CONSOLIDATED FINANCIAL STATEMENTS

For the years ended December 31, 2023
and December 31, 2022

Expressed in Canadian Dollars, unless otherwise noted

Independent auditor's report

To the Shareholders of Artemis Gold Inc.

Our opinion

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

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

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

Basis for opinion

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

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

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

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PwC" refers to PricewaterhouseCoopers LLP, an Ontario limited liability partnership.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements for the year ended December 31, 2023. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matter	How our audit addressed the key audit matter
Assessment of impairment indicators of mineral property, plant and equipment (MPPE) *Refer to note 3 – Material accounting policies, note 4 – Critical accounting estimates and judgments and note 7 – Mineral property, plant and equipment to the consolidated financial statements.* The carrying value of MPPE amounted to $904.1 million as at December 31, 2023. MPPE are tested for impairment at the end of each reporting period if there is an indicator of impairment. Management applies significant judgment in assessing whether indicators of impairment exist. Internal and external factors, such as (i) changes in the amount of the recoverable resources and reserves; (ii) changes in metal prices, capital and operating costs and interest rates; and (iii) the market capitalization of the Company compared to its net assets, are evaluated by management in determining whether there are any indicators of impairment. The estimated amounts of recoverable resources and reserves are prepared by qualified persons (management's experts). We considered this a key audit matter due to (i) the significance of the MPPE balance and (ii) the significant judgment by management, including the use of management's experts, in assessing any indicator of impairment, which led to significant	Our approach to addressing the matter included the following procedures, among others: • Evaluated the reasonableness of management's assessment of indicators of impairment, which included the following: – Assessed the completeness of external or internal factors that could be considered as indicators of impairment of the Company's MPPE, by considering evidence obtained in other areas of the audit. – Assessed the work of management's experts used in evaluating the reasonableness of the changes in estimated amount of recoverable resources and reserves. As a basis for using this work, the competence, capabilities and objectivity of management's experts were evaluated, the work performed was understood and the appropriateness of the work as audit evidence was evaluated. The procedures performed also included evaluation of the methods and assumptions used by management's experts, tests of the data used by management's experts and an evaluation of their findings. – Assessed the reasonableness of factors such as changes in metal prices, capital and operating costs and interest rates by comparing them to external market data and by considering current and past

Key audit matter	How our audit addressed the key audit matter
audit effort and subjectivity in performing audit procedures to test management's assessment.	performance of the Company and whether they were consistent with evidence obtained in other areas of the audit, as applicable. – Recalculated the Company's market capitalization and compared it to the Company's net assets as at December 31, 2023.
Accounting treatment of streaming arrangements *Refer to note 3 – Material accounting policies, note 4 – Critical accounting estimates and judgments and note 12 – Deferred revenue to the consolidated financial statements.* During the year ended December 31, 2023, the Company drew on two metal streaming arrangements. In assessing the accounting for the streams management was required to make judgments in determining whether the arrangements met the criteria of the "own use" exemption in IFRS 9 – Financial Instruments (IFRS 9) and therefore fell outside the scope of financial instrument accounting. The "own use" exemption applies to contracts that are entered into and continue to be held for the delivery of a non-financial item. In determining whether the arrangements met the criteria of the "own use" exemption in IFRS 9, management evaluated whether the Company has the ability and intent to settle the streaming arrangements through the delivery of silver and gold from the Blackwater mine. Management determined that there are sufficient recoverable gold and silver reserves and resources at the Blackwater mine and it is	Our approach to addressing the matter included the following procedures, among others: • Obtained evidence to support management's assessment that the construction of the mine can be completed by discussing with senior/project management the status of mine construction contracts and by considering (i) the feasibility study dated September 10, 2021; (ii) progress payments made to date; (iii) estimated costs to complete construction and ramp-up and available funding; (iv) board reporting on construction project status; and (v) reporting to project lenders. • Assessed whether the delivery of silver and gold from the Blackwater mine is sufficient to settle the stream arrangements by considering the future production volume estimated by management experts. • Used the work of management's experts in performing the procedures to evaluate the reasonableness of the future production volume, estimates of recoverable mineral reserves and resources and metallurgical recovery estimates. As a basis for using this work, the competence, capabilities and objectivity of management's experts were evaluated, the work performed was understood and the appropriateness of the work as audit evidence was evaluated. The procedures performed also included evaluation of the

Key audit matter	How our audit addressed the key audit matter
expected that the mine and processing plant would be successfully constructed and operated to settle the contract through delivery of silver and gold from the Blackwater mine. Management relies on geological and metallurgical experts to develop estimates of recoverable mineral reserves and resources, metallurgical recovery estimates and future production volume (management's experts). We considered this a key audit matter due to (i) the judgments by management, including the use of management's experts, when applying the "own use" exemption and (ii) a high degree of auditor judgment, subjectivity and effort in performing procedures to assess the accounting treatment for the streaming arrangements.	methods and assumptions used by management's experts, tests of the data used by management's experts and an evaluation of their findings. • Evaluated the adequacy of related financial statements disclosures.

Other information

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

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

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

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

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

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

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

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

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

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

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

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

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

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

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

/s/PricewaterhouseCoopers LLP

Chartered Professional Accountants

Vancouver, British Columbia
March 12, 2024

	Notes	As at December 31, 2023 $	As at December 31, 2022 $
Assets			
Current assets			
Cash and cash equivalents		**156,590,674**	194,089,372
Receivables and prepayments		**10,234,647**	2,968,341
		166,825,321	197,057,713
Non-current assets			
Investment in Velocity	5	**7,585,568**	8,176,317
Restricted cash	6	**15,126,227**	4,734,100
Capitalized contract costs		**1,955,775**	1,617,750
Deferred financing costs		**10,006,762**	9,453,605
Prepayments on non-current assets		**15,159,857**	-
Mineral property, plant and equipment	7	**904,114,838**	435,711,939
TOTAL ASSETS		**1,120,774,348**	656,751,424
Liabilities			
Current liabilities			
Accounts payable and accrued liabilities		**52,814,479**	24,608,609
Current portion of lease liabilities	8	**1,373,303**	679,992
Current portion of deferred revenue	12	**2,856,891**	-
		57,044,673	25,288,601
Non-current liabilities			
Lease liabilities	8	**19,967,754**	1,032,572
Variable consideration payable	9	**47,262,688**	41,709,665
Long-term debt	10	**143,497,758**	-
Asset retirement obligation	11	**24,204,282**	11,292,855
Deferred revenue	12	**247,441,738**	-
TOTAL LIABILITIES		**539,418,893**	79,323,693
Shareholders' equity			
Share capital	13	**599,868,231**	589,253,146
Contributed surplus	13	**22,307,061**	17,549,291
Accumulated other comprehensive income		**3,622,371**	3,622,371
Deficit		**(44,442,208)**	(32,997,077)
Total Shareholders' equity		**581,355,455**	577,427,731
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		**1,120,774,348**	656,751,424

Subsequent event (Note 18)

Approved for Issuance by the Board of Directors:

"Elise Rees" Director

"Steven Dean" Director

ARTEMIS GOLD INC.

Consolidated Statements of Loss and Comprehensive Loss

(Expressed in Canadian Dollars, except number of shares outstanding)

	Notes	**For the year ended December 31, 2023 $**	For the year ended December 31, 2022 $
Operating expenses			
Depreciation	*7*	**679,377**	412,254
Management fees and wages	*14*	**5,033,033**	5,049,645
Investor relations and corporate development		**524,746**	417,838
Office, insurance and general		**2,080,825**	1,420,683
Professional fees		**1,199,266**	736,601
Share-based payments	*13, 14*	**4,467,272**	5,078,570
Loss from operations		**(13,984,519)**	(13,115,591)
Other (expense) income			
Accretion expense on lease liability	*8*	**(110,176)**	(72,545)
Accretion expense on asset retirement obligation	*11*	**(307,994)**	(63,456)
Equity loss from investment in associate	*5*	**(590,749)**	(893,189)
Fair value adjustment on warrants	*5*	**-**	(644,119)
Impairment loss on investment in associate	*5*	**-**	(9,889,867)
Interest income		**3,548,307**	3,048,855
Net loss		**(11,445,131)**	(21,629,912)
Other comprehensive loss, net of tax			
Items that will not be reclassified to net loss			
Gains on marketable securities		**-**	262,316
Comprehensive loss		**(11,445,131)**	(21,367,596)
Loss per common share			
Basic and diluted		**(0.06)**	(0.13)
Weighted average number of common shares outstanding			
Basic and diluted		**196,582,307**	162,477,167

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

ARTEMIS GOLD INC.

Consolidated Statements of Changes in Equity

(Expressed in Canadian Dollars, except number of shares)

		Share capital					
	Notes	**Number of shares**	**Amount**	**Contributed surplus**	**Accumulated other comprehensive income**	**Deficit**	**Total shareholders' equity**
		#	$	$	$	$	$
Balance - January 1, 2023		193,211,701	589,253,146	17,549,291	3,622,371	(32,997,077)	577,427,731
Exercise of share purchase warrants	*13*	4,502,888	4,863,119	-	-	-	4,863,119
Exercise of stock options	*13*	991,666	5,751,966	(1,992,386)	-	-	3,759,580
Shared-based payments	*13*	-	-	6,750,156	-	-	6,750,156
Net loss		-	-	-	-	(11,445,131)	(11,445,131)
Balance - December 31, 2023		**198,706,255**	**599,868,231**	**22,307,061**	**3,622,371**	**(44,442,208)**	**581,355,455**

		Share capital					
	Notes	Number of shares	Amount	Contributed surplus	Accumulated other comprehensive income	Deficit	Total shareholders' equity
		#	$	$	$	$	$
Balance - January 1, 2022		153,971,145	417,276,031	10,058,314	3,360,055	(11,367,165)	419,327,235
Exercise of share purchase warrants	*13*	350,556	378,600	-	-	-	378,600
Bought Deal Offering - October 14, 2022	*13*	19,112,000	86,004,000	-	-	-	86,004,000
Non-Brokered Offering - October 14, 2022	*13*	19,778,000	89,001,000	-	-	-	89,001,000
Share issue costs	*13*	-	(3,406,485)	-	-	-	(3,406,485)
Shared-based payments	*13*	-	-	7,490,977	-	-	7,490,977
Gain on marketable securities		-	-	-	262,316	-	262,316
Net loss		-	-	-	-	(21,629,912)	(21,629,912)
Balance - December 31, 2022		**193,211,701**	**589,253,146**	**17,549,291**	**3,622,371**	**(32,997,077)**	**577,427,731**

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

	Notes	**For the year ended December 31, 2023 $**	For the year ended December 31, 2022 $
Operating activities			
Net loss		**(11,445,131)**	(21,629,912)
Items not involving cash:			
Depreciation		**679,377**	412,254
Share-based payments	*13, 14*	**4,467,272**	5,078,570
Accretion expense on lease liability	*8*	**110,176**	72,545
Accretion expense on asset retirement obligation	*11*	**307,994**	63,456
Equity loss from investment in associate	*5*	**590,749**	893,189
Fair value adjustment on warrants	*5*	**-**	644,119
Impairment loss on investment in associate	*5*	**-**	9,889,867
Interest income		**(3,548,307)**	(3,048,855)
Net changes in non-cash working capital:			
Accounts payable and accrued liabilities		**702,735**	1,699,920
Receivables and prepayments		**(384,778)**	(128,670)
Net cash used in operating activities		**(8,519,913)**	(6,053,517)
Investing activities			
Interest received		**3,601,670**	2,648,883
Proceeds from marketable securities		**-**	1,383,413
Long-term prepayments		**(15,159,857)**	-
Purchases of mineral property, plant and equipment		**(396,424,022)**	(96,914,142)
Restricted cash		**(10,392,127)**	(3,909,800)
Net cash used in investing activities		**(418,374,336)**	(96,791,646)
Financing activities			
Deferred financing costs		**(11,143,819)**	(4,422,075)
Exercise of stock options	*13*	**3,759,580**	-
Exercise of share purchase warrants	*13*	**4,863,119**	378,600
Lease payments	*8*	**(1,277,934)**	(361,871)
Capitalized contract costs		**(338,025)**	(1,617,750)
Proceeds from long-term debt	*10*	**150,000,000**	-
Proceeds from streaming arrangements	*12*	**243,532,630**	-
Share issuance proceeds	*13*	**-**	175,005,000
Share issuance costs	*13*	**-**	(3,406,485)
Net cash provided by financing activities		**389,395,551**	165,575,419
Change in cash and cash equivalents		**(37,498,698)**	62,730,256
Cash and cash equivalents, beginning		**194,089,372**	131,359,116
Cash and cash equivalents, ending		**156,590,674**	194,089,372

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

1. NATURE OF OPERATIONS

Artemis Gold Inc. ("**Artemis Gold**" or the "**Company**") was incorporated under the Business Corporations Act (British Columbia) on January 10, 2019. The Company is a development-stage company focused on the development of the Blackwater Gold Mine ("**Blackwater**" or the "**Blackwater Mine**") in central British Columbia. The Company's common shares are traded on the TSX Venture Exchange ("**TSXV**") under the symbol "ARTG".

The Company operates a single reportable segment, being the exploration and development of mineral properties. All of the Company's non-current assets are located in Canada.

The Company maintains its head office at 595 Burrard Street, Suite 3083, Vancouver, B.C., Canada. The Company's registered and records office is located at 1133 Melville Street, Suite 3500, Vancouver, B.C., Canada.

2. BASIS OF PREPARATION

Basis of preparation and measurement

These consolidated financial statements have been prepared in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board ("**IFRS**"). The material accounting policies followed in these consolidated financial statements are presented in Note 3, and except as described in Note 3(n), have been consistently applied in all periods presented.

These consolidated financial statements have been prepared on a historical cost basis, except for certain financial instruments which have been measured at fair value. In addition, these consolidated financial statements have been prepared using the accrual basis of accounting, except for cash flow information. These consolidated financial statements are presented in Canadian dollars, which is the functional currency of the Company and its subsidiaries. References to "**US$**" are to United States Dollars. Certain prior period amounts have been reclassified to conform to the presentation in the current period.

These consolidated financial statements were approved by the Board of Directors on March 12, 2024.

Basis of consolidation

These consolidated financial statements include the accounts of the Company and its wholly-owned subsidiaries, BW Gold Ltd. and 1337890 B.C. Ltd., all of which are domiciled in Canada. All inter-company balances, transactions, income and expenses have been eliminated upon consolidation.

3. MATERIAL ACCOUNTING POLICIES

a) Cash and cash equivalents and restricted cash

Cash and cash equivalents comprise cash on hand, term deposits, and highly liquid instruments with a maturity of three months or less at the time of issuance or which are readily convertible to known amounts of cash at any time without penalty.

Cash which has legal or contractual restrictions as to its withdrawal or usage is presented as restricted cash on the statements of financial position.

b) Investment in associate

An associate is an entity over which the Company has significant influence and which is neither a subsidiary nor a joint arrangement.

The Company has significant influence over an entity when it has the power to participate in the financial and operating policy decisions of the associate but does not have control or joint control.

The Company has an equity investment in Velocity Minerals Ltd. ("**VLC**"), which is in the business of acquiring, exploring, and evaluating mineral resource properties in Bulgaria. The Company's investment in the common shares of VLC has been treated as an investment in an associate and has been accounted for using the equity method.

Under the equity method, the Company's investment in the common shares of the associate is initially recognized at cost and subsequently increased or decreased to recognize the Company's share of net income and losses of the associate, after any adjustments necessary to give effect to uniform accounting policies, any other movement in the associate's reserves, and for impairment losses after the initial recognition date. The Company's share of income and losses of the associate is recognized in net income during the period.

Dividends, repayment of capital received from an associate and the potential impacts of dilution are accounted for as a reduction in the carrying amount of the Company's investment. Intercompany balances and interest expense and income arising on loans and borrowings between the Company and its associates are not eliminated.

At the end of each reporting period, the Company assesses whether there is any objective evidence that an investment in an associate is impaired. Objective evidence includes observable data indicating there has been a significant or prolonged decline in the recoverable amount of the investment compared to its carrying value. When there is objective evidence that an investment is impaired, the carrying amount of such investment is compared to its recoverable amount, being the higher of its fair value less costs of disposal and value-in-use. If the recoverable amount of an investment is less than its carrying amount, the carrying amount is reduced to its recoverable amount and an impairment loss, being the excess of carrying amount over the recoverable amount, is recognized in the period in which the relevant circumstances are identified. When an impairment loss reverses in a subsequent period, the carrying amount of the investment is increased to the revised estimate of recoverable amount to the extent that the increased carrying amount does not exceed the carrying amount that would have been determined had an impairment loss not been previously recognized. A reversal of an impairment loss is recognized in net income in the period in which the reversal occurs.

3. MATERIAL ACCOUNTING POLICIES (continued)

c) Earnings (loss) per common share

The basic earnings (loss) per share is computed by dividing the earnings by the weighted average number of common shares outstanding during the period.

Provided that they are not anti-dilutive, the diluted earnings per share reflects the potential dilution of common share equivalents, such as convertible debentures, outstanding stock options and share purchase warrants, in the weighted average number of common shares outstanding during the year, if exercised. For this purpose, the treasury stock method is used whereby the assumed proceeds upon the exercise of stock options and warrants are assumed to be used to purchase common shares at the average market price during the period.

d) Share-based payments

Share-based payments to employees are measured at the fair value of the instruments issued and the expense is recognized over the vesting periods. Share-based payments to non-employees are measured at the fair value of the goods or services received, or the fair value of the equity instruments issued if it is determined the fair value of the goods or services cannot be reliably measured, and are recorded at the date the goods or services are received.

Compensation expense for all stock options awarded to employees are measured based on the fair value of the options on the grant date which is determined using the Black-Scholes option pricing model. The fair value of stock options granted is recognized as an expense over the vesting period with a corresponding increase in contributed surplus. No expense is recognized for awards that do not ultimately vest.

Consideration received on the exercise of stock options is recorded as share capital and the related share-based payments reserve is transferred to share capital.

Restricted share units ("**RSUs**") and deferred share units ("**DSUs**") issued prior to December 31, 2023 are liability awards settled in cash and measured at the quoted market price at the grant date. The liability and corresponding expense are adjusted over the vesting period for changes in fair value at each subsequent reporting date until the awards are settled. During the year ended December 31, 2023, the Company adopted an Omnibus Incentive Plan (the "**Omnibus Plan**") under which RSUs and DSUs may be settled in either cash or in common shares (or a combination thereof), which form of settlement is to be determined at the sole discretion of the Board of Directors. Equity-settled RSUs and DSUs are measured at fair value at the date of the grant and the corresponding expense is recorded over the vesting period within equity.

e) Current and deferred income taxes

Current income tax charges are calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the country where the Company operates and generates taxable income.

Deferred income tax assets and liabilities are determined based on the differences between the tax basis of assets and liabilities and the amounts reported in the consolidated financial statements. The deferred tax assets or liabilities are calculated using the tax rates enacted or substantially enacted for the periods in which the differences are expected to be settled. Deferred tax assets are recognized only to the extent that they are considered probable of being realized.

3. MATERIAL ACCOUNTING POLICIES (continued)

f) Plant and equipment

Plant and equipment is stated at cost less accumulated depreciation and accumulated impairment losses. The cost of an item of plant and equipment includes the acquisition cost or construction cost, any costs directly attributable to bringing the asset to the location and condition necessary for its intended use, an initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located and, for qualifying assets, the associated borrowing costs.

Where an item of plant and equipment is comprised of major components with different useful lives, the components are accounted for as separate items of plant and equipment. Costs incurred for major overhaul of existing equipment are capitalized as plant and equipment and are subject to depreciation once they are available for use.

Major overhauls include improvement programs that increase the productivity or extend the useful life of an asset beyond that initially envisaged. The costs of routine maintenance and repairs that do not constitute improvement programs are accounted for as an expense in the statements of loss and comprehensive loss.

Depreciation of plant and equipment

The carrying amounts of plant and equipment are depreciated to their estimated residual value over the estimated useful lives of the specific assets concerned, or the estimated life-of-mine ("**LOM**"), if shorter. Depreciation starts on the date when the asset is available for its intended use. The major categories of plant and equipment are depreciated using the estimated lives indicated below:

Vehicles	5 years
Exploration camp	10 years
Equipment	17 years
Furniture	5 years
Buildings	25 years

g) Mineral properties

Mineral properties consist of exploration and mining concessions or options and contracts related to such concessions. Acquisition, exploration and evaluation costs are capitalized and deferred to mineral properties until such time as the technical feasibility and commercial viability of extracting a mineral reserve for a particular property are demonstrable or the property is disposed of, either through sale or abandonment, or becomes impaired. Where the cost of mineral properties includes variable payments based on future performance of the asset, the Company records variable consideration as an increase to the cost of the asset, which will subsequently be expensed as depletion during periods of commercial production. Once the technical feasibility and commercial viability of extracting a mineral reserve for a particular property are demonstrable, the capitalized amounts are first tested for impairment and then transferred to property, plant and equipment. If a property is put into production, the carrying value will be depleted over the life of the property based on estimated economic reserves. Proceeds received from the sale of any interest in a property will be credited against the carrying value of the property. If a property is abandoned, the carrying value will be written off to net income.

Exploration expenditures relate to the initial search for deposits with economic potential and detailed assessments of deposits or other projects that have been identified as having economic potential.

3. MATERIAL ACCOUNTING POLICIES (continued)

h) Impairment of mineral property, plant and equipment

Mineral property, plant and equipment is reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. If there are indicators of impairment, the recoverable amount of the asset is estimated to determine the extent of the impairment. An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount.

The recoverable amount is the higher of an asset's "fair value less costs of disposal" and "value-in-use". Where the asset does not generate cash flows that are independent from other assets, the recoverable amount of the cash-generating unit to which the asset belongs is determined. "Fair value less costs of disposal" is determined as the amount that would be obtained from the sale of the asset in an arm's length transaction between knowledgeable and willing parties. For mining assets this would generally be determined based on the present value of the estimated future cash flows arising from the continued development, use or eventual disposal of the asset. In assessing these cash flows and discounting them to the present value, assumptions used are those that an independent market participant would consider appropriate. In assessing "value-in-use", the estimated future cash flows expected to arise from the continuing use of the assets in their present form are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and risks specific to the asset.

Impairment losses are evaluated for potential reversals when events or circumstances warrant such consideration. Where an impairment loss is subsequently reversed, the amount of such reversal is limited such that the revised carrying amount of the asset or cash-generating unit does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset or cash-generating unit in the prior years. A reversal of an impairment loss is recognized in the statement of operations.

i) Reclamation and closure cost obligations

The Company's mining and exploration activities are subject to various governmental laws and regulations relating to the protection of the environment. The Company has recorded a liability and corresponding asset for the estimated future cost of reclamation and closure, including site rehabilitation and long-term treatment and monitoring costs. These costs represent management's best estimates which incorporate assumptions on the effects of inflation and other specific risks associated with the related liabilities. The costs are discounted to net present value using the risk-free rate applicable to the future cash outflows. Such estimates are, however, subject to changes in laws and regulations or changes to market inputs to the decommissioning model.

The present value of estimated costs is recorded in the period in which the asset is installed or the environment is disturbed and a reasonable estimate of future costs and discount rates can be made.

After the initial measurement, the obligation is adjusted to reflect the passage of time and changes in the estimated future cash flows underlying the obligation. The increase in the provision due to the passage of time is recognized in the statements of (loss) income and comprehensive (loss) income. Increases and decreases due to changes in the estimated future cash flows are capitalized and depreciated over the life of the related asset unless the amount deducted from the cost exceeds the carrying value of the asset, in which case the excess is recorded in the statements of (loss) income and comprehensive (loss) income. Actual costs incurred upon settlement of the site restoration obligation are charged against the provision to the extent the provision was established for those costs. Upon settlement of the liability, a gain or loss may be recorded in the statements of (loss) income and comprehensive (loss) income.

3. MATERIAL ACCOUNTING POLICIES (continued)

j) Financial instruments

IFRS 9, *Financial Instruments* ("**IFRS 9**") establishes three primary measurement categories for financial assets: (i) amortized cost, (ii) fair value through other comprehensive income ("**FVOCI**") and (iii) fair value through profit or loss ("**FVTPL**"). The Company determines the classification of the financial assets at initial recognition. The basis of classification depends on the Company's business model for managing its financial instruments and the contractual cash flow characteristics of the instrument. A financial asset that is a debt instrument is measured at amortized cost if it meets both of the following conditions and is not designated at FVTPL:

- It is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- Its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Investments in equity instruments are required to be measured by default at FVTPL, unless the Company makes an irrevocable election on the day of acquisition (on an instrument-by-instrument basis) to designate them as FVOCI.

Derivative financial instruments are initially recognized at fair value on the date a derivative contract is entered into and subsequently remeasured at FVTPL. Derivatives embedded in a host contract are recognized separately if they are not closely related to the host contract. Changes in the fair value of any derivative financial instrument that are not designated for hedge accounting are recognized in the consolidated statements of income (loss).

All financial assets not classified as measured at amortized cost or FVOCI are measured at FVTPL. On initial recognition, the Company may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortized cost or at FVTPL as FVOCI, if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise. A financial asset (unless it is a trade receivable without a significant financing component that is initially measured at the transaction price) is initially measured at fair value plus, for an item not at FVTPL, transaction costs that are directly attributed to its acquisition.

Fees paid on the establishment of non-revolving debt facilities are recognized as transaction costs of the debt to the extent that it is probable that some or all of the facility will be drawn upon. In this case, the fee is deferred until the initial draw-down occurs, at which time, these transaction costs are included in the carrying value of the amount drawn on the facility and amortized using the effective interest rate method.

Financial liabilities are initially measured at fair value plus any direct transaction costs and thereafter at amortized cost using the effective interest rate method unless they are classified as measured at FVTPL. In cases where the fair value option is taken for financial liabilities, the part of a fair value change due to an entity's own credit risk is recorded in other comprehensive income (loss) rather than in net earnings. Where accounts payable are settled via electronic cash transfers, they are derecognized when the Company has no ability to withdraw, stop or cancel the payment, has lost the practical ability to access the cash as a result of the electronic payment instruction, and the risk of a settlement not occurring is insignificant.

Cash, receivables, accounts payable and accrued liabilities, deferred financing costs, long-term debt and variable consideration payable are classified at amortized cost.

The zero cost gold collars and the embedded derivative related to the partial buy-back option in the silver stream are accounted for as derivative financial instruments.

3. MATERIAL ACCOUNTING POLICIES (continued)

k) Leases and right of use assets

At inception of a contract, the Company assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Company assesses whether:

- The contract involves the use of an identified asset;
- The Company has the right to obtain substantially all of the economic benefits from the use of the asset throughout the period of use; and
- The Company has the right to direct the use of the asset.

As a lessee, the Company recognizes a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the future lease payments, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Company's incremental borrowing rate. It is remeasured when there is a change in future lease payments arising from a change in an index or rate.

The Company elected not to recognize right-of-use assets and lease liabilities for short-term leases that have a lease term of twelve months or less and leases of low-value assets. Payments associated with short-term leases and all leases of low-value assets are recognized as an expense in the statements of (loss) income and comprehensive (loss) income.

l) Deferred revenue

Upfront cash deposits received for streaming arrangements have been accounted for as contract liabilities (deferred revenue) in accordance with IFRS 15, *Revenue From Contracts With Customers* ("**IFRS 15**"). Deferred revenue represents payments received by the Company in consideration for future commitments to deliver gold and silver produced at Blackwater. As gold and silver deliveries are made to the streamer, control of the gold and silver metal is passed from the Company to the streamer, and the Company recognizes a portion of the deferred revenue as revenue. The amount of deferred revenue that is recognized as revenue is calculated on a per unit basis using the total number of gold and silver ounces expected to be delivered over the life of the mine. The current portion of deferred revenue is based on deliveries anticipated over the next twelve months.

A financing charge on deferred revenue is recognized when the Company identifies a significant financing component related to its streaming arrangements, associated with the difference in the timing of the upfront consideration received and delivery of the gold and silver metal. The accretion rate is determined based on the rate implicit in each streaming arrangement at the date of initial recognition.

3. MATERIAL ACCOUNTING POLICIES (continued)

l) Deferred revenue (continued)

Financing costs (accretion) that are attributable to qualifying assets are capitalized and included in the carrying amounts of mineral property, plant and equipment during the development period until the qualifying assets are ready for their intended use, in accordance with the Company's accounting policy.

The incremental costs of obtaining the streaming arrangement contracts are recognized as an asset (capitalized contract costs) when the Company expects to recover those costs and are amortized on a per unit basis using the total number of gold and silver deliveries expected to be delivered over the contract period.

m) Foreign currency transactions

Transactions in foreign currencies are translated to the functional currency at exchange rates on the dates of transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are translated to the functional currency at the exchange rate on the reporting date. Non-monetary assets and liabilities denominated in foreign currencies are translated at historic rates. Foreign currency differences arising on translation are recognized in net income.

n) Changes in accounting standards

i) Accounting standards adopted January 1, 2023

- IAS 1, *Presentation of Financial Statements* ("**IAS 1**") and IFRS Practice Statement 2: In February 2021, the IASB issued amendments to IAS 1 and the IFRS Practice Statement 2 *Making Materiality Judgements* to provide guidance on the application of materiality judgments to accounting policy disclosures. The amendments to IAS 1 replace the requirement to disclose 'significant' accounting policies with a requirement to disclose 'material' accounting policies. Guidance and illustrative examples are added in the Practice Statement to assist in the application of materiality concept when making judgments about accounting policy disclosures. Effective January 1, 2023, the Company adopted these amendments prospectively. These amendments had no material impact to these consolidated financial statements;

- IAS 12, *Income Taxes* ("**IAS 12**") – Deferred tax related to assets and liabilities arising from a single transaction: The amendments to IAS 12 require companies to recognize deferred tax on transactions that, on initial recognition, give rise to equal amounts of taxable and deductible temporary differences. They will typically apply to transactions such as leases of lessees and decommissioning obligations and will require the recognition of additional deferred tax assets and liabilities. These balances would offset and there will be no impact on the statement of financial position. Effective January 1, 2023, the Company adopted the amendments to IAS 12 which had no material impact to these consolidated financial statements; and

- IAS 8, *Accounting Policies, Changes in Accounting Estimates and Errors* ("**IAS 8**") – Definition of accounting estimates: the amendments to IAS 8 introduce a new definition for accounting estimates to clarify that they are monetary amounts in the financial statements that are subject to measurement uncertainty. The amendments also clarify the relationship between accounting policies and accounting estimates by specifying that a company develops an accounting estimate to achieve the objective set out by an accounting policy. Effective January 1, 2023, the Company adopted the amendments to IAS 8 which had no material impact to these consolidated financial statements.

3. MATERIAL ACCOUNTING POLICIES (continued)

n) Changes in accounting standards (continued)

ii) Accounting standards and amendments issued but not yet adopted

IAS 1: In October 2022, the IASB issued amendments to IAS 1 titled Non-current Liabilities with Covenants. These amendments sought to improve the information that an entity provides when its right to defer settlement of a liability is subject to compliance with covenants within 12 months after the reporting period. These amendments to IAS 1 override but incorporate the previous amendments, Classification of Debt as Current or Non-current, issued in January 2020, which clarified that liabilities are classified as either current or non-current, depending on the rights that exist at the end of the reporting period. Liabilities should be classified as non-current if a company has a substantive right to defer settlement for at least 12 months at the end of the reporting period. The amendments are effective January 1, 2024, with early adoption permitted. Retrospective application is required on adoption. The Company does not expect these amendments to have a material effect on its consolidated financial statements.

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

The preparation of these consolidated financial statements requires management to use judgment in applying its accounting policies and estimates and assumptions about the future. Estimates and other judgments are regularly evaluated and are based on management's experience and other factors, including expectations about future events that are believed to be reasonable under the circumstances.

The following discusses the most significant accounting judgments and sources of estimation uncertainty that could result in a material effect in the next financial year on the carrying amounts of assets and liabilities.

Impairment of mineral property, plant and equipment

Mineral property, plant and equipment are tested for impairment at the end of each reporting period if, in management's judgement, there is an indicator of impairment. Management applies significant judgment in assessing whether indicators of impairment exist that would necessitate impairment testing. Internal and external factors, such as (i) changes in the amount of the recoverable resources and reserves; (ii) changes in metal prices, capital and operating costs and interest rates; and (iii) the market capitalization of the Company compared to its net assets, are evaluated by management in determining whether there are any indicators of impairment. The estimated amount of recoverable resources and reserves are prepared by qualified persons (management's experts).

Impairment of investment in associate

At the end of each financial reporting period, the carrying amount of the investment in associate is reviewed to determine whether there is objective evidence of an impairment or reversal of previous impairment. With respect to its investment in associate, the Company is required to make judgments about future events and circumstances and whether the carrying amount of the asset exceeds its recoverable amount. Recoverability depends on various factors, including the discovery of economically recoverable reserves at VLC's exploration properties, the ability of VLC to obtain the necessary financing to complete the development, and future profitable production or proceeds from the disposition of the VLC shares themselves. Additionally, there are numerous geological, economic, environmental and regulatory factors and uncertainties that could impact VLC's assessment as to the overall viability of its properties or its ability to generate future cash flows necessary to cover or exceed the carrying value of the Company's investment in VLC.

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS (continued)

Deferred revenue – Own use exemption

In assessing the accounting for the Silver Stream and Gold Stream Amendment (as defined in Note 12), the Company was required to make judgements in determining whether these arrangements met the criteria of the 'own use' exemption in IFRS 9 and therefore fell outside the scope of financial instrument accounting. The 'own use' exemption applies to contracts that are entered into and continue to be held for the delivery of a non-financial item.

In determining whether these arrangements met the criteria of the 'own use' exemption in IFRS 9, the Company evaluated whether it has the ability and intent to settle the streaming arrangements contracts through the delivery of silver and gold from the Blackwater Mine.

Management determined that there are sufficient recoverable gold and silver reserves and resources at Blackwater and it is expected that the mine and processing plant would be successfully constructed and operated to settle the contract through delivery of silver and gold from the Blackwater Mine. The Company relies on geological and metallurgical experts to develop estimates of recoverable mineral reserves and resources, metallurgical recovery estimates and future production volume.

Deferred revenue – variable consideration

The consideration received from payments for deliveries made under streaming arrangements are considered variable, subject to changes in the total estimated gold and silver ounces to be delivered and gold and silver prices. Changes to variable consideration are accounted for prospectively and will be recorded in revenue in the consolidated statements of income (loss).

In order to determine the amount of deferred revenue that is to be recognized as revenue each time that the Company makes deliveries to the streamer, the Company will make estimates with respect to future production of the life of mine and mineral reserves. These estimates are subject to variability and may have an impact on the timing and amount of revenue recognized once Blackwater is operating.

The Gold Stream Amendment (as defined in Note 12) is treated as a separate agreement from the Gold Stream (as defined in Note 9) as the Gold Stream formed part of the consideration associated with the original acquisition of Blackwater, whilst the Gold Stream Amendment was entered into for the purposes of funding the development of the Blackwater Mine.

Hedging – Own use exemption

Under the requirements of the Company's syndicated Project Loan Facility (the "**PLF**") (Note 10), a hedging program (the "**Mandatory Hedge Program**") was required to be put in place prior to the utilization of the PLF. The Company satisfied the requirements of the Mandatory Hedge Program by entering into gold forward sales contracts of 190,000 gold ounces at a weighted average price of $2,851/ounce (the "**Gold Forwards**").

In determining whether the Gold Forwards met the criteria of the '"own use'" exemption in IFRS 9, the Company evaluated whether it has the ability and intent to settle the Gold Forwards through the delivery of gold from the Blackwater Mine.

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS (continued)

Hedging – own use exemption (continued)

Management determined that there are sufficient recoverable gold reserves and resources at Blackwater and it is expected that the mine and processing plant would be successfully constructed and operated to settle the contract through delivery of gold from the Blackwater Mine. The Company relies on geological and metallurgical experts to develop estimates of recoverable mineral reserves and resources, metallurgical recovery estimates and future production volume.

Reclamation and closure cost obligations

The Company's provision for reclamation and closure cost obligations represents management's best estimate of the present value of the future cash outflows required to settle the liability which reflects estimates of future costs, inflation, and assumptions of risks associated with the future cash outflows, and the applicable risk-free interest rates for discounting the future cash outflows. Changes in the above factors will result in a change to the provision recognized by the Company.

5. INVESTMENT IN VLC

The investment in VLC is comprised of:

	Investment in associate	Warrants	Total
	$	$	$
Balance, January 1, 2022	**18,959,373**	**644,119**	**19,603,492**
Fair value change for the year	-	(644,119)	(644,119)
Equity loss on investment in associate	(893,189)	-	(893,189)
Impairment loss on investment in associate	(9,889,867)	-	(9,889,867)
Balance, December 31, 2022	**8,176,317**	-	**8,176,317**
Equity loss on investment in associate	(590,749)	-	(590,749)
Balance, December 31, 2023	**7,585,568**	**-**	**7,585,568**

As at December 31, 2023, the Company held 50,701,138 common shares of VLC (or 26% of VLC's issued and outstanding common shares) with a fair market value of $5,577,125 (December 31, 2022 - 50,701,138 VLC shares, or 32% of VLC's issued and outstanding common shares, at a fair value of $10,140,228).

The Company applies equity accounting to the investment in the common shares of VLC as the Company has significant influence over VLC due to the Company's share ownership and representation on VLC's Board of Directors. As a result, the common shares were recognized at cost, with the carrying amount of the investment increasing or decreasing at each reporting period to recognize the Company's share of the profit or loss of VLC for the particular period.

The assets and liabilities of VLC are summarized in the following table and incorporates VLC's most recently available financial information, which was as at September 30, 2023.

5. INVESTMENT IN VLC (continued)

	September 30, 2023 $
Current assets	2,978,719
Non-current assets	25,854,752
	28,833,471
Current liabilities	951,402
Non-current liabilities	101,212
	1,052,614
Total net assets attributable to owners of Velocity	23,032,324
Company's equity share of net assets	5,959,493
Loss and comprehensive loss for the twelve months ended September 30, 2023	2,033,973

6. RESTRICTED CASH

As at December 31, 2023, the Company recorded $15,126,227 (December 31, 2022 - $4,734,100) of restricted cash on the statements of financial position with respect to cash collateral provided to support surety bonds related to reclamation, fish habitat compensation plans, mining effluent requirements, construction holdbacks and other collateral provided in regard to financial security in support of general corporate accounts, as detailed below:

	December 31, 2023 $		December 31, 2022 $	
	Restricted cash	Surety bond	Restricted cash	Surety bond
Reclamation and environmental security	**8,698,900**	**86,989,000**	736,800	3,684,000
Construction holdback liability	**6,311,927**	**-**	-	-
Other	**115,400**	**585,544**	247,300	575,000
EPC contract security	**-**	**-**	3,750,000	7,500,000
	15,126,227	**87,574,544**	4,734,100	11,759,000

7. MINERAL PROPERTY, PLANT AND EQUIPMENT

	Mineral property [1]	Construction in Progress [2]	Right-of-use assets [3]	Camp	Equipment	Vehicles	Other [4]	Total
	$	$	$	$	$	$	$	$
COST								
Balance, January 1, 2022	305,901,875	-	1,569,888	4,802,845	1,673,062	114,141	537,688	314,599,499
Additions	75,229,740	46,406,633	759,712	-	-	166,531	864,792	123,427,408
Balance, December 31, 2022	**381,131,615**	**46,406,633**	**2,329,600**	**4,802,845**	**1,673,062**	**280,672**	**1,402,480**	**438,026,907**
Additions	107,893,413	342,187,242	20,621,019	-	-	-	61,218	470,762,892
Balance, December 31, 2023	**489,025,028**	**388,593,875**	**22,950,619**	**4,802,845**	**1,673,062**	**280,672**	**1,463,698**	**908,789,799**
Balance, January 1, 2022	-	-	(488,356)	(641,130)	(120,719)	(32,903)	(62,227)	(1,345,335)
Depreciation	-	-	(310,753)	(424,951)	(92,231)	(38,433)	(103,265)	(969,633)
Balance, December 31, 2022	-	-	(799,109)	(1,066,081)	(212,950)	(71,336)	(165,492)	(2,314,968)
Depreciation	-	-	(1,648,164)	(433,731)	(99,781)	(53,704)	(124,613)	(2,359,993)
Balance, December 31, 2023	-	-	(2,447,273)	(1,499,812)	(312,731)	(125,040)	(290,105)	(4,674,961)
NET BOOK VALUE								
Balance, December 31, 2022	**381,131,615**	**46,406,633**	**1,530,491**	**3,736,764**	**1,460,112**	**209,336**	**1,236,988**	**435,711,939**
Balance, December 31, 2023	**489,025,028**	**388,593,875**	**20,503,346**	**3,303,033**	**1,360,331**	**155,632**	**1,173,593**	**904,114,838**

(1) Mineral property primarily includes expenditures related to technical services, environmental permitting and compliance, capitalized interest, accretion of variable consideration payable, accretion of deferred revenue, discounted future reclamation costs (Note 11), capitalized stock-based compensation and capitalized interest on lease liabilities.

(2) Construction in Progress consists of costs associated with the Blackwater Mine, which includes the engineering, procurement and construction (“**EPC**”) contract for the processing plant.

(3) Right-of-use assets consist of the initial construction and mining fleet related to the Blackwater Mine, as well as corporate office leases.

(4) “Other” includes furniture, buildings and land.

7. MINERAL PROPERTY, PLANT AND EQUIPMENT (continued)

Total depreciation recognized during the year ended December 31, 2023 was $2,359,993 (December 31, 2022 - $969,633), of which $679,377 was expensed in the consolidated statements of loss and comprehensive loss (December 31, 2022 - $412,254). The remaining depreciation charges were capitalized to mineral property.

The amount of capitalized interest included in mineral property during the year ended December 31, 2023 was $19,857,400 (December 31, 2022 - $8,373,378). The amounts of capitalized interest include the accretion of variable consideration payable and deferred revenue, as well as commitment fees and interest associated with the PLF and master lease agreement.

The additions to mineral property during the year ended December 31, 2023 includes $12,603,433 in changes in the asset retirement obligation estimate (December 31, 2022 - $3,885,116).

8. LEASE LIABILITIES

The Company's lease liabilities are primarily related to construction equipment required for the execution of the owner-performed scope of major works construction activities at the Blackwater Mine. The Company's lease liabilities have interest rates that vary between 6.0% to 10.1%.

The following table summarizes the changes in lease liabilities:

	December 31, 2023 $	December 31, 2022 $
Opening balance	**1,712,564**	**1,242,179**
Additions	20,537,403	759,711
Lease payments	(1,277,934)	(361,871)
Interest	369,024	72,545
Closing balance	**21,341,057**	**1,712,564**
Less: current portion	(1,373,303)	(679,992)
Non-current portion	**19,967,754**	**1,032,572**

Total interest accreted on lease liabilities during the year ended December 31, 2023 was $369,024 (December 31, 2022 - $72,545), of which $110,176 was expensed in the consolidated statements of loss and comprehensive loss (December 31, 2022 - $72,545). The remaining amounts were capitalized to mineral property.

Future scheduled lease payments, comprising principal and interest are disclosed in Note 16.

9. VARIABLE CONSIDERATION PAYABLE

As part of the consideration associated with the acquisition of Blackwater, the Company entered into a gold stream arrangement (the "**Gold Stream**") with the following attributes:

- The streaming company would receive a percentage of gold production from the Blackwater Mine as follows: 8% until 279,908 refined gold ounces (the "**Original Threshold Amount**") are delivered to and purchased by the streaming company, then 4% thereafter for the LOM. See note 12(b) regarding the Amended Threshold Amount; and

9. VARIABLE CONSIDERATION PAYABLE (continued)

- The streaming company will pay a purchase price equal to 35% of the US$ spot price for the gold ounces received. The 65% discount given will be recorded as an increase to the cost of the asset when incurred as variable consideration for the acquisition.

The Gold Stream also included a delayed construction/production penalty clause (the "**Delay Penalty Clause**") whereby, in the event the Blackwater mineral processing facility had not achieved an average of at least 80% of Phase 1 nameplate capacity (as per the definition in the 2021 feasibility study) for a period of 60 days prior to each of August 21, 2027, 2028 and 2029, the Company would be required to make penalty payments to the streaming company in the amount of $28 million (the "**Penalty Payment**") per annual deadline missed, up to a maximum of $84 million. Although the Company does not control all of the events which may result in the payment of the Penalty Payments, it was considered likely that the minimum benefit to the streaming company, either as a result of the Delay Penalty Clause or through future sales at a discount to the spot price, would be the sum of the Penalty Payments. Accordingly, the Company recorded a liability for variable consideration payable upon the acquisition of Blackwater. The initial fair value of the financial liability was determined using a discount rate of 12.5% and subsequent changes to the amortized cost were as follows:

	Carrying amount $
Balance, January 1, 2022	**36,809,082**
Accretion expense capitalized to mineral property, plant and equipment	4,900,583
Balance, December 31, 2022	**41,709,665**
Accretion expense capitalized to mineral property, plant and equipment	5,553,023
Balance, December 31, 2023	**47,262,688**

10. LONG-TERM DEBT

The following is a continuity schedule of the Company's long-term debt balance:

	December 31, 2023 $
Opening balance	-
Proceeds received on drawdowns of PLF	150,000,000
Deferred financing costs	(7,147,687)
Amortization of deferred financing costs	8,883
Capitalized interest	636,562
Closing balance	**143,497,758**

The Company executed the PLF with a syndicate of lenders on February 24, 2023, in respect of a $360 million PLF, plus up to $25 million of capitalized interest, to fund a significant component of the estimated construction costs of the development of the Blackwater Mine. The PLF also provides for a $40 million standby cost overrun facility ("**COF**"). The Company may cancel the COF once the Blackwater Mine reaches completion.

On December 14, 2023, the Company completed its first draw under the PLF in the amount of $150 million. Upon utilization of the PLF, $7,147,687 of transaction costs previously recorded as deferred financing costs were reclassified and recognized as part of the amortized cost of the PLF. As at December 31, 2023, the Company capitalized $636,562 of interest associated with the PLF (December 31, 2022 - $nil).

10. LONG-TERM DEBT (continued)

The PLF carries an interest rate at the Canadian Dealer Offered Rate ("CDOR"), plus a margin of 4.75% pre-project completion, reducing to 4.25% post-completion. Any amounts drawn on the COF will carry the above pricing plus an additional 2%.

Principal and capitalized interest will be repayable in quarterly installments over six years, commencing in the third quarter following commercial production. The PLF can be prepaid at anytime without penalty.

The Company incurs commitment fees of 1.5% on the undrawn portion of the PLF and 1.75% on the undrawn portion of the COF, payable quarterly up until the earlier of the completion of construction, the first repayment date, or when all amounts of the PLF and COF are drawn.

As at December 31, 2023, the amount available to be drawn under the PLF was $210 million and $40 million under the COF, subject to meeting certain conditions precedent.

The PLF is secured through guarantees and a first ranking charge on all assets of the Company and each of its material subsidiaries. In connection with the PLF, the Company must also maintain certain ratios for leverage and interest coverage. As at December 31, 2023, the Company was in compliance with these debt covenants.

Aggregate future minimum repayments, including both the principal amount of drawings and capitalized interest, are disclosed in Note 16.

11. ASSET RETIREMENT OBLIGATION

Changes to the asset retirement obligation are as follows:

	Carrying amount $
Balance, January 1, 2022	**7,344,283**
Accretion expense	63,456
Change in obligation estimate	3,885,116
Balance, December 31, 2022	**11,292,855**
Accretion expense	307,994
Change in obligation estimate	12,603,433
Balance, December 31, 2023	**24,204,282**

As at December 31, 2023, the assumptions applied in estimating the asset retirement obligation related to the inflation rate and discount rate were 1.99% and 3.02% per annum (as at December 31, 2022 2.46% and 3.28% per annum), respectively.

As at December 31, 2023, the Company's estimate of the undiscounted future cash flows related to the asset retirement obligation was $30,764,665 (Note 16).

12. DEFERRED REVENUE

Details of changes in the balance of deferred revenue are as follows:

	Silver Stream $	Gold Stream Amendment $	Total $
Opening balance	-	-	-
Deposits	189,763,200	53,769,430	**243,532,630**
Accretion	5,507,112	1,258,887	**6,765,999**
Closing balance	**195,270,312**	**55,028,317**	**250,298,629**
Less: current portion	(2,856,891)	-	**(2,856,891)**
Non-current portion	**192,413,421**	**55,028,317**	**247,441,738**

a) Silver Stream

The Company entered into a Silver Stream Precious Metals Purchase Agreement (the "**Silver Stream**") with a streaming company on December 13, 2021. Under the terms of the Silver Stream:

- The streaming company made upfront deposit payments in cash of US$140.8 million, payable in tranches during the major works construction of the Blackwater Mine, subject to certain conditions;
- The streaming company will purchase 50% of the silver production from the mineral reserves of Blackwater until approximately 18 million ounces of silver have been delivered, after which the stream reduces to 33% of the silver production for the LOM;
- The Silver Stream will be settled by Blackwater delivering silver metal to the streaming company; and
- As silver deliveries are made under the Silver Stream, the streaming company will make payments equal to 18% of the spot silver prices until the upfront deposit payment is reduced to zero, and 22% of the spot silver prices thereafter.

The upfront cash deposits received under the Silver Stream are accounted for as deferred revenue with a significant financing component, with the related accretion expense being capitalized to mineral property until the Blackwater Mine is operating in a manner intended by management. The proceeds from the Silver Stream have been used by the Company to fund the development and construction of the Blackwater Mine. As of December 31, 2023, the entire amount of the US$140.8 million ($189.8 million) of the upfront deposit payments related to the Silver Stream has been received. The deferred revenue associated with the Silver Stream is being accreted to reflect the significant financing component at a pre-tax rate of 8%, being the estimated rate implicit to the Silver Stream.

The Silver Stream also contains a partial buy-back option such that, should a change of control occur prior to the earlier of January 1, 2025, or the achievement of commercial production at Blackwater, the Company will have a one-time option to repurchase up to 33% of the Silver Stream for cash consideration. This partial buy back option constitutes an embedded derivative which was initially recognized at $nil based on its fair value at the time that the upfront cash consideration was received. The embedded derivative is classified as fair value through profit and loss and is valued at $nil as of December 31, 2023.

The Silver Stream Agreement is a subordinated secured obligation of the Company, and its subsidiaries.

The current portion of deferred revenue related to the Silver Stream is based on the forecasted silver ounce production of Blackwater for the next twelve months.

12. DEFERRED REVENUE (continued)

b) Gold Stream Amendment

The Company entered into a separate amendment of the Gold Stream (see Note 9) on June 14, 2023 (the "**Gold Stream Amendment**"). The terms of the Gold Stream Amendment remain largely the same as the Gold Stream, with the main changes being:

- The streaming company made upfront deposit payments in cash of US$40 million, payable in tranches during the major works construction of the Blackwater Mine, subject to certain conditions;
- The Original Threshold Amount is increased to 464,000 refined gold ounces (the "**Amended Threshold Amount**"), resulting in the Company delivering approximately 92,000 additional gold ounces to the streaming company, starting in 2034 based on the current life of mine plan; and
- The Gold Stream Amendment will be settled by Blackwater delivering gold metal to the streaming company.

The upfront deposit amounts related to the Gold Stream Amendment are accounted for as deferred revenue with a significant financing component, with the related accretion expense being capitalized to mineral property until the Blackwater Mine is operating in a manner intended by management. The proceeds from the Gold Stream Amendment will be used by the Company to fund the development and construction of the Blackwater Mine. As of December 31, 2023, the entire amount of the US$40 million ($53.8 million) of the upfront deposit payments related to the Gold Stream Amendment has been received. The deferred revenue associated with the Gold Stream Amendment is being accreted to reflect the significant financing component at a pre-tax rate of 6.5%, being the estimated rate implicit to the Gold Stream Amendment.

The Company and its subsidiaries have provided security in favour of the streaming company in respect of their obligations under the Gold Stream and Gold Stream Amendment. The streaming company also has a subordinated security interest over substantially all properties and assets of the Company and its subsidiaries and over the mining rights comprising the Blackwater Mine.

As the deliveries of the Amended Threshold Amount are not expected to begin until 2034, the entire amount of the deferred revenue related to the Gold Stream Amendment is recorded as non-current as of December 31, 2023.

13. EQUITY

a) Authorized share capital

Unlimited number of common shares without par value.

During the year ended December 31, 2023, the Company completed the following share transactions:

(i) In various tranches, the Company issued 991,666 common shares pursuant to stock option exercises for gross proceeds of $3,759,580. The associated fair value of $1,992,386 was reclassified from contributed surplus to share capital.

(ii) In various tranches, the Company issued 4,502,888 common shares pursuant to warrant exercises for gross proceeds of $4,863,119.

13. EQUITY (continued)

a) Authorized share capital (continued)

During the year ended December 31, 2022, the Company completed the following share transactions:

(i) On October 14, 2022, the Company completed a brokered offering with a syndicate of underwriters to issue 19,112,000 common shares on a bought deal basis at a price of $4.50 per common share (the "**Bought Deal Offering**"). The Company also completed a non-brokered offering for 19,778,000 common shares at a price of $4.50 per common share (the "**Non-Brokered Offering**") on October 14, 2022, for combined gross proceeds of $175,005,000. The Company incurred share issuance costs in the amount of $3,406,485 in connection with the Bought Deal Offering and Non-Brokered Offering combined.

(ii) In various tranches, the Company issued 350,556 common shares pursuant to warrant exercises for gross proceeds of $378,600.

b) Stock options

Under the Omnibus Plan, the Company may grant stock options to its directors, executive officers, employees and consultants to acquire a maximum number of common shares equal to 10% of the total issued and outstanding common shares of the Company exercisable for a period of up to 10 years from the date of grant, subject to vesting conditions.

The Company uses the Black Scholes option pricing model to determine the fair value of stock options granted. As at December 31, 2023, the Company had the following stock options outstanding and exercisable:

	Number of stock options #	Weighted-average exercise price $
Outstanding – January 1, 2022	**8,976,500**	**4.67**
Granted	1,383,100	4.71
Exercised	(50,000)	6.08
Outstanding – December 31, 2022	**10,309,600**	**4.67**
Granted	3,393,875	4.92
Exercised	(991,666)	3.79
Cancelled	(335,334)	5.16
Forfeited	(714,000)	5.18
Outstanding – December 31, 2023	**11,662,475**	**4.77**

13. EQUITY (continued)

b) Stock options (continued)

The following table summarizes the options outstanding and exercisable at December 31, 2023 and December 31, 2022:

As at December 31, 2023	Total options outstanding				Total options exercisable			
Range of exercise price	Number	Weighted average remaining contractual life (years)		Weighted average exercise price	Number	Weighted average remaining contractual life (years)		Weighted average exercise price
$1.00-$3.00	1,350,000	5.8	$	1.18	1,350,000	5.8	$	1.18
$3.01-$5.00	3,965,975	4.1	$	4.80	342,033	3.7	$	4.61
$5.01-$7.00	6,196,500	2.3	$	5.47	4,716,008	2.1	$	5.43
$7.01-$9.00	150,000	2.9	$	7.25	100,000	2.9	$	7.25
	11,662,475	**3.3**	**$**	**4.77**	**6,508,041**	**3.0**	**$**	**3.00**

As at December 31, 2022	Total options outstanding				Total options exercisable			
Range of exercise price	Number	Weighted average remaining contractual life (years)		Weighted average exercise price	Number	Weighted average remaining contractual life (years)		Weighted average exercise price
$1.00-$3.00	1,700,000	6.8	$	1.18	1,700,000	6.8	$	1.18
$3.01-$5.00	1,293,100	4.7	$	4.61	-	0.0	$	0.00
$5.01-$7.00	7,116,500	3.4	$	5.44	3,377,172	3.0	$	5.37
$7.01-$9.00	200,000	3.9	$	7.25	66,668	3.9	$	7.25
	10,309,600	**4.0**	**$**	**4.67**	**5,143,840**	**4.3**	**$**	**3.31**

Share-based payments arising from stock options that were recognized during the year ended December 31, 2023 was $6,750,156 (during the year ended December 31, 2022 – $7,490,977), of which $3,253,152 was capitalized to mineral property and $3,497,004 was expensed in the consolidated statements of loss and comprehensive loss (during the year ended December 31, 2022 - $2,412,407 and $5,078,570), respectively.

The following assumptions were used in the valuation of the stock options granted in the year ended December 31, 2023 and December 31, 2022:

	2023	2022
Annualized volatility	**54%**	54%
Expected life (years)	**5**	5
Dividend rate	**0.00%**	0.00%
Risk-free interest rate	**3.05% - 4.33%**	0.41% - 3.41%
Forfeiture rate	**0.00%**	0.00%

The weighted average fair value of the options granted during the year ended December 31, 2023 was $2.45 / option (December 31, 2022 - $2.34 / option).

The risk-free rate for periods within the contractual term of the option is based on the Bank of Canada administered interest rates in effect at the time of the grant.

13. EQUITY (continued)

b) Stock options (continued)

Expected volatilities are based on historical volatilities of stock prices of comparable companies given the limited life of the Company as an exploration and development company.

As at December 31, 2023, outstanding stock options had a weighted average remaining life of 3.3 years (December 31, 2022 – 4.0 years).

c) Restricted Share Units

The Company adopted a cash-settled Share Unit Plan in early 2023. Under the Share Unit Plan, recipients of RSUs will receive a cash settlement in the amount equal to the market price of the RSUs on their vesting dates, with such amounts to be paid within 30 days of the respective vesting dates.

As at December 31, 2023, 527,000 cash-settled RSUs were outstanding (December 31, 2022 – nil) with a fair value of $1,650,656 (December 31, 2022 - $nil) recognized in accounts payable and accrued liabilities. Share-based payments arising from RSUs that were recognized during the year ended December 31, 2023 totalled $1,650,656 (December 31, 2022 - $nil), of which $813,570 was expensed in the consolidated statements of loss and comprehensive loss (December 31, 2022 - $nil). The remaining RSUs recognized were capitalized to mineral property.

On August 10, 2023, the Company adopted the Omnibus Plan. Once RSUs issued under the Omnibus Plan vest, settlement shall be made by the issuance of one common share for each RSU being settled, a cash payment equal to the market price on the vesting date of the RSUs being settled in cash, or a combination of shares and cash, all as determined by the Board in its sole discretion. No RSUs were granted under the Omnibus Plan prior to December 31, 2023, however, all RSUs issued subsequent to the adoption of the Omnibus Plan shall be governed by the Omnibus Plan (note 18).

d) Deferred Share Units

The Company adopted a cash-settled Share Unit Plan in early 2023. Under the Share Unit Plan, DSUs may be granted to non-executive directors of the Company from time to time. Vested DSUs are to be settled in a cash amount equal to the market price of the vested DSUs on the date that the person ceases to be a director of the Company, with the settlement to occur within 30 days of the person ceasing to be a director of the Company.

As at December 31, 2023, 54,000 cash-settled DSUs were outstanding (December 31, 2022 – nil) with a fair value of $156,698 (December 31, 2022 - $nil) recognized in accounts payable and accrued liabilities. Share-based payments arising from DSUs that were recognized during the year ended December 31, 2023 totalled $156,698 (December 31, 2022 - $nil), of which the entire amount was expensed in the consolidated statements of loss and comprehensive loss.

On August 10, 2023, the Company adopted the Omnibus Plan. Vested DSUs that were issued under the Omnibus Plan may be redeemed by non-executive directors once they cease to be a director of the Company by providing a redemption notice to the Company specifying the redemption date which will be at least three months following the date that the person ceased to be a non-executive director, but no later than December 15th of the year following which the person ceased to be a non-executive director. The former non-executive director would be entitled to one common share for each vested DSU, or a cash payment equal to the market value of such vested DSUs on the redemption date, or a combination of shares and cash, all as determined by the Board in its sole discretion.

13. EQUITY (continued)

d) Deferred Share Units (continued)

No DSUs were granted under the Omnibus Plan prior to December 31, 2023, however, all DSUs issued subsequent to the adoption of the Omnibus Plan shall be governed by the Omnibus Plan (note 18).

e) Share purchase warrants

All share purchase warrants expire on August 27, 2024. A summary of the changes in share purchase warrants is as follows:

	Number of warrants	Weighted-average exercise price $
Outstanding - January 1, 2022	**31,040,465**	**1.08**
Exercised	(350,556)	1.08
Outstanding - December 31, 2022	**30,689,909**	**1.08**
Exercised	(4,502,888)	1.08
Outstanding - December 31, 2023	**26,187,021**	**1.08**

As at December 31, 2023, outstanding share purchase warrants had a weighted average remaining life of 0.7 years (December 31, 2022 – 1.7 years).

f) Loss per common share

For the years ended December 31, 2023 and December 31, 2022 the effect of all potentially dilutive securities was anti-dilutive, given that the Company reported a net loss for both periods.

14. RELATED PARTY TRANSACTIONS AND KEY MANAGEMENT COMPENSATION

a) Key management compensation

The Company transacts with key management personnel, who have authority and responsibility to plan, direct and control the activities of the Company and receive compensation for services rendered in that capacity. Amounts paid to related parties were incurred in the normal course of business. Salaries, benefits, consulting fees and director's fees are recorded on a historical cost basis while share-based compensation is measured at the fair value of the instruments issued, with the expense recognized over the relevant vesting periods. Key management for the year ended December 31, 2023 consists of the Company's directors, Chief Executive Officer, Chief Financial Officer, President and Chief Operating Officer and Chief ESG Officer.

Compensation awarded to key management for the years ended December 31, 2023 and December 31, 2022 was:

	December 31, 2023 $	December 31, 2022 $
Salaries and benefits	**2,102,163**	1,415,890
Consulting fees	**1,439,572**	1,187,813
Director fees	**596,876**	542,000
Share-based payments	**5,869,963**	4,274,130
	10,008,574	7,419,833

14. RELATED PARTY TRANSACTIONS AND KEY MANAGEMENT COMPENSATION (continued)

a) Key management compensation (continued)

As at December 31, 2023, the Company did not owe any unpaid salaries, benefits or consulting fees to the Company's Chief Executive Officer, Chief Financial Officer, President and Chief Operating Officer, Chief ESG Officer or to directors (as at December 31, 2022 - $nil).

15. INCOME TAX

Income tax expense differs from the amount that would result from applying the Canadian and federal and provincial income tax rates to earnings before income taxes. These differences result from the following items:

	For the year ended December 31, 2023 $	For the year ended December 31, 2022 $
Loss before income taxes	(11,445,131)	(21,629,912)
Combined federal and provincial income tax rates	27.00%	27.00%
Expected income tax recovery	(3,090,185)	(5,840,076)
Increase due to:		
Non-taxable portion of unrealized gains	79,751	1,566,405
Non-deductible expenses and other	521,171	1,386,205
Losses not previously recognized	2,489,263	2,887,466
Deferred Income tax expense	-	-

The components of the deferred tax assets and liabilities are as follows:

	As at December 31, 2023 $	As at December 31, 2022 $
Deferred Tax Assets		
Non-capital losses	99,462,139	81,137,308
Lease liability	5,762,085	462,392
Asset retirement obligation	4,206,041	44,088
Variable consideration payable	6,204,613	2,878,476
Accounts payable	950,257	-
	116,585,134	84,522,264
Deferred Tax Liabilities		
Mineral property, plant and equipment	115,057,744	84,522,264
Deferred financing costs	1,527,391	-
	116,585,134	84,522,264
Net Deferred Tax Liability	-	-

15. INCOME TAX (continued)

The Company has non-capital losses of $30,995,878 (2022 - $21,102,759), investments of $5,909,348 (2022 - $5,527,383) and financing fees of $5,690,899 (2022 - $6,595,972) for which a tax benefit has not been recognized. The non-capital losses expire between 2039 and 2043.

16. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

The Board of Directors has overall responsibility for the establishment and oversight of the Company's risk management framework.

The Company's financial instruments consist of cash and cash equivalents, receivables, accounts payable and accrued liabilities, long-term debt, variable consideration payable, zero cost gold collars, and the embedded derivative asset related to the partial buy-back option of the Silver Stream (note 12(a)). All financial instruments are initially recorded at fair value and designated as follows: cash and cash equivalents and receivables are classified as financial assets at amortized cost. The embedded derivative asset related to the partial buy-back option of the Silver Stream is classified as a financial asset at fair value through profit or loss. Accounts payable, variable consideration payable and long-term debt are classified as financial liabilities and are measured at amortized cost. The zero cost gold collars are a derivative financial instrument measured at FVTPL that is not designated for hedge accounting.

Financial instrument risk exposure

The Company is exposed in varying degrees to a variety of financial instrument related risks. The Board approves and monitors the risk management processes.

Credit risk

Credit risk arises from the potential for non-performance by counterparties of contractual financial obligations. The Company's credit risk is primarily attributable to cash and cash equivalents. As at December 31, 2023, the Company has cash on deposit with several large Canadian financial institutions to counteract concentration risk from holding a significant amount of the Company's cash and cash equivalents at one financial institution. Management believes the risk of loss with respect to cash and cash equivalents to be remote.

Liquidity risk

Liquidity risk is the risk that the Company cannot meet its obligations as they fall due. The Company's cash and cash equivalents are held in business accounts which are available on demand.

The Company's remaining undiscounted contractual commitments and obligations as at December 31, 2023 were as follows:

	< 1 year $	2 - 3 years $	4 - 5 years $	> 5 years $	Total $
Accounts payable and accrued liabilites	52,814,479	-	-	-	**52,814,479**
Lease liabilities	3,271,085	11,197,777	10,224,633	3,616,939	**28,310,434**
Construction commitments	225,911,079	-	-	-	**225,911,079**
Master lease agreement and other capital commitments	123,920,680	-	-	-	**123,920,680**
Variable consideration payable	-	-	56,000,000	28,000,000	**84,000,000**
Long-term debt	-	106,673,952	74,334,859	26,351,857	**207,360,668**
Asset retirement obligation	-	1,256,572	-	29,508,093	**30,764,665**
Total	405,917,323	119,128,301	140,559,492	87,476,889	**753,082,005**

16. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (continued)

Liquidity risk (continued)

The Company's undiscounted contractual commitments as at December 31, 2022 were as follows:

	< 1 year	2 - 3 years	4 - 5 years	> 5 years	Total
	$	$	$	$	$
Accounts payable and accrued liabilites	24,608,609	-	-	-	**24,608,609**
Lease liability	679,992	1,218,878	-	-	**1,898,870**
Capital commitments	248,004,525	41,612,862	-	-	**289,617,387**
Variable consideration payable	-	-	-	84,000,000	**84,000,000**
Asset retirement obligation	-	4,448,042	-	8,605,520	**13,053,562**
Total	273,293,126	47,279,782	-	92,605,520	**413,178,428**

Contractual commitments related to long-term debt represent required repayments of principal and capitalized interest on the PLF.

Contractual commitments related to lease liabilities represent future repayments of principal and interest on the construction and mining fleet leased under the master lease agreement, as well as the corporate office leases. The Company incurs commitment fees of 1.0% on the remaining amounts available on the master lease agreement, payable quarterly up until the earlier of December 31, 2024 or when all of the construction and mining fleet have been fully financed. The remaining undrawn amount available under the master lease agreement was $119.6 million as at December 31, 2023.

As at December 31, 2023, the Company expects that its working capital position, along with the undrawn amounts on the PLF and remaining amounts available on the mobile equipment master lease agreement provide sufficient resources available to meet its contractual obligations for the ensuing 12 months.

Market risk

Market risk is the risk that the fair market value of the Company's financial instruments will significantly fluctuate due to changes in market prices. The value of the financial instruments can be affected by changes in interest rates, and equity and commodity prices, and currency rates.

i. Interest rate risk

Interest rate risk is the risk that the future cash flows from a financial instrument will fluctuate due to changes in market interest rates. The Company holds its cash in bank accounts that earn variable interest rates. The Company's other current financial assets and current financial liabilities are generally not exposed to interest rate risk because of their short-term nature. Drawdowns under the Company's PLF and deliveries of leased equipment under the Company's master lease agreement are currently at an interest rate benchmarked to CDOR which may expose the Company to interest rate risk. A 1% change in interest rates would not have a significant impact on future cash flows arising from financial instruments as at December 31, 2023.

ii. Price risk

In order to mitigate gold price risk, and to satisfy one of the requirements to utilize the PLF (Note 10), the Company entered into the Gold Forwards during the year ended December 31, 2023. As of December 31, 2023, the Company has committed to delivering 190,000 gold ounces at a weighted average price of $2,851/ounce between March 2025 and December 2027. As Blackwater is under development, there were no deliveries made on the Mandatory Hedge Program as at December 31, 2023.

16. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (continued)

ii. Price risk (continued)

The Company's future cash flow from mining operations is subject to commodity price risk from fluctuations in the market for prices for gold and silver. The Company may enter commodity hedging contracts from time to time to reduce its exposure to fluctuations in spot commodity prices.

In the fourth quarter of 2023, the Company entered into zero cost gold collars ("**Gold Collars**") to further reduce the risk associated with future fluctuations of the price of gold. The Gold Collars represent European-style put and call options that are generally settled in cash as they expire at the end of each settlement date. These Gold Collars are not designated as hedging instruments. Changes in the fair value of the Gold Collars are recorded in other income and expense. As at December 31, 2023, the Company has entered into Gold Collars on 30,000 gold ounces with settlement dates spread between December 2024 and February 2025 at a weighted average put price of $2,600/ounce and weighted average call price of $3,353/ounce. As at and for the year ended December 31, 2023, the Company has recognized a derivative asset and other income of $nil (December 31, 2022 - $nil) related to the Gold Collars.

iii. Currency risk

The functional currency of the Company is the Canadian dollar. Currency transaction risk and currency translation risk is the risk that fluctuations of the Canadian dollar in relation to other currencies may impact the fair value of financial assets or liabilities. As of December 31, 2023, the Company had US dollar denominated cash deposits of US$274,902. There were no other significant financial assets or liabilities that were subject to currency translation risk.

Fair value

A three-level hierarchy for fair value measurements exists based upon the significance of inputs used in making fair value measurements:

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

As at December 31, 2023, the carrying value of the Company's cash and cash equivalents, restricted cash, receivables, as well as accounts payable approximate their fair values due to their short-term nature. The fair value of the Company's long-term debt also approximates its face value. The fair value of variable consideration payable (Note 9) is estimated to be $43,245,017, which was determined using a discounted cashflow approach with an estimated market interest rate applied. The fair value of the Company's equity investment in VLC is disclosed in Note 5. The initial and subsequent remeasurement of fair value of the embedded derivative asset related to the partial buy-back option of the Silver Stream (Note 12(a)) is estimated to be $nil and was determined by using a discounted cash flow approach with an estimated market silver price applied. The fair value of the gold collars (Note 16) is estimated to be $nil and was determined based on forward price curves of the market price of gold.

Fair value is based on available public market information or, when such information is not available, estimated using present value techniques and assumptions concerning the amount and timing of future cash flows and discount rates which factor in the appropriate credit risk.

17. CAPITAL MANAGEMENT

Capital includes all components of shareholders' equity. The Company's objective in managing capital is to safeguard the Company's ability to continue as a going concern, to maintain a flexible capital structure which optimizes cost of capital at acceptable risk, and to provide reasonable returns to shareholders. The Company manages the capital structure and makes adjustments in light of changes in economic conditions, foreign exchange rates and the risk characteristics of the Company's assets. In order to maintain or adjust the capital structure, the Company may issue new shares, or sell assets to improve working capital. In order for the Company to meet its obligations and undertake its intended discretionary spending related to further development of the Blackwater Mine, it may choose to fund such expenditures through the remaining funds available through the PLF, the remaining funds available on a $140 million master lease agreement or by other means.

18. SUBSEQUENT EVENT

a) Subsequent to December 31, 2023, the Company granted 2,413,500 stock options, 503,500 RSUs, and 33,000 DSUs pursuant to the Company's Omnibus Plan, to directors, officers and employees of the Company. The stock options are exercisable at a price of $7.22, expiring 5 years from the date of the grant.