FREEGOLD VENTURES LIMITED

(An Exploration Stage Company)

CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in U.S. Dollars)

December 31, 2022 and 2021

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of
Freegold Ventures Limited

Opinion

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

In our opinion, these consolidated financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2022 and 2021, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards ("IFRS").

Basis for Opinion

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

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 of the current year. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, prepared under the conditions mentioned above, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Assessment of Impairment Indicators of Exploration and Evaluation Assets ("E&E Assets")

As described in Note 5 to the consolidated financial statements, the carrying amount of the Company's E&E Assets was $76,033,939 as of December 31, 2022. As more fully described in Note 2 to the consolidated financial statements, management assesses E&E Assets for indicators of impairment at each reporting period.

The principal considerations for our determination that the assessment of impairment indicators of the E&E Assets is a key audit matter are that there was judgment made by management when assessing whether there were indicators of impairment for the E&E Assets, specifically relating to the assets' carrying amount which is impacted by the Company's intent and ability to continue to explore and evaluate these assets. This in turn led to a high degree of auditor judgment, subjectivity, and effort in performing procedures to evaluate audit evidence relating to the judgments made by management in their assessment of indicators of impairment that could give rise to the requirement to prepare an estimate of the recoverable amount of the E&E Assets.

Addressing the matter involved performing procedures and evaluating audit evidence in connection with forming our overall opinion on the consolidated financial statements. Our audit procedures included, among others:

- Evaluating management's assessment of impairment indicators.
- Evaluating the intent for the E&E Assets through discussion and communication with management.
- Reviewing the Company's recent expenditure activity.
- Assessing compliance with agreements and expenditure requirements including reviewing lease agreements and vouching cash payments on a test basis.
- Obtaining, on a test basis through government websites, confirmation of title to ensure mineral rights underlying the E&E Assets are in good standing.

Other Information

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

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

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

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

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

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

In preparing the consolidated financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or 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.

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

Davidson & Company LLP

Vancouver, Canada — Chartered Professional Accountants

March 31, 2023

Freegold Ventures Limited
(An Exploration Stage Company)

Consolidated Statements of Financial Position

As at December 31,

(Expressed in U.S. Dollars)

ASSETS		**2022**		**2021**
Current				
Cash and cash equivalents	**$**	**693,235**	$	13,832,580
Restricted cash *(Note 4)*		**-**		165,636
Amounts receivable		**19,731**		22,710
Prepaid expenses and deposits		**93,816**		223,820
		806,782		14,244,746
Exploration and Evaluation Properties *(Notes 5 & 7)*		**76,033,939**		59,591,516
Property, Plant and Equipment *(Note 6 (a))*		**427,907**		421,432
Right-of-Use Asset *(Note 6 (b))*		**131,665**		165,545
	$	**77,400,293**	$	74,423,239

LIABILITIES				
Current				
Trade payables	**$**	**376,608**	$	306,659
Accrued liabilities		**64,152**		39,438
Current portion of lease liability *(Note 6 (b))*		**28,491**		30,437
Project cost advance received *(Note 4)*		**-**		165,636
		469,251		542,170
Non-Current				
Lease liability (*Note 6(b))*		**99,615**		136,579
Restoration and environmental obligations *(Note 8)*		**358,000**		250,000
		926,866		928,749
SHAREHOLDERS' EQUITY				
Share Capital *(Note 9)*		**115,505,151**		108,591,573
Reserves		**31,087,666**		34,219,347
Deficit		**(70,119,390)**		(69,316,430)
		76,473,427		73,494,490
	$	**77,400,293**	$	74,423,239

Nature and Continuance of Operations *(Note 1)* and **Subsequent Event** *(Note 13)*

APPROVED AND AUTHORIZED FOR ISSUE ON BEHALF OF THE BOARD OF DIRECTORS:

"Gary Moore", Director   *"David Knight"*, Director

Freegold Ventures Limited
(An Exploration Stage Company)

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

(Expressed in U.S. Dollars)

	Common Shares	Amount	Stock Options Reserve	Warrants Reserve	Foreign Currency Translation Reserve	Deficit	Total
Balance – December 31, 2020	**333,139,366**	**$ 107,488,759**	**$ 7,632,988**	**$ 24,396,251**	**$ 765,567**	**$ (67,109,311)**	**$ 73,174,254**
Issuance and allotment of shares for:							
- Exercise of warrants *(Note 9b)*	400,000	46,898	-	(9,984)	-	-	36,914
- Exercise of options *(Note 9c)*	3,960,000	1,055,916	(459,790)	-	-	-	596,126
Share-based payments *(Note 9c)*	-	-	1,573,915	-	-	-	1,573,915
Foreign currency translation adjustment	-	-	-	-	320,400	-	320,400
Loss for the year	-	-	-	-	-	(2,207,119)	(2,207,119)
Balance – December 31, 2021	**337,499,366**	**108,591,573**	**8,747,113**	**24,386,267**	**1,085,967**	**(69,316,430)**	**73,494,490**
Issuance and allotment of shares for:							
- Exercise of warrants *(Note 9b)*	30,514,655	6,892,343	-	(2,853,124)	-	-	4,039,219
- Exercise of options *(Note 9c)*	175,000	21,235	(7,662)	-	-	-	13,573
Foreign currency translation adjustment	-	-	-	-	(270,895)	-	(270,895)
Loss for the year	-	-	-	-	-	(802,960)	(802,960)
Balance – December 31, 2022	**368,189,021**	**$ 115,505,151**	**$ 8,739,451**	**$ 21,533,143**	**$ 815,072**	**$ (70,119,390)**	**$ 76,473,427**

Freegold Ventures Limited
(An Exploration Stage Company)

Consolidated Statements of Loss and Comprehensive Loss

For the Years Ended December 31,

(Expressed in U.S. Dollars)

		2022		2021
General and Administrative Expenses				
Accretion *(Notes 6(b) & 8)*	**$**	**6,255**	$	5,806
Consulting fees *(Note 7)*		**22,990**		28,003
Depreciation *(Notes 6(a) & 6(b))*		**103,636**		63,548
Office and miscellaneous		**67,505**		72,342
Professional fees (*Note 7)*		**115,590**		144,332
Promotion and shareholder relations		**145,451**		36,086
Rent and utilities		**25,597**		6,803
Transfer, filing and other fees		**156,965**		185,135
Travel and transportation		**63,830**		555
Share-based payments *(Notes 7 & 9(c))*		**-**		1,537,440
Wages, salaries and benefits *(Note 7)*		**226,536**		234,310
Total General and Administrative Expenses		**(934,355)**		(2,314,360)
Foreign exchange gain (loss), net		**58,039**		(268,500)
Gain on forgiveness of debt		**-**		67,758
Interest and bank charges		**(6,297)**		(6,508)
Interest income		**66,039**		87,803
Management fee revenue (*Note 5 (b))*		**13,614**		226,688
		131,395		107,241
Loss for the Year	**$**	**(802,960)**	$	(2,207,119)
Loss per Share – Basic and Diluted	**$**	**(0.00)**	$	(0.01)
Weighted Average Number of Shares Outstanding – Basic and Diluted		**351,756,080**		335,439,107
Comprehensive Loss				
Loss for the year	**$**	**(802,960)**	$	(2,207,119)
Foreign currency translation adjustment		**(270,895)**		320,400
Total Comprehensive Loss for the Year	**$**	**(1,073,855)**	$	(1,886,719)

Freegold Ventures Limited
(An Exploration Stage Company)

Consolidated Statements of Cash Flows

For the Years Ended December 31,

(Expressed in U.S. Dollars)

Cash Resources Provided By (Used In)		2022		2021
Operating Activities				
Loss for the year	$	**(802,960)**	$	(2,207,119)
Items not affecting cash:				
Depreciation		**103,636**		63,548
Accretion		**6,255**		5,806
Gain on forgiveness of debt		**-**		(67,758)
Share-based payments		**-**		1,537,440
Net changes in non-cash working capital components:				
Amounts receivable		**2,979**		18,726
Prepaid expenses and deposits		**130,004**		(15,891)
Trade payables		**(102,379)**		12,175
Accrued liabilities		**24,714**		6,066
Project cost advance		**(165,636)**		-
		(803,387)		(647,007)
Investing Activities				
Exploration and evaluation property acquisition costs		**(250,471)**		(1,635,291)
Exploration and evaluation property exploration costs		**(16,061,380)**		(16,722,606)
Exploration and evaluation property exploration cost recovery		**149,756**		2,493,570
Purchase of equipment		**(76,231)**		(95,612)
		(16,238,326)		(15,959,939)
Financing Activities				
Share capital issued		**4,052,792**		633,040
Share issuance costs		**-**		(105,488)
Repayment of lease liability		**(38,910)**		(50,649)
Restricted cash		**165,636**		(7,201)
		4,179,518		469,702
Effect of Foreign Currency on Cash and Cash Equivalents		**(277,150)**		317,016
Net Decrease in Cash and Cash Equivalents		**(13,139,345)**		(15,820,228)
Cash and Cash Equivalents - Beginning of Year		**13,832,580**		29,652,808
Cash and Cash Equivalents - End of Year	**$**	**693,235**	$	13,832,580
Interest received	**$**	**66,039**	$	87,803
Income taxes paid	**$**	**-**	$	-
Supplemental Disclosure of Non-Cash Items				
Exploration expenditures included in trade payables	**$**	**368,504**	$	196,176
Recognition of right-of-use asset	**$**	**-**	$	174,360
Share-based payments included in exploration and evaluation properties	**$**	**-**	$	36,475
Restoration and environmental obligation to exploration and evaluation properties	**$**	**108,000**	$	-

-See Accompanying Notes-

1. Nature and Continuance of Operations

Freegold Ventures Limited (the “Company”) is in the process of acquiring, exploring and evaluating precious and base metal properties. The Company will attempt to bring the properties to production, structure joint ventures with others, option or lease properties to third parties or sell the properties outright. The Company has not determined whether these properties contain ore reserves and the Company is considered to be in the exploration stage. The recoverability of the amounts expended by the Company on acquiring and exploring mineral properties is dependent upon future profitable production or selling the property.

The head office, principal address and registered records office of the Company is Suite 888 – 700 West Georgia Street, Vancouver, British Columbia, Canada, V7Y 1G5.

The Company’s consolidated financial statements as at December 31, 2022 and for the year then ended have been prepared on a going concern basis, which contemplates the realization of assets and the settlement of liabilities and commitments in the normal course of business. The Company had a comprehensive loss of $1,073,855 for the year ended December 31, 2022 and had working capital of $337,531 at December 31, 2022.

Management cannot provide assurance that the Company will ultimately achieve profitable operations or become cash flow positive, or raise additional debt and/or equity capital. If the Company is unable to raise additional capital in the immediate future, management expects that the Company will need to curtail operations, liquidate assets, seek additional capital on less favourable terms and/or pursue other remedial measures or cease operations. With the additional financing received subsequent to December 31, 2022 (Note 13), management estimates it has sufficient working capital to continue operations for the next 12 months. These consolidated financial statements do not include any adjustments related to the recoverability and classification of assets or the amounts and classification of liabilities that might be necessary should the Company be unable to continue as a going concern.

In March 2020, the World Health Organization declared coronavirus (COVID-19) a global pandemic. This contagious disease outbreak, which has continued to spread, has adversely affected workforces, economies, and financial markets globally, leading to an economic downturn. It is not possible for the Company to predict the duration or magnitude of the adverse results of the outbreak and its effects on the Company’s business or ability to raise funds.

2. Significant Accounting Policies

The consolidated financial statements of the Company have been prepared in accordance with International Financial Reporting Standards (“IFRS”) issued by the International Accounting Standards Board (“IASB”) and interpretations of the International Financial Reporting Interpretations Committee (“IFRIC”).

a) **Consolidation**

These consolidated financial statements include the accounts of the Company’s wholly-owned subsidiaries, Free Gold Recovery, USA, Freegold Ventures Limited, USA, Grizzly Bear Gold Inc., McGrath Gold Inc. and Dolphin Gold Inc. (inactive), all incorporated in the United States. All subsidiaries are US corporations which are involved in exploration and evaluation of properties. Inter-company transactions and balances are eliminated upon consolidation.

b) **Significant Accounting Judgments, Estimates and Assumptions**

The preparation of the Company's consolidated financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the reported amounts of assets, liabilities and contingent liabilities at the date of the consolidated financial statements and reported amounts of income and expenses during the reporting period. Estimates and assumptions are continuously evaluated and are based on management's experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. However, actual outcomes can differ from these estimates.

The most significant accounts that require estimates and judgements as the basis for determining the stated amounts include the recoverability of exploration and evaluation properties, determination of functional currency, valuation of share-based compensation and recognition of deferred tax amounts.

Critical judgments exercised in applying accounting policies that have the most significant effect on the amounts recognized in the consolidated financial statements are as follows:

<u>Economic recoverability and probability of future economic benefits of exploration and evaluation properties</u>
Management assesses whether there are any impairment indicators at each reporting period and if any are determined, will perform a valuation test. Management has determined that there were no impairment indicators and exploration, evaluation, and related costs incurred which were capitalized may have future economic benefits and may be economically recoverable. Management uses several criteria in its assessments of economic recoverability and probability of future economic benefits including, geologic and other technical information, a history of conversion of mineral deposits with similar characteristics to its own properties to proven and probable mineral reserves, the quality and capacity of existing infrastructure facilities, evaluation of permitting and environmental issues and local support for the project.

<u>Determination of functional currency</u>
The Company determines the functional currency through an analysis of several indicators such as expenses and cash flow, financing activities, retention of operating cash flows, and frequency of transactions within the reporting entity.

<u>Going concern of operations</u>
The financial statements have been prepared on a going concern basis, which assumes that the Company will be able to realize its assets and discharge its liabilities in the normal course of business for the foreseeable future. The assessment of the Company's ability to source future operations and continue as a going concern involves judgement. Estimates and assumptions are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. If the going concern assumption is not appropriate for the financial statements, then adjustments would be necessary in the carrying value of assets and liabilities, the reported revenue and expenses and the statement of financial position classifications used (Note 1).

Information about assumptions and estimation uncertainties that have a significant risk of resulting in significant adjustments are as follows:

Valuation of share-based compensation

The Company uses the Black-Scholes option pricing model for valuation of share-based compensation. Option pricing models require the input of subjective assumptions including expected price volatility, risk-free interest rate, and forfeiture rate. Changes in the input assumptions can materially affect the fair value estimate and the Company's earnings and equity reserves.

Asset retirement obligations

The Company's asset retirement obligations represent management's best estimate of the present value of the future cash outflows required to settle estimated reclamation and closure costs on the Company's exploration projects. The provision reflects estimates of future costs, inflation and assumptions of risks associated with the future cash outflows, and the applicable interest rates for discounting the future cash outflows. Changes in the above factors can result in a change to the provision recognized by the Company.

Changes to the asset retirement obligations are recorded with a corresponding change to the carrying amounts of related exploration and evaluation assets. Adjustments to the carrying amounts of related mining properties can result in a change to future depletion expense.

Business combination versus asset acquisition

Determination of whether a set of assets acquired and liabilities assumed constitute a business may required the Company to make certain judgments, taking into account all facts and circumstances. A business is presumed to be an integrated set of activities and assets capable of being conducted and managed for the purpose of providing a return in the form of dividends, lower costs or economic benefits. The transaction with Alaska Mining & Development Co., Inc. was determined to constitute an acquisition of assets (Note 5 vii).

c) **Cash and Cash Equivalents**

The Company considers cash and cash equivalents to include amounts held in banks and highly liquid investments with maturities at point of purchase of 90 days or less. The Company places its cash and cash equivalents with institutions of high-credit worthiness.

As at December 31, 2022, the Company holds cash of $653,388 (December 31, 2021 - $13,790,054) and cash equivalents of $39,847 (December 31, 2021 - $42,526).

d) **Financial Instruments**

Financial instruments consist of financial assets and financial liabilities, and are initially recognized at fair value net of transaction costs that are directly attributable to the acquisition or issue of the financial asset or liability. Transaction costs of financial assets and financial liabilities carried at fair value through profit or loss are expensed in profit and loss.

The Company classifies its financial assets and financial liabilities in the following measurement categories:

a) those to be measured subsequently at fair value (either through other comprehensive income or through profit or loss); and
b) those to be measured at amortized cost.

The classification of financial assets depends on the business model for managing the financial assets and the contractual terms of the cash flows. Financial assets that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal outstanding, are generally measured at amortized cost at the end of subsequent accounting periods. All other financial assets are measured at their fair values at the end of subsequent accounting periods, with any changes taken through profit and loss or other comprehensive income. The Company's cash and cash equivalents, restricted cash, amounts receivable and deposits are recorded at amortized cost.

Financial liabilities are classified as those to be measured at amortized cost unless they are designated as those to be measured subsequently at fair value through profit or loss (irrevocable election at the time of recognition). Any fair value changes due to credit risk for liabilities designated at fair value through profit and loss are recorded in other comprehensive income.

The Company reclassifies financial assets when and only when its business model for managing those assets changes. Financial liabilities are not reclassified.

Impairment of Financial Assets

An expected credit loss (ECL) model applies to financial assets measured at amortized cost, contract assets and debt investments at fair value through other comprehensive income, but not to investments in equity instruments. The Company's financial assets, measured at amortized cost and subject to the ECL model, include cash and cash equivalents, and amounts receivable.

An entity is required to recognize expected credit losses when financial instruments are initially recognized and to update the amount of expected credit losses recognized at each reporting date to reflect changes in the credit risk of the financial instruments. In addition, IFRS 9 requires additional disclosure requirements about expected credit losses and credit risk.

Impairment losses on financial assets carried at amortized cost are reversed in subsequent periods, if the amount of the loss decreases and the decrease can be objectively related to an event occurring after the impairment was recognized.

Financial liabilities

All financial liabilities are initially recorded at fair value and designated upon inception as fair value through profit or loss ("FVTPL") or amortized cost. Financial liabilities classified as amortized cost are initially recognized at fair value less directly attributable transaction costs.

The Company's trade payables, accrued liabilities, lease liability and project cost advance received are classified at amortized cost. The Company does not currently have any FVTPL financial liabilities.

e) **Exploration and Evaluation Properties**

Exploration and evaluation expenditures include the costs of acquiring licenses, costs associated with exploration and evaluation activity, and the fair value (at acquisition date) of exploration and evaluation assets acquired in a business combination. Exploration and evaluation expenditures are capitalized. Costs incurred before the Company has obtained the legal rights to explore an area are recognized in profit or loss.

Option payments received are treated as a reduction of the carrying value of the related exploration and evaluation properties and deferred costs until the receipts are in excess of costs incurred, at which time they are credited to income. Option payments are at the discretion of the optionee, and accordingly, are recorded on a cash basis.

Once the technical feasibility and commercial viability of the extraction of mineral resources in an area of interest are demonstrable, exploration and evaluation assets attributable to that area of interest are first tested for impairment and then reclassified to mining property and development assets within property, plant and equipment.

Recoverability of the carrying amount of any exploration and evaluation assets is dependent on successful development and commercial exploitation, or alternatively, sale of the respective areas of interest.

f) **Impairment**

The carrying amount of the Company's assets is reviewed for an indication of impairment at the end of each reporting period. If an indication of impairment exists, the Company makes an estimate of the asset's recoverable amount. Individual assets are grouped for impairment assessment purposes at the lowest level at which there are identifiable cash flows that are largely independent of the cash flows of other groups of assets. Recoverable amount of an asset group is the higher of its fair value less costs to sell and its value in use. Where the carrying amount of an asset group exceeds its recoverable amount, the asset group is considered impaired and is written down to its recoverable amount. Impairment losses are recognized in profit or loss. In assessing value in use, the estimated future cash flows are adjusted for the risks specific to the asset group and are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money.

An assessment is made at each reporting date as to whether there is any indication that previously recognized impairment losses may no longer exist or may have decreased. If such indication exists, the recoverable amount is estimated. A previously recognized impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation, if no impairment loss had been recognized.

g) **Restoration and Environmental Obligations**

The Company recognizes liabilities for statutory, contractual, constructive or legal obligations associated with the retirement of long-term assets, when those obligations result from the acquisition, construction, development or operation of the assets. The net present value of future restoration cost estimates arising from the decommissioning of plant and other site preparation work is capitalized to exploration and evaluation assets along with a corresponding increase in the restoration provision in the period incurred. Discount rates using a pre-tax rate that reflect the time value of money are used to calculate the net present value. The restoration asset will be depreciated on the same basis as the related assets.

The Company's estimates of restoration costs could change as a result of changes in regulatory requirements, discount rates and assumptions regarding the amount and timing of the future expenditures. These changes are recorded directly to mining assets with a corresponding entry to the restoration provision. The Company's estimates are reviewed annually for changes in regulatory requirements, discount rates, effects of inflation and changes in estimates.

Changes in the net present value, excluding changes in the Company's estimates of reclamation costs, are charged to profit and loss for the period. The net present value of restoration costs arising from subsequent site damage that is incurred on an ongoing basis during production are charged to profit or loss in the period incurred. The costs of restoration projects that were included in the provision are recorded against the provision as incurred. The costs to prevent and control environmental impacts at specific properties are capitalized in accordance with the Company's accounting policy for exploration and evaluation assets.

h) **Property, Plant and Equipment**

Property, plant and equipment are recorded at cost less any impairment losses and are amortized over their estimated useful lives using the declining balance method at the following annual rates:

Automotive	30%
Computer equipment	30%
Exploration office	4%
Land	N/A
Office equipment	20%
Exploration office equipment	20%

Where an item of property, plant and equipment consists of major components with different useful lives, the components are accounted for as separate items of property, plant and equipment. Expenditures incurred to replace a component of an item of property, plant and equipment that is accounted for separately, including major inspection and overhaul expenditures, are capitalized.

i) **Share Capital**

Common shares and warrants are classified as equity. Incremental costs directly attributable to the issue of common shares, including warrants, are recognized as a reduction of equity, net of tax. For compound financial instruments, the relative fair value method is used to separate the components where the Company issues common shares and warrants as part of its equity financing activities.

The Company has adopted a relative fair value method with respect to the measurement of shares and warrants issued as private placement units. The relative fair value method allocates value to each component on a pro-rata basis, based on the fair value of the components calculated independently of one another. The Company considers the market value of the common shares issued as fair value and measures the fair value of the warrant component of the unit using the Black-Scholes option pricing model. The unit value is then allocated, pro-rata, between the two components, with the fair value attributed to the warrants being recorded to the warrants reserve.

j) **Share-Based Payments**

Share-based payments to employees are measured at the fair value of the instruments issued and recognized over the vesting periods using graded vesting. Share-based payments to non-employees are measured at the fair value of 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. The corresponding amount is recorded to the stock options reserve. The fair value of options, as determined using the Black-Scholes option pricing model which incorporates all market vesting conditions, is expensed. The number of shares and options expected to vest is reviewed and adjusted at the end of each reporting period such that the amount recognized for services received as consideration for the equity instruments granted shall be based on the number of equity instruments that will eventually vest.

k) **Earnings (loss) per Share**

Basic earnings (loss) per share ("EPS") is computed by dividing net earnings (loss) available to common shareholders by the weighted average number of shares outstanding during the reporting year. Diluted earnings (loss) per share is computed similar to basic earnings (loss) per share except that the weighted average shares outstanding are increased to include additional shares for the assumed exercise of stock options and warrants, if dilutive. The number of additional shares is calculated by assuming that outstanding stock options and warrants were exercised and that the proceeds from such exercises were used to acquire common stock at the average market price during the reporting year.

For the periods presented, the calculations proved to be anti-dilutive.

l) **Income Taxes**

Income tax expense is comprised of current and deferred income taxes. Current income tax and deferred income tax are recognized in profit or loss, except to the extent that they relate to items recognized directly in equity.

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

Deferred income tax is recognized in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes.

Deferred income tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date. Deferred income tax assets and liabilities are offset if there is a legally enforceable right to offset current income tax liabilities and assets, and they relate to income taxes levied by the same tax authority for the same taxable entity. A deferred income tax asset is recognized for unused tax losses, tax credits and deductible temporary differences, to the extent that it is probable that future taxable profits will be available against which they can be utilized. Deferred income tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related income tax benefit will be realized.

m) **Foreign Currency Translation**

The functional currency of each of the Company's entities is measured using the currency of the primary economic environment in which that entity operates. The Company determined that the functional currency of Freegold Ventures Limited is the Canadian dollar. The functional currency of Free Gold Recovery Inc., USA, Freegold Ventures Limited, USA, Dolphin Gold, Inc., Grizzly Bear Gold Inc. and McGrath Gold Inc. is the U.S. dollar.

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the date of the transaction. Foreign currency monetary items are translated at the period-end exchange rate. Non-monetary items measured at historical cost continue to be carried at the exchange rate at the date of the transaction. Non-monetary items measured at fair value are reported at the exchange rate at the date when fair values were determined.

Exchange differences arising on the translation of monetary items or on settlement of monetary items are recognized in profit or loss in the period in which they arise, except where deferred in equity as a qualifying cash flow or net investment hedge. Exchange differences arising on the translation of non-monetary items are recognized in comprehensive loss. Where the non-monetary gain or loss is recognized in profit or loss, the exchange component is also recognized in profit or loss.

On consolidation, the Company's financial statements are translated into the presentation currency, being the U.S. dollar. Assets and liabilities are translated at the period-end exchange rate. Income and expenses are translated at the average exchange rate for the period in which they arise. Exchange differences are recognized in comprehensive income (loss) as a separate component of equity.

n) **Leases**

The Company assesses whether a contract is or contains a lease, at inception of a contract. The Company recognizes a right-of-use asset and a corresponding lease liability with respect to all lease arrangements in which it is the lessee, at the commencement of the lease, with the following exceptions: (a) the Company has elected not to recognize right-of-use assets and liabilities for leases where the total lease term is less than or equal to 12 months, or (b) for leases of low value. The payments for such leases are recognized in profit or loss on a straight-line basis over the lease term.

The right-of-use asset is initially measured based on the present value of lease payments, lease payments made at or before the commencement day, and any initial direct costs. They are subsequently measured at cost less accumulated depreciation and impairment losses. The right-of-use asset is amortized over the shorter of the lease term or the useful life of the underlying asset. The right-of-use asset is subject to testing for impairment if there is an indicator of impairment.

The lease liability is initially measured at the present value of lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the Company uses its incremental borrowing rate. Lease payments include fixed payments less any lease incentives, and any variable lease payments where variability depends on an index or rate. When the lease contains an extension or purchase option that the Company considers reasonably certain to be exercised, the cost of the option is included in the lease payments.

Variable lease payments that do not depend on an index or rate are not included in the measurement of the right-of-use asset and lease liability. The related payments are recognized as an expense in the period in which the triggering event occurs and are included in profit or loss.

o) **Future Changes in Accounting Policies**

Certain new accounting standards and interpretations have been published that are not mandatory for the December 31, 2022 reporting period. These standards have been assessed by the Company and are not expected to have a significant impact on the Company's consolidated financial statements.

3. Approval

These consolidated financial statements were approved and authorized for issue by the Audit Committee of the Board of Directors on March 31, 2023.

4. Restricted Cash

Restricted cash consisted of an advance from an earn-in partner who had forwarded funds to the Company for use on a specific property.

(Expressed in U.S. Dollars)

5. Exploration and Evaluation Properties

2021:

	Golden Summit Property	Shorty Creek Property	Total
Acquisition costs			
Balance, December 31, 2020	$ 4,737,497	$ 198,546	$ 4,936,043
Additions	1,635,291	-	1,635,291
Balance, December 31, 2021	$ 6,372,788	$ 198,546	$ 6,571,334
Exploration and evaluation costs			
Balance, December 31, 2020	$ 33,015,558	$ 5,574,069	$ 38,589,627
Assaying	1,067,978	79,437	1,147,415
Camp costs	1,487,281	293,897	1,781,178
Drilling	9,264,252	908,983	10,173,235
Engineering and consulting	260,713	185,575	446,288
Environmental studies	100,411	-	100,411
Geological and field expenses	316,810	117,999	434,809
Helicopter support	-	536,914	536,914
Land maintenance and tenure	80,302	114,847	195,149
Legal	98,226	-	98,226
Overhead cost	-	226,688	226,688
Personnel	1,637,061	50,093	1,687,154
Travel	57,100	39,558	96,658
Total incurred during the year ended December 31, 2021	$ 14,370,134	$ 2,553,991	$ 16,924,125
Less:			
Expenditure recovery	-	(2,493,570)	(2,493,570)
Balance, December 31, 2021	$ 47,385,692	$ 5,634,490	$ 53,020,182
Total	**$ 53,758,480**	**$ 5,833,036**	**$ 59,591,516**

(Expressed in U.S. Dollars)

2022:

	Golden Summit Property	Shorty Creek Property	Total
Acquisition costs			
Balance, December 31, 2021	$ 6,372,788	$ 198,546	$ 6,571,334
Additions	250,471	-	250,471
Balance, December 31, 2022	$ 6,623,259	$ 198,546	$ 6,821,805
Exploration and evaluation costs			
Balance, December 31, 2021	$ 47,385,692	$ 5,634,490	$ 53,020,182
Assaying	1,625,750	71,768	1,697,518
Camp costs	1,342,781	-	1,342,781
Drilling	10,575,960	-	10,575,960
Engineering and consulting	144,495	14,400	158,895
Environmental studies	9,984	-	9,984
Geological and field expenses	341,030	62,539	403,569
Geophysical	28,840	-	28,840
Land maintenance and tenure	84,430	113,520	197,950
Legal	26,514	-	26,514
Mineral resource update	15,795	-	15,795
Overhead cost	-	13,614	13,614
Personnel	1,621,212	38,316	1,659,528
Revision to restorative costs	108,000	-	108,000
Travel	92,760	10,000	102,760
Total incurred during the year ended December 31, 2022	$ 16,017,551	$ 324,157	$ 16,341,708
Less:			
Expenditure recovery	-	(149,756)	(149,756)
Balance, December 31, 2022	$ 63,403,243	$ 5,808,891	$ 69,212,134
Total	**$ 70,026,502**	**$ 6,007,437**	**$ 76,033,939**

a) **Golden Summit Property, Alaska, USA**

In 1997, the Company acquired certain mineral claims from Fairbanks Exploration Inc. ("FEI"), subject to a 7% carried working interest held in trust by the Company for FEI. After production is achieved, FEI must contribute 7% of any future approved budget. The same claims are also subject to a 2% NSR payable to FEI. The Company has a 30-day right of first refusal in the event that the 7% carried working interest of FEI or the NSR is to be sold. The Company can also purchase the NSR at any time following the commencement of commercial production, for a price equal to its then net present value as determined in accordance with an agreed upon formula.

(i) **Keystone Claims**

By an agreement dated May 17, 1992, the Company entered into a lease agreement, subsequently amended, with Keystone Mines Partnership whereby the Company agreed to make advance royalty payments. The Company has paid $2,330,000 to December 31, 2022 (2021 - $2,255,000) and under the current agreement will pay $75,000 per annum for as long as the advance royalty payment is being paid or mining, permitting or processing is being conducted on the Property. The property is subject to a 3% NSR.

(ii) **Newsboy Claims**

By lease agreement dated February 28, 1986, subsequently amended, the Company assumed the obligation to make advance royalty payments. The Company has paid $261,000 to December 31, 2022 (2021 - $249,000).

On February 22, 2022, the Company received a lease extension for an additional 5 years from March 1, 2022 to February 28, 2027. The minimum royalty payable under the amended lease will be $12,000 per year for the term of the lease. The lease payment for 2022 of $12,000 was paid.

The claims are subject to a 4% NSR. The Company has the option to purchase the NSR for the greater of the current value or US$1,000,000 less all advance royalty payments completed to date.

(iii) **Tolovana Claims**

In May 2004, the Company entered into an agreement with a third party (the "Seller") whereby the Seller transferred 100% of the rights via a Quit Claim Deed to a 20-year lease on the Tolovana Gold Property in Alaska.

Under the terms of the agreement, the Company assumed all of the Seller's obligations under the lease, which include making annual lease payments. The Company has paid $322,250 to December 31, 2022 (2021 - $304,250) and under the current agreement will pay $18,000 per annum until 2024. The Company has the option to renew the lease for an additional 10-year term.

The property is subject to a sliding scale NSR as follows: 1.5% NSR if gold is below $300 per ounce, 2.0% NSR in the event the price of gold is between $300 to $400, and 3.0% NSR in the event that the price of gold is above $400.

The Company, at its option, can purchase 100% of the Tolovana Gold Property claims and NSR for $1,000,000 less any amounts paid.

(iv) **Green Claims**

On December 16, 2010, the Company entered into a 20-year lease agreement with Christina Mining Company, LLC to lease certain mineral claims in the Fairbanks Mining District of Alaska known as the Green Property. The Company has paid $1,250,000 to December 31, 2022 (2021 - $1,150,000) and under the current agreement will pay $200,000 per annum until 2028 and $250,000 in 2029. Pursuant to the agreement, the Company was required to incur $1,000,000 in cumulative exploration expenditures (incurred).

The claims are subject to a 3% NSR.

The Company paid $100,000 in 2022 towards the 2022 advance royalty payment and the remaining $100,000 was paid in 2023.

(v) **Chatham Claims**

On July 11, 2011, the Company entered into a 4-year lease agreement, subsequently amended, to lease certain mineral claims in the Fairbanks Mining District of Alaska known as the Chatham Property.

During the year ended December 31, 2021, the Company exercised its option to purchase the property and paid $610,000 to acquire the property. The claims are subject to a 1.75% to 2.00% NSR.

(vi) **Alaska Mental Health Trust Property**

By lease agreements from June 1, 2012 and subsequent, the Company entered into mining leases on certain mineral claims in the Fairbanks Mining District of Alaska known as the Alaska Mental Health Trust Property.

Lease for 403 acres:

The Company has paid lease payments of $97,540 to December 31, 2022 (2021 - $87,465) and will pay $10,075 per annum until 2024. The Company has met the cumulative exploration expenditure requirements of $1,150,565 to December 31, 2022 (2021 - $1,007,500) and is required to incur exploration expenditures of $143,065 per annum until 2024.

Lease for 627 acres:

The Company has paid lease payments of $70,538 to December 31, 2022 (2021 - $58,781) and will pay $11,756 per annum until 2024. The Company has met the cumulative exploration expenditure requirements of $1,047,090 to December 31, 2022 (2021 - $824,505) and is required to incur exploration expenditures of $222,585 per annum until 2024.

Lease for 546 acres:

The Company has paid lease payments of $16,380 to December 31, 2022 (2021 - $10,920) and will pay $8,190 per annum until 2025 and $10,920 per annum from 2026 until 2028. The Company has met the cumulative exploration expenditure requirements of $204,750 to December 31, 2022 (2021 - $136,500) and is required to incur exploration expenditures of $128,310 per annum until 2025 and $193,830 per annum from 2026 to 2028.

(Expressed in U.S. Dollars)

Lease for 1,818 acres:

The Company has paid lease payments of $18,180 to December 31, 2022 (2021 - $Nil) and will pay $18,180 per annum until 2024, $27,270 per annum from 2025 until 2027 and $36,360 per annum from 2028 to 2030. The Company has met the cumulative exploration expenditure requirements of $227,250 to December 31, 2022 (2021 - $Nil) and is required to incur exploration expenditures of $227,250 per annum until 2024, $454,500 per annum from 2025 to 2027 and $681,750 per annum from 2028 to 2030.The claims will be subject to the following NSR:

Price of Gold (per ounce)	Net Royalty
$500 or below	1.0%
$500.01 - $700.00	2.0%
$700.01 - $900.00	3.0%
$900.01 - $1,200.00	3.5%
above $1,200.00	4.5%

(vii) **Alaska Mining and Development Property**

By agreement effective September 9, 2020, the Company completed the acquisition of Alaska Mining & Development Co., Inc. (“Alaska Mining”, subsequently dissolved), for $1,100,000. Alaska Mining owned certain mineral claims in the Fairbanks Mining District of Alaska.

(viii) **Discovery Claims**

By agreement effective June 23, 2021, the Company purchased certain mineral claims in the Fairbanks Mining District of Alaska for cash consideration of $500,000.

b) **Shorty Creek Property, Alaska, USA**

By agreement dated July 17, 2014, the Company entered into a renewable 10-year lease agreement to lease certain mineral claims located northwest of Fairbanks, Alaska known as the Shorty Creek Property. On August 8, 2014, the Company issued 750,000 common shares as consideration for entering into the lease agreement. The vendor will retain a 2% NSR. The Company is responsible for ongoing annual assessment work as required by the State of Alaska. In 2014 and 2016, additional claims were staked within and outside the area of interest and the Company will be responsible for these annual State of Alaska rents.

On March 5, 2019, the Company entered into an agreement (the “SC Option Agreement”) subsequently amended with a wholly-owned subsidiary of South32 Limited (“South32”) whereby South32 had the option to earn a 70% interest in the Shorty Creek Property. To maintain the option in good standing under the SC Option Agreement, South32 was required to contribute minimum exploration funding of $10 million over a 4-year option period.

Expenditure funding of $149,756 (2021 - $2,493,570) were received prior to the termination of the agreement during the year ended December 31, 2022.

During the year ended December 31, 2022, management fee revenue of $13,614 (December 31, 2021 - $226,688) was earned pursuant to the 10% operator fee. During the year ended December 31, 2022, South32 provided notice of its intention and election not to further fund any further Tranche Payments as defined in, and in terms of, the Option Agreement, and accordingly the Option Agreement has been terminated.

Notes to Consolidated Financial Statements

December 31, 2022 and 2021

(Expressed in U.S. Dollars)

6 (a) Property, Plant and Equipment

2021:

	Automotive	Computer Equipment	Office Equipment	Exploration Office	Exploration Office Equipment	Land	Total
Costs							
Balance, December 31, 2020	$ 33,602	$ 12,209	$ 6,658	$ 179,944	$ 13,396	$ 218,892	$ 464,701
Additions	95,612	-	-	-	-	-	95,612
Balance, December 31, 2021	$ 129,214	$ 12,209	$ 6,658	$ 179,944	$ 13,396	$ 218,892	$ 560,313
Accumulated Depreciation							
Balance, December 31, 2020	$ (32,449)	$ (10,712)	$ (5,552)	$ (57,822)	$ (11,777)	$ -	$ (118,312)
Depreciation	(14,688)	(514)	(158)	(4,885)	(324)	-	(20,569)
Balance, December 31, 2021	$ (47,137)	$ (11,226)	$ (5,710)	$ (62,707)	$ (12,101)	$ -	$ (138,881)
Net Book Value	$ **82,077**	**$ 983**	**$ 948**	**$ 117,237**	**$ 1,295**	**$ 218,892**	**$ 421,432**

(Expressed in U.S. Dollars)

2022:

	Automotive	Computer Equipment	Office Equipment	Exploration Office	Exploration Office Equipment	Land	Total
Costs							
Balance, December 31, 2021	$ 129,214	$ 12,209	$ 6,658	$ 179,944	$ 13,396	$ 218,892	$ 560,313
Additions	76,231	-	-	-	-	-	76,231
Balance, December 31, 2022	$ 205,445	$ 12,209	$ 6,658	$ 179,944	$ 13,396	$ 218,892	$ 636,544
Accumulated Depreciation							
Balance, December 31, 2021	$ (47,137)	$ (11,226)	$ (5,710)	$ (62,707)	$ (12,101)	$ -	$ (138,881)
Depreciation	(64,340)	(346)	(122)	(4,689)	(259)	-	(69,756)
Balance, December 31, 2022	$ (111,477)	$ (11,572)	$ (5,832)	$ (67,396)	$ (12,360)	$ -	$ (208,637)
Net Book Value	**$ 93,968**	**$ 637**	**$ 826**	**$ 112,548**	**$ 1,036**	**$ 218,892**	**$ 427,907**

(Expressed in U.S. Dollars)

6 (b) Right-of-Use Asset and Lease Liability

The Company has an office lease for its head office in Vancouver, BC, with a lease term to September 30, 2026. On September 21, 2021, the Company renewed the office lease for an additional five-year term and recognized a right-of-use asset of $174,360 and a lease liability of $174,360.

The continuity of the right-of-use asset for the years ended December 31, 2022, 2021 and 2020 is as follows:

	Right-of-Use Asset
January 1, 2020	$ 82,293
Amortization	(48,129)
December 31, 2020	$ 34,164
Additions	174,360
Amortization	(42,979)
December 31, 2021	$165,545
Amortization	(33,880)
December 31, 2022	$131,665

The continuity of the lease liability for the years ended December 31, 2022, 2021 and 2020 is as follows:

	Lease Liability
January 1, 2020	$ 86,865
Lease payments	(52,474)
Accretion expense	3,108
December 31, 2020	$ 37,499
Additions	174,360
Lease payments	(50,649)
Accretion expense	5,806
December 31, 2021	$ 167,016
Lease payments	(45,165)
Accretion expense	6,255
December 31, 2022	$ 128,106
Less: Current portion of lease liability	(28,491)
Long-term portion of lease liability – December 31, 2022	$ 99,615

(Expressed in U.S. Dollars)

Future minimum lease payments are as follows:

		December 31, 2022
Less than 1 year	$	36,874
1 to 5 years		111,179
Total	$	148,053

Short-term leases are leases with a lease term of twelve months or less. As at December 31, 2022, the Company did not have any short-term leases.

The right-of-use asset and corresponding lease liability were initially measured at the present value of the remaining lease payments, discounted using the Company's incremental borrowing rate of 4.25% per annum.

7. Related Party Balances and Transactions

Key management personnel includes individuals having authority and responsibility for planning, directing and controlling the activities of the Company. The Company has determined that key management personnel consist of directors and officers of the Company, and any companies controlled by these parties.

A summary of key management compensation is as follows:

		December 31, 2022		December 31, 2021
Professional fees – Chief Financial Officer	**$**	**65,139**	$	67,788
Consulting fees– Corporate Secretary		**22,990**		23,925
Wages, salaries and benefits – President and Vice President*		**431,068**		440,294
Total	**$**	**519,197**	$	532,007

*During the year ended December 31, 2022, $287,378 (2021 – $299,067) of the President's and Vice President's salary was allocated to the Company's exploration and evaluation properties.

The Company incurred $Nil (2021 - $11,803) in legal costs and $Nil (2021 – $133,582) in share issue costs with WeirFoulds LLP, a legal firm of which a Director of the Company was a partner.

The Company granted no (2021 – 4,095,000) stock options to officers and directors for a share-based payment cost of $Nil (2021 - $1,493,664).

(Expressed in U.S. Dollars)

8. Restoration and Environmental Obligations

The Company's restoration and environmental obligations consist of reclamation and land rehabilitation costs for the Golden Summit Property *(Note 5a)*. As at December 31, 2022, the present value of the estimated obligations relating to properties is $358,000 (December 31, 2021 – $250,000) using a discount rate of 2.47% (December 31, 2021 – 2.47%) and an inflation rate of 7.0% (December 31, 2021 – 7.0%). During the year ended December 31, 2022, the Company revised the estimated reclamation costs resulting in an increase of $108,000.

The undiscounted reclamation and closure cost obligation at December 31, 2022 is $400,000 (December 31, 2021 – $250,000). The impacts of inflation and discounting on the obligation and accretion are insignificant

Movements in the reclamation and closure cost balance during the years are as follows:

		December 31, 2022		December 31, 2021
Balance, beginning of year	**$**	**250,000**	$	250,000
Estimate revision		**108,000**		-
Balance, end of year	**$**	**358,000**	$	250,000

9. Share Capital

The Company has authorized an unlimited number of common shares with no par value. At December 31, 2022, the Company had 368,189,021 common shares outstanding (December 31, 2021 – 337,499,366).

a) Share Issuances

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

-issued 30,514,655 common shares on the exercise of warrants for proceeds of $4,039,219.

-issued 175,000 common shares on the exercise of options for proceeds of $13,573.

During the year ended December 31, 2021, the Company:

-issued 400,000 common shares on the exercise of warrants for proceeds of $36,914.

-issued 3,960,000 common shares on the exercise of options for proceeds of $596,126.

(Expressed in U.S. Dollars)

b) **Share Purchase Warrants**

The following is a summary of the changes in the Company's share purchase warrants for the years ended December 31, 2022 and 2021:

	December 31, 2022		December 31, 2021	
	Number of warrants	Weighted average exercise price (Cdn$)	Number of warrants	Weighted average exercise price (Cdn$)
Outstanding, beginning of the year	56,336,460	0.64	56,736,460	0.64
Exercised	-	-	(400,000)	0.12
Exercised	(12,441,973)	0.28	-	-
Exercised	(150,000)	0.45	-	-
Exercised	(1,058,840)	0.225	-	-
Exercised	(1,341,690)	0.30	-	-
Exercised	(15,522,152)	0.081	-	-
Expired	(632,401)	0.28	-	-
Expired	(9,112,100)	0.45	-	-
Expired	(15,681,850)	1.65	-	-
Expired	(395,454)	1.34	-	-
Outstanding, end of the year	-	-	56,336,460	0.64

There were no share purchase warrants outstanding as at December 31, 2022.

(Expressed in U.S. Dollars)

c) **Stock Options**

The Company has established a stock option plan (the "Stock Option Plan") whereby the Board of Directors (the "Board"), may from time to time, grant options to directors, officers, employees or consultants. At the Company's Annual General Meeting held on June 29, 2021, shareholders re-approved a resolution which reserves up to 10% of the issued and outstanding shares from time to time (including existing stock options), as a "rolling stock option plan". Stock options may be granted under the Stock Option Plan with an exercise period of up to ten (10) years from the date of grant or such lesser period as determined by the Board, subject to a short extension in the case of a Company imposed blackout period. Any stock options granted under the Stock Option Plan will not be subject to any vesting schedule, unless otherwise determined by the Board. The exercise price of an option will not be less than the closing price of the common shares on the day prior to grant. The policies of the TSX require the approval of all unallocated options, rights or entitlements under the Stock Option Plan by the Company's shareholders every three years with the next such renewal approval requested by shareholders on or before June 29, 2024.

A summary of the Company's stock options at December 31, 2022 and the changes for the year are as follows:

Number Outstanding December 31, 2021	Granted	Exercised	Cancelled	Expired	Number Outstanding December 31, 2022	Number Exercisable December 31, 2022	Exercise Price (Cdn$)	Expiry Date
2,345,000	-	(175,000)	-	-	2,170,000	2,170,000	0.10	July 23, 2023
100,000	-	-	-	-	100,000	100,000	0.07	May 15, 2024
4,315,000	-	-	-	-	4,315,000	4,315,000	0.70	Aug. 31, 2026
6,760,000	-	(175,000)	-	-	6,585,000	6,585,000	0.49	

A summary of the Company's stock options at December 31, 2021 and the changes for the year are as follows:

Number Outstanding December 31, 2020	Granted	Exercised	Cancelled	Expired	Number Outstanding December 31, 2021	Number Exercisable December 31, 2021	Exercise Price (Cdn$)	Expiry Date
3,570,000	-	(3,570,000)	-	-	-	-	0.21	July 8, 2021
2,735,000	-	(390,000)	-	-	2,345,000	2,345,000	0.10	July 23, 2023
100,000	-	-	-	-	100,000	100,000	0.07	May 15, 2024
-	4,315,000	-	-	-	4,315,000	4,315,000	0.70	Aug. 31, 2026
6,405,000	4,315,000	(3,960,000)	-	-	6,760,000	6,760,000	0.48	

The fair value of each option grant is estimated on the date of grant using the Black-Scholes option-pricing model with the following weighted average assumptions:

	December 31, 2022	December 31, 2021
Expected dividend yield	**-**	-
Historical volatility	**-**	124.75%
Risk-free interest rate	**-**	0.87%
Expected life of options	**-**	5.00 years

(Expressed in U.S. Dollars)

10. Income Taxes

A reconciliation of income taxes at statutory rates with the reported taxes is as follows, using Canadian federal and provincial statutory tax rates of 27% (2021 – 27%):

		December 31, 2022		December 31, 2021
Loss before income taxes	$	(802,960)	$	(2,207,119)
Expected income tax (recovery)	$	(217,000)	$	(596,000)
Changes in tax rates and foreign exchange rates		(18,000)		2,000
Permanent differences		-		418,000
Share issue cost		-		-
Foreign exchange effect on current year provision		452,000		(28,000)
Adjustment to prior years provision versus statutory tax returns		(63,000)		1,000
Expiry of unused losses		-		590,000
Change in unrecognized deductible temporary differences		(154,000)		(387,000)
Total income tax expense (recovery)	$	-	$	-

The significant components of the Company's deferred tax assets and liabilities are as follows:

		December 31, 2022		December 31, 2021
Deferred tax assets (liabilities)				
Exploration and evaluation assets	$	(18,000)	$	(18,000)
Property and equipment		4,000		(10,000)
Non-capital losses		14,000		28,000
Net deferred tax liability	$	-	$	-

The significant components of the Company's unrecognized deferred tax assets are as follows:

		December 31, 2022		December 31, 2021
Deferred tax assets				
Share issue costs	$	276,000	$	444,000
Asset retirement obligation		75,000		53,000
Non-capital losses		6,984,000		6,933,000
Capital losses		21,000		23,000
Property, plant and equipment		90,000		97,000
Exploration and evaluation properties		730,000		780,000
		8,176,000		8,330,000
Unrecognized deferred tax assets		(8,176,000)		(8,330,000)
Net deferred tax assets	$	-	$	-

(Expressed in U.S. Dollars)

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

	2022	Expiry	2021	Expiry
Temporary Differences				
Share issue costs	$ 1,024,000	2042 to 2044	$ 1,645,000	2042 to 2044
Allowable capital losses	79,000	No expiry date	84,000	No expiry date
Property, plant, and equipment	333,000	No expiry date	358,000	No expiry date
Restoration and environmental Obligations	358,000	No expiry date	250,000	No expiry date
Exploration and evaluation properties	2,702,000	No expiry date	2,887,000	No expiry date
Non-capital losses	27,348,000		27,141,000	
Canada	20,690,000	2026 to 2042	20,556,000	2026 to 2041
USA	6,658,000	2023 to indefinite	6,585,000	2022 to indefinite

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

11. Segmented Information

The Company operates in the mineral property exploration sector.
Details on a geographic basis as at December 31, 2022 are as follows:

	USA	Canada	Total
Revenue for the year	**$ -**	**$ 13,614**	**$ 13,614**
Loss for the year	**$ (75,058)**	**$ (727,902)**	**$ (802,960)**
Comprehensive loss for the year	**$ (75,058)**	**$ (998,797)**	**$ (1,073,855)**
Current assets	**$ 333,175**	**$ 473,607**	**$ 806,782**
Right-of-use asset	**$ -**	**$ 131,665**	**$ 131,665**
Property, plant and equipment	**$ 426,444**	**$ 1,463**	**$ 427,907**
Exploration and evaluation properties	**$ 76,033,939**	**$ -**	**$ 76,033,939**
Total assets	**$ 76,793,558**	**$ 606,735**	**$ 77,400,293**

Details on a geographic basis as at December 31, 2021 are as follows:

	USA	Canada	Total
Revenue for the year	$ -	$ 226,688	$ 226,688
Loss for the year	$ (22,435)	$ (2,184,684)	$ (2,207,119)
Comprehensive loss for the year	$ (22,435)	$ (1,864,284)	$ (1,886,719)
Current assets	$ 437,841	$ 13,806,905	$ 14,244,746
Right-of-use asset	$ -	$ 165,545	$ 165,545
Property, plant and equipment	$ 410,951	$ 1,690	$ 412,641
Exploration and evaluation properties	$ 59,591,516	$ -	$ 59,591,516
Total assets	$ 60,448,858	$ 13,974,381	$ 74,423,239

(Expressed in U.S. Dollars)

12. Financial Instruments and Risk Management

a) **Financial Instruments**

The carrying value of financial assets and liabilities at December 31, 2022 and 2021 are as follows:

		December 31, 2022		December 31, 2021
Financial Assets				
Amortized cost				
Cash and cash equivalents	**$**	**693,235**	$	13,832,580
Restricted cash		**-**		165,636
Amounts receivable		**270**		3,125
Financial Liabilities				
Amortized cost				
Trade payables	**$**	**376,608**	$	306,659
Accrued liabilities		**64,152**		39,438
Lease liability		**128,106**		167,016
Project cost advance received		**-**		165,636

The carrying value of these financial instruments approximates their fair values.

Financial instrument hierarchy

Financial instruments measured at fair value on the consolidated statement of financial position are summarized into the following fair value hierarchy levels:

Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.
Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The Company does not carry any financial instruments measured at fair value through profit or loss.

b) **Capital Management**

The capital structure of the Company consists of equity attributable to common shareholders, comprising issued capital, accumulated other comprehensive income (loss) and deficit. The Company's objectives when managing capital are to: (i) preserve capital, (ii) obtain the best available net return, and (iii) maintain liquidity.

The Company manages the capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust the capital structure, the Company may attempt to issue new shares, issue new debt, acquire or dispose of assets or adjust the amount of cash and cash equivalents and investments.

Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Company, is reasonable. There were no changes in the Company's approach to capital management during the year ended December 31, 2022. Neither the Company nor its subsidiaries are subject to externally imposed capital requirements.

c) **Credit Risk**

Credit risk is the risk of an unexpected loss if a customer or counterparty to a financial instrument fails to meet its contractual obligations and arises primarily from the Company's cash and cash equivalents and amounts receivable. The Company manages its credit risk relating to cash and cash equivalents by dealing only with highly-rated Canadian financial institutions. As at December 31, 2022, amounts receivable of $19,731 was comprised of goods and services tax receivable of $19,461 and other receivables of $270. As a result, credit risk is considered insignificant.

d) **Liquidity Risk**

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company manages liquidity risk by continuously monitoring actual and projected cash flows and matching the maturity profile of financial assets and liabilities. As at December 31, 2022, the Company had cash of $693,235 to settle current liabilities of $469,251. Subsequent to December 31, 2022, the Company received additional financing and accordingly the Company has limited exposure to liquidity risk.

e) **Currency Risk**

Foreign currency exchange risk is the risk that future cash flows, net income (loss) and comprehensive income (loss) will fluctuate as a result of changes in foreign exchange rates. As the Company's operations are conducted internationally, operations and capital activity may be transacted in currencies other than the functional currency of the entity party to the transaction.

The Company's objective in managing its foreign currency risk is to minimize its net exposures to foreign currency cash flows by obtaining most of its estimated annual U.S. cash requirements and holding the remaining currency in Canadian dollars. The Company monitors and forecasts the values of net foreign currency cash flow and consolidated statement of financial position exposures and from time to time could authorize the use of derivative financial instruments such as forward foreign exchange contracts to economically hedge a portion of foreign currency fluctuations.

The following table provides an indication of the Company's foreign currency exposures during the years ended December 31, 2022 and 2021:

	December 31, 2022 (Cdn$)	December 31, 2021 (Cdn$)
Cash and cash equivalents	**122,308**	12,137,569
Trade payables and accruals	**82,835**	334,251

A 1% change in Canadian/US foreign exchange rate at year end would have changed the net loss of the Company, assuming that all other variables remained constant, by approximately $395 for the year ended December 31, 2022 (2021 - $118,033).

The Company has not entered into any derivative instruments to offset the impact of foreign currency fluctuations.

f) **Interest Rate Risk**

The Company is not subject to interest rate risk.

g) **Commodity Price Risk**

The Company is in the exploration stage and is not subject to commodity price risk.

13. Subsequent Event

On March 30, 2023, the Company closed a brokered private placement (the "Private Placement") of 41,310,000 units (each, a "Unit") at a price of Cdn$0.40 per Unit for aggregate gross proceeds of Cdn$16,524,000. Each Unit is comprised of one common share of the Company and one-half of one common share purchase warrant (each whole warrant, a "Warrant"). Each Warrant will be exercisable to acquire one common share of the Company (a "Warrant Share") for 24 months from the closing date of the Private Placement at an exercise price of $0.52 per Warrant Share.

The Company received net proceeds of Cdn$15,278,495 after deducting the agents 7% commission and costs. The agent was also granted 2,891,700 broker warrants entitling the agent to acquire one common share of the Company (a "Broker Warrant Share") for 24 months from the closing date of the Private Placement at an exercise price of $0.47 per Broker Warrant Share.