fair value as the balance is derived from quoted prices in an active market.

Fair value hierarchy

Financial instruments that are measured subsequent to initial recognition at fair value are grouped in Levels 1 to 3 based on the degree to which the fair value is observable, as follows:

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2 fair value measurements are those derived from inputs other than quoted prices included within 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 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data.

The fair value of the Company's marketable security is based on quoted prices and is therefore considered to be Level 1. There was no movement between levels during the current or previous fiscal years.

14. Capital management

The Company considers its capital to be comprised of share capital, contributed surplus, and accumulated other comprehensive income and deficit. The Company's objectives when managing capital are to maintain a sufficient capital base in order to meet its short-term obligations and at the same time preserve investors' confidence required to sustain future development of the business.

The Company's properties are in the exploration stage and, accordingly, the Company is dependent upon external financings to fund activities.

In order to carry out planned drilling and engineering work, and pay for administrative costs, the Company will spend working capital and expects to raise the additional funds from time to time as required. Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Company, is reasonable. The Company's capital management objectives, policies and processes have remained unchanged during 2022 and 2021.

14. Capital management - continued

The Company is not exposed to any externally imposed capital requirements, except when the Company issues flow-through shares for which an amount should be used for exploration work. No other capital requirements are imposed by a lending institution or regulatory body, other than of the TSXV which requires adequate working capital or financial resources of the greater of (i) $50,000 and (ii) an amount required in order to maintain operations and cover general and administrative expenses for a period of 6 months.

15. Acquisition of California Gold Mining Inc.

On August 16, 2021, the Company issued 65,108,269 common shares, and 600,000 common share purchase warrants, in connection with the acquisition of 100% of the outstanding common shares of California Gold Mining Inc. The share issuance was valued at the market value of the Company's shares on August 16, 2021, which was $0.13 per share. The total share issuance was valued at $8,464,076. The common share warrants were valued using the Black-Scholes method for option pricing, and were valued at $61,200. The warrants were valued using the Black-Scholes option pricing model using the following assumptions: weighted average life of 1.25 years, exercise price of $0.15 and expected volatility of 230%. Transaction costs of $351,089 were incurred at the closing of the transaction.

The total cost of the acquisition of California Gold Mining Inc. recorded by the Company was $8,921,128.

Purchase price allocation

The Company accounted for the acquisition of California Gold Mining Inc. as an asset acquisition, and which also included assumption of the debts of California Gold Mining Inc. The purchase price allocation for this transaction is as follows:

Cash	$	20,668
Prepaid expenses		35,063
Property and equipment (i)		161,088
Land		7,149,546
Exploration and evaluation assets		7,867,658
Accounts payable and accrued liabilities		(2,628,770)
Loans payable (ii)		(3,684,125)
Net transaction value	$	8,921,128

(i) The property and equipment acquired relate to a structure and corresponding land in California, and is connected to the exploration and evaluation assets acquired by the Company.

(ii) The loans payable are classified as current liabilities, and have the following terms:
   a. $2,984,125 – due to Romspen Investment Corporation, bearing interest at 12% per annum. This loan is secured against the California property. This note is denominated in USD. (Note 10)
   b. $700,000 – due to R.W. Tomlinson Ltd., bearing interest at 14% per annum (Note 10).

16. Commitments and contingencies

Nature of operations

The business of mining and exploring for minerals involves a high degree of risk and there can be no assurance that current exploration programs will result in profitable mining operations. The Company’s continued existence is dependent upon the preservation of its interests in the underlying properties, the achievement of profitable operations, or the ability of the Company to raise additional financing, as necessary, or alternatively upon the Company’s ability to dispose of its interests on an advantageous basis.

Title

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

Environmental

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

Flow-through share indemnification

In connection with flow-through financings, the Company indemnifies the subscribers against certain tax related amounts that may become payable by the subscribers should the Company not meet its flow-through expenditure commitments. The Company’s most recent flow-through financing was in 2021.

Mineral exploration and evaluation assets

Certain of the company’s mineral exploration and evaluation assets are subject to option agreement payments, other payments and commitments, and royalties. See note 8.

Litigation

The Company is exposed to several lawsuits, related to matters that existed when it acquired California Gold Mining Inc. These matters include:

16. Commitments and contingencies - continued

- Claims from suppliers of California Gold Mining Inc.'s former hemp business, totalling $1,214,000 USD. The Company believes its maximum potential exposure to these claims is $1,085,000 ($856,000 USD).
- Claim from the former CEO of California Gold Mining Inc. alleging wrongful dismissal and unpaid amounts, totalling $617,184. The Company believes that its maximum exposure to this claim is not significant. The Company has filed a counter-claim in respect of this lawsuit seeking compensation and punitive damages in the amount of $736,000.
- Claim from the former landlord of California Gold Mining Inc. with respect to an unfulfilled lease contract. The Company believes that its maximum exposure to this claim is $140,000, being the amount awarded in a summary judgment provided in favour of the landlord.

The Company's estimated liability from the above of $1,434,000 has been accrued at December 31, 2022 and included in the accounts payable and accrued liabilities on the balance sheet.

17. Subsequent events

In January 2023, the Company closed the final tranche of its private placement financing with subscriptions of $100,000 at a price of $0.05 per unit for a total of 2,000,000 units. Each unit consists of 1 common share of the Company and 1 common share purchase warrant, with an exercise price of $0.07 and expiring 24 months from the date of closing.

In April 2023, the Company made the final option payment with respect to the Golden Culvert property option of $175,000, and as a result the Company is deemed to have acquired an undivided 100% right, title and interest in and to the Golden Culvert mineral claims.

Subsequent to December 31, 2022, the Company issued 2,394,631 common shares in respect of mineral property option payments related to its McIntyre Brook property options.