VOLCANIC
Gold Mines Inc

CONSOLIDATED FINANCIAL STATEMENTS
(Expressed in Canadian Dollars)

FOR THE YEAR ENDED DECEMBER 31, 2024

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of
Volcanic Gold Mines Inc.

Opinion

We have audited the accompanying consolidated financial statements of Volcanic Gold Mines Inc. (the "Company"), which comprise the consolidated statements of financial position as at December 31, 2024 and 2023 and the consolidated statements of loss and comprehensive loss, changes in equity, and cash flows for the years then ended, and notes to the consolidated financial statements, including material accounting policy information.

In our opinion, these consolidated financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2024 and 2023, 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.

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.

Material Uncertainty Related to Going Concern

We draw attention to Note 1 of the consolidated financial statements, which indicates that the Company incurred accumulated losses of $27,600,142 as at December 31, 2024. As stated in Note 1, these events and conditions indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

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, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Except for the matter described in the Material Uncertainty Related to Going Concern section, we have determined that there are no other key audit matters to communicate in our auditor's report.

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 Accounting Standards, 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 year 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 Stephen Hawkshaw.

Davidson & Company LLP

Vancouver, Canada

Chartered Professional Accountants

April 24, 2025

VOLCANIC GOLD MINES INC.
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
As at December 31, 2024 and 2023
(Expressed in Canadian Dollars)

	2024	**2023**
ASSETS		
Current		
Cash	$ 837,745	$ 3,161,749
Receivables (Note 10)	123,126	19,376
Prepaid expenses and deposits (Note 10)	14,435	19,460
Total current assets	975,306	3,200,585
Non-current		
Long-term deposits (Notes 10 and 15)	64,907	61,000
Property and equipment (Note 5)	49,813	95,431
Right-of-use asset (Note 6)	93,695	-
Mineral properties (Note 8)	100,000	304,873
Total non-current assets	308,415	461,304
	$ 1,283,721	**$ 3,661,889**
LIABILITIES AND EQUITY		
Current		
Accounts payable and accrued liabilities (Note 10)	$ 223,276	$ 234,330
Current portion of lease liability (Note 6)	14,202	-
	237,478	234,330
Non-current		
Lease liability (Note 6)	81,321	-
Total liabilities	318,799	234,330
Equity		
Share capital (Note 11)	26,575,256	26,575,256
Other equity reserves (Note 11)	2,166,219	1,989,185
Deficit	(27,600,142)	(24,960,471)
Equity attributed to shareholders of the Company	1,141,333	3,603,970
Non-controlling interest (Note 7)	(176,411)	(176,411)
Total equity	964,922	3,427,559
	$ 1,283,721	**$ 3,661,889**

Nature and going concern (Note 1)
Subsequent events (Note 19)

Approved and authorized by the Board on April 24, 2025.

"Simon Ridgway"	Director	*"Scott Ackerman"*	Director
Simon Ridgway		Scott Ackerman	

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

VOLCANIC GOLD MINES INC.
CONSOLIDATED STATEMENTS OF LOSS AND COMPREHENSIVE LOSS
For the years ended December 31, 2024 and 2023
(Expressed in Canadian Dollars)

	2024	2023
Exploration expenditures (Notes 9 and 10)	$ 1,767,925	$ 1,861,236
General and administrative expenses		
Consulting and management fees (Note 10)	83,500	78,000
Depreciation (Notes 5 and 6)	50,349	48,063
Interest on lease liability (Note 6)	597	-
Legal and audit fees	52,123	49,806
Office and administration (Note 10)	108,663	111,640
Salaries and benefits (Note 10)	139,460	136,175
Share-based payments expense (Notes 10 and 12)	177,034	42,048
Shareholder communications (Note 10)	40,835	49,251
Transfer agent and regulatory fees (Note 10)	26,982	27,952
Travel (Note 10)	18,446	26,435
	697,989	569,370
	(2,465,914)	(2,430,606)
Interest and other income	54,493	142,088
Foreign exchange loss	(28,629)	(5,274)
Gain on disposal of equipment (Note 5)	5,252	-
Write-off of mineral property costs (Note 8)	(204,873)	-
Loss and comprehensive loss for the year	**$ (2,639,671)**	**$ (2,293,792)**
Loss and comprehensive loss attributable to:		
Equity shareholders of the Company	$ (2,639,671)	$ (2,293,792)
Non-controlling interest (Note 7)	-	-
	$ (2,639,671)	$ (2,293,792)
Basic and diluted loss per common share attributable to equity shareholders of the Company	$(0.06)	$(0.05)
Weighted average number of common shares outstanding – basic and diluted	45,551,210	45,551,210

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

VOLCANIC GOLD MINES INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS
For the years ended December 31, 2024 and 2023
(Expressed in Canadian Dollars)

	2024	2023
CASH FLOWS FROM OPERATING ACTIVITIES		
Loss for the year	$ (2,639,671)	$ (2,293,792)
Items not affecting cash:		
Depreciation	50,349	48,063
Interest on lease liability	597	-
Share-based payments expense	177,034	42,048
Gain on disposal of equipment	(5,252)	-
Write-off of mineral property costs	204,873	-
Non-cash working capital item changes:		
Receivables	(103,750)	(870)
Prepaid expenses and deposits	5,025	8,804
Accounts payable and accrued liabilities	(11,054)	(31,116)
Net cash used in operating activities	(2,321,849)	(2,226,863)
INVESTING ACTIVITIES		
Long-term deposit	(3,907)	-
Purchase of property and equipment	(7,326)	(2,438)
Proceeds on disposal of equipment	9,078	-
Mineral property acquisition	-	(204,873)
Net cash used in investing activities	(2,155)	(207,311)
Change in cash for the year	(2,324,004)	(2,434,174)
Cash, beginning of year	3,161,749	5,595,923
Cash, end of year	**$ 837,745**	**$ 3,161,749**

Supplemental cash flow information (Note 18)

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

VOLCANIC GOLD MINES INC.
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
For the years ended December 31, 2024 and 2023
(Expressed in Canadian Dollars)

	Equity attributed to shareholders of the Company							
	Number	**Amount**	**Warrants and compensation options reserve**	**Share-based payment reserve**	**Deficit**	**Total equity attributed to shareholders**	**Non-controlling interest**	**Total**
Balance, December 31, 2022	45,551,210	$ 26,575,256	$ 156,636	$ 1,803,450	$ (22,679,628)	$ 5,855,714	$ (176,411)	$ 5,679,303
Loss for the year	-	-	-	-	(2,293,792)	(2,293,792)	-	(2,293,792)
Transfer of other equity reserve of expired and forfeited options	-	-	-	(12,949)	(12,949)	-	-	-
Share-based payments	-	-	-	42,048	-	42,048	-	42,048
Balance, December 31, 2023	45,551,210	26,575,256	156,636	1,832,549	(24,960,471)	3,603,970	(176,411)	3,427,559
Loss for the year	-	-	-	-	(2,639,671)	(2,639,671)	-	(2,639,671)
Share-based payments	-	-	-	177,034	-	177,034	-	177,034
Balance, December 31, 2024	**45,551,210**	**$ 26,575,256**	**$ 156,636**	**$ 2,009,583**	**$ (27,600,142)**	**$ 1,141,333**	**$ (176,411)**	**$ 964,922**

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

1. NATURE AND GOING CONCERN

Volcanic Gold Mines Inc. is a publicly traded company incorporated under the British Columbia Corporations Act on April 25, 2007. The Company together with its subsidiaries (collectively referred to as the "Company") is principally engaged in acquisition and exploration of resource properties. The Company currently trades under the symbol "VG" on the TSX Venture Exchange ("TSX-V").

The head office, principal address and records office of the Company are located at 1111 Melville Street, Suite 1000, Vancouver, British Columbia, V6E 3V6, Canada.

These consolidated financial statements have been prepared on a going concern basis, which assumes that the Company will be able to meet its obligations and continue its operations for its next fiscal year. Realization values may be substantially different from carrying values as shown and these consolidated financial statements do not give effect to adjustments that would be necessary to the carrying values and classification of assets and liabilities should the Company be unable to continue as a going concern. Such adjustments could be material. As of December 31, 2024, the Company had not yet achieved profitable operations and has accumulated losses of $27,600,142 (2023: $24,960,471) since inception and is expected to incur further losses in the development of its business. The Company will periodically have to raise funds to continue operations; although it has been successful in doing so in the past, there is no assurance it will be able to do so in the future. If the Company is unable to obtain additional financing, management may be required to curtail certain discretionary expenses. These conditions indicate the existence of material uncertainties that may cast significant doubt about the Company's ability to continue as a going concern.

2. BASIS OF PREPARATION

Statement of Compliance

These consolidated financial statements, including comparatives have been prepared using accounting policies consistent with IFRS Accounting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB").

Basis of Measurement

These consolidated financial statements have been prepared on the historical cost basis except for certain financial instruments which are measured at fair value. In addition, these consolidated financial statements have been prepared using the accrual basis of accounting, except for cash flow information.

The consolidated financial statements are presented in Canadian dollars ("CAD").

The preparation of consolidated financial statements in compliance with IFRS requires management to make certain critical accounting estimates. It also requires management to exercise judgment in applying the Company's accounting policies. The areas involving a higher degree of judgment of complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in Note 4.

Basis of Consolidation

These consolidated financial statements include the accounts of the Company and its subsidiaries. A subsidiary is an entity in which the Company has control, directly or indirectly, where control is defined as the power to govern the financial and operating policies of an enterprise so as to obtain benefits from its activities. All intercompany transactions and balances have been eliminated on consolidation.

Details of the Company's principal subsidiary as at December 31, 2024 is as follows:

Name	Place of incorporation	Ownership %	Principal activity
Recursos del Golfo S.A.	Guatemala	100%	Exploration company

The Company also has interests in other, inactive, subsidiaries (Note 7).

3. MATERIAL ACCOUNTING POLICY INFORMATION

Foreign Currency Translation

The functional currency is the currency of the primary economic environment in which the entity operations and has been determined for each entity within the Company. The functional currency for all entities within the corporate group is the Canadian dollar. The functional currency determinations were conducted through an analysis of the consideration factors identified in International Accounting Standards ("IAS") 21, *The Effects of Changes in Foreign Exchange Rates*.

Transactions in currencies other than the Canadian dollar are recorded at exchange rates prevailing on the dates of the transactions. At the end of each reporting period, the monetary assets and liabilities of the Company that are denominated in foreign currencies are translated at the rate of exchange at the statement of financial position date while non-monetary assets and liabilities are translated at historical rates. Revenues and expenses are translated at the exchange rates approximating those in effect on the date of the transactions. Exchange gains and losses arising on translation are included in the statement of loss and comprehensive loss.

Loss Per Share

The Company presents basic loss per share for its common shares, calculated by dividing the loss attributable to common shareholders of the Company by the weighted average number of common shares outstanding during the period. Diluted loss per share is calculated by adjusting the weighted average number of common shares outstanding for dilutive instruments. The number of shares included with respect to options, warrants, and similar instruments is computed using the treasury stock method. Diluted loss per share does not adjust the loss attributable to common shareholders or the weighted average number of common shares outstanding when the effect is anti-dilutive.

Exploration and Evaluation Assets - Mineral Properties

Costs related to the acquisition of mineral properties are capitalized by property, and costs related to the exploration and evaluation of mineral properties are expensed as incurred, until the property reaches development stage. If commercially profitable ore reserves are developed, capitalized costs of the related property are reclassified as mining assets and amortized using the unit of production method. If, after management review, it is determined that capitalized acquisition costs are not recoverable over the estimated economic life of the property, or the property is abandoned, or management deems there to be an impairment in value, the property is written down to its net realizable value.

Where the Company has entered into option agreements to acquire interests in mineral properties that provide for periodic payments or periodic share issuances, amounts unpaid and unissued are not recorded as liabilities since they are payable and issuable entirely at the Company's option. Option payments are recorded as mineral property costs when the payments are made and the share issuances are recorded as mineral property costs using the fair market value of the Company's common shares at the earlier of the date the counterparty's performance is complete or the share issuance date.

Any option payments received by the Company from third parties or tax credits refunded to the Company are credited to the capitalized cost of the mineral property. If payments received exceed the capitalized cost of the mineral property, the excess is recognized as income in the year received. The amounts shown for mineral properties do not necessarily represent present or future values. Their recoverability is dependent upon the discovery of economically recoverable reserves, the ability of the Company to obtain the necessary financing to complete the development, and future profitable production or proceeds from the disposition thereof.

3. MATERIAL ACCOUNTING POLICY INFORMATION (cont'd)

Equipment and Depreciation

Recognition and Measurement

Equipment is recorded at cost less accumulated depreciation and any impairment losses.

Depreciation

Depreciation is recognized in profit or loss, and equipment is amortized over their estimated useful lives using the following methods:

Computer equipment	30% declining-balance
Furniture and equipment	20% declining-balance
Field equipment	4 years straight-line
Leasehold improvements	5 years straight-line
Vehicles	5 years straight-line

Impairment of Non-Financial Assets

At the end of each reporting period, the Company's non-financial assets, including exploration and evaluation assets, are reviewed to determine whether there is any indication that those assets may be impaired. If such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment, if any. The recoverable amount is the higher of fair value less costs to sell and value in use. Fair value is determined as the amount that would be obtained from the sale of the asset in an arm's length transaction between knowledgeable and willing parties. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount and the impairment loss is recognized in the profit or loss for the period. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash generating unit to which the asset belongs.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but to an amount that 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 prior years. A reversal of an impairment loss is recognized immediately in profit or loss.

Decommissioning Provision

The Company recognizes liabilities for statutory, contractual, constructive or legal obligations associated with the retirement of mineral properties, oil and gas interests, and equipment, when those obligations result from the acquisition, construction, development or normal operation of the assets. The net present value of future rehabilitation cost estimates arising from the decommissioning of plant and other site preparation work is capitalized to the related assets along with a corresponding increase in the rehabilitation 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 rehabilitation asset is depreciated on the same basis as the related asset.

The Company's estimates of reclamation 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 the related assets with a corresponding entry to the rehabilitation 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.

As at December 31, 2024 and 2023, the Company had no significant asset retirement or rehabilitation obligations.

3. MATERIAL ACCOUNTING POLICY INFORMATION (cont'd)

Share Capital

Equity instruments are contracts that give a residual interest in the net assets of the Company. Financial instruments issued by the Company are classified as equity only to the extent that they do not meet the definition of a financial liability or financial asset. The Company's common shares, share warrants and options are classified as equity instruments.

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

Warrants issued by the Company typically accompany an issuance of shares in the Company (a "Unit") and entitle the warrant holder to exercise the warrants for a stated price and a stated number of common shares in the Company. The value of the warrant components is measured using the residual value approach.

Share-based Payments

The Company grants stock options to acquire common shares of the Company to directors, officers, employees and consultants. An individual is classified as an employee when the individual is an employee for legal or tax purposes or provides services similar to those performed by an employee.

The fair value of stock options is measured on the date of grant, using the Black-Scholes option pricing model, and is recognized over the vesting period. On the exercise of stock options, the applicable amounts of reserves are transferred to share capital and consideration paid for the shares on the exercise of stock options is credited to share capital.

In situations where equity instruments, such as stock options and warrants, are issued to non-employees and some or all of the goods or services received by the entity as consideration cannot be specifically identified, they are measured at fair value of the share-based payment. Otherwise, share-based payments are measured at the fair value of goods or services received. Upon expiry or forfeiture, the recorded value is transferred to deficit for stock options or share capital for warrants.

Income Taxes

Income tax expense comprises current and deferred tax. Income tax is recognized in profit or loss except to the extent that it relates to items recognized directly in equity. Current tax expense is the expected tax payable on taxable income for the year, using tax rates enacted or substantively enacted at period end, adjusted for amendments to tax payable with regards to previous years.

Deferred tax is recorded using the liability method, providing for temporary differences, between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Temporary differences are not provided for relating to goodwill not deductible for tax purposes, the initial recognition of assets or liabilities that affect neither accounting nor taxable loss, and differences relating to investments in subsidiaries to the extent that they will probably not reverse in the foreseeable future. The amount of deferred tax provided is based on the expected manner of realization or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the date of the statement of financial position.

A deferred tax asset is recognized only to the extent that it is probable that future taxable profits will be available against which the asset can be utilized. To the extent that the Company does not consider it probable that a deferred tax asset will be recovered, it does not recognize the asset.

3. MATERIAL ACCOUNTING POLICY INFORMATION (cont'd)

Financial Instruments

Financial assets

The Company recognizes a financial asset when it becomes a party to the contractual provisions of the instrument. The Company classifies financial assets at initial recognition as financial assets: measured at amortized cost, measured at fair value through other comprehensive income or measured at fair value through profit or loss.

Financial assets measured at amortized costs

A financial asset that meets both of the following conditions is classified as a financial asset measured at amortized cost.

- The Company's business model for such financial assets is to hold the assets in order to collect contractual cash flows.
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the amount outstanding.

A financial asset measured at amortized cost is initially recognized at fair value plus transaction costs directly attributable to the asset. After initial recognition, the carrying amount of the financial asset measured at amortized cost is determined using the effective interest method, net of impairment loss, if necessary.

Financial assets measured at fair value through other comprehensive income ("FVTOCI")

A financial asset measured at fair value through other comprehensive income is recognized initially at fair value plus transaction cost directly attributable to the asset. After initial recognition, the asset is measured at fair value with changes in fair value included as "financial asset at fair value through other comprehensive income" in other comprehensive income. Accumulated gains or losses recognized through other comprehensive income are not transferred to retained earnings (deficit) when the financial instrument is derecognized, or its fair value substantially decreases.

Financial assets measured at fair value through profit or loss ("FVTPL")

A financial asset measured at fair value through profit or loss is recognized initially at fair value with any associated transaction costs being recognized in profit or loss when incurred. Subsequently, the financial asset is re-measured at fair value, and a gain or loss is recognized in profit or loss in the reporting period in which it arises.

The Company derecognizes a financial asset if the contractual rights to the cash flows from the asset expire, or the Company transfers substantially all the risks and rewards of ownership of the financial asset. Any interests in transferred financial assets that are created or retained by the Company are recognized as a separate asset or liability. Gains and losses on derecognition are generally recognized in the consolidated statement of income (loss). However, gains and losses on derecognition of financial assets classified as FVTOCI remain within accumulated other comprehensive income (loss).

Financial liabilities

Financial liabilities are classified as amortized cost, based on the purpose for which the liability was incurred. These liabilities are initially recognized at fair value net of any transaction costs directly attributable to the issuance of the instrument and subsequently carried at amortized cost using the effective interest rate method. This ensures that any interest expense over the period to repayment is at a constant rate on the balance of the liability carried in the statement of financial position. Interest expense in this context includes initial transaction costs and premiums payable on redemptions, as well as any interest or coupon payable while the liability is outstanding.

3. MATERIAL ACCOUNTING POLICY INFORMATION (cont'd)

Financial Instruments (cont'd)

Financial liabilities (cont'd)

Accounts payable and accrued liabilities represent liabilities for goods and services provided to the Company prior to the end of the period, which are unpaid. Accounts payable and accrued liabilities are unsecured and are usually paid within 45 days of recognition.

The Company has made the following designations of its financial instruments:

Cash	Amortized cost
Receivables	Amortized cost
Deposits	Amortized cost
Accounts payable and accrued liabilities	Amortized cost
Lease liability	Amortized cost

Lease Liability

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by the interest rate implicit in the lease, or if that rate cannot be readily determined, the incremental borrowing rate. The incremental borrowing rate is the rate which the operation would have to pay to borrow over a similar term and with similar security, the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment.

The lease liability is subsequently increased by the interest cost on the lease liability and decreased by lease payments made. It is remeasured when there is a change in future lease payments arising from a change in an index or a rate, a change in the estimate of the amount expected to be payable under a residual value guarantee, or as appropriate, changes in the assessment of whether a purchase or extension option is reasonably certain to be exercised or a termination option is reasonably certain not to be exercised

New Standards, Amendments and Interpretations Not Yet Adopted

The Company will be required to adopt the following standards and amendments issued by the IASB as described below:

IFRS 18, *Presentation and Disclosure in Financial Statements*

IFRS 18 is a new standard that will replace *IAS 1 Presentation of Financial Statements*, setting out a new presentation requirement for the statement of profit or loss, and providing new definitions and disclosures related to non-IFRS performance measures.

This standard will be effective for the Company's annual period beginning January 1, 2027 with early application permitted. The Company is currently assessing the impact of IFRS 18 on its consolidated financial statements.

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

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

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

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS (cont'd)

The key areas of judgment applied in the preparation of the consolidated financial statements that could result in a material adjustment to the carrying amounts of assets and liabilities are as follows:

a) The application of the Company's accounting policy for mineral property expenditures requires judgment in determining whether it is likely that future economic benefits will flow to the Company.

   Assets or cash-generating units are evaluated at each reporting date to determine whether there are any indications of impairment. The Company considers both internal and external sources of information when making the assessment of whether there are indications of impairment for the Company's mineral property assets.

   In respect of costs incurred for its investment in mineral property assets, management has determined there are no indicators of impairment. Management uses several criteria in its assessments of economic recoverability and probability of future economic benefit, including geologic and metallurgic information, economics assessment/ studies, accessible facilities and existing permits.

b) Although the Company has taken steps to verify title to mineral properties in which it has an interest, these procedures do not guarantee the Company's title. Such properties may be subject to prior agreements or transfers and title may be affected by undetected defects.

c) Although the Company has taken steps to identify any decommissioning liabilities related to mineral properties in which it has an interest, there may be unidentified decommissioning liabilities present.

d) The Company applies judgment in determining whether a lease contract contains an identified asset, whether they have the right to control the asset, and the lease term. The lease term is based on considering facts and circumstances, both qualitative and quantitative, that can create an economic incentive to exercise renewal options. Management considers all facts and circumstances that create an economic incentive to exercise an extension option, or not to exercise a termination option.

e) The assessment of the Company's ability to continue as a going concern and to raise sufficient funds to pay its ongoing operating expenditures, meet its liabilities for the ensuing year, and to fund planned and contractual exploration programs involves significant judgment based on historical experience and other factors, including expectation of future events that are believed to be reasonable under the circumstances.

The key estimates applied in the preparation of the consolidated financial statements that could result in a material adjustment to the carrying amounts of assets and liabilities are as follows:

a) The Company may be subject to income tax in several jurisdictions and significant judgment is required in determining the provision for income taxes. During the ordinary course of business and on dispositions of mineral property or interests therein, there are transactions and calculations for which the ultimate tax determination is uncertain. As a result, the Company recognizes tax liabilities based on estimates of whether additional taxes and interest will be due. This assessment relies on estimates and assumptions and may involve a series of judgments about future events, and interpretation of tax law. To the extent that the final tax outcome of these matters is different than the amounts recorded, such differences will impact income tax expense in the period in which such determination is made.

b) In estimating the fair value of share-based payments, using the Black-Scholes option pricing model, management is required to make certain assumptions and estimates. Changes in assumptions used to estimate fair value could result in materially different results.

c) The Company uses estimation in determining the incremental borrowing rate used to measure the lease liability. Where the rate implicit in the lease is not readily determinable, the discount rate of the lease obligations is estimated using a discount rate similar to the Company's specific borrowing rate.

(Expressed in Canadian Dollars)

5. EQUIPMENT

	Computer equipment	Furniture and equipment	Field equipment	Leasehold Improvements	Vehicles	Total
Cost						
Balance, December 31, 2022	$ 24,687	$ 2,562	$ 32,072	$ -	$ 161,107	$ 220,428
Additions	2,438	-	-	-	-	2,438
Balance, December 31, 2023	27,125	2,562	32,072	-	161,107	222,866
Additions	-	-	-	7,326	-	7,326
Disposals	-	-	-	-	(22,555)	(22,555)
Balance, December 31, 2024	**$ 27,125**	**$ 2,562**	**$ 32,072**	**$ 7,326**	**$ 138,552**	**$ 207,637**
Accumulated amortization						
Balance, December 31, 2022	$ 13,731	$ 948	$ 8,018	$ -	$ 56,675	$ 79,372
Charge for year	5,451	484	8,237	-	33,891	48,063
Balance, December 31, 2023	19,182	1,432	16,255	-	90,566	127,435
Charge for year	4,275	339	8,435	120	35,949	49,118
Disposals	-	-	-	-	(18,729)	(18,729)
Balance, December 31, 2024	**$ 23,457**	**$ 1,771**	**$ 24,690**	**$ 120**	**$ 107,786**	**$ 157,824**
Carrying amounts						
At December 31, 2023	$ 7,943	$ 1,130	$ 15,817	$ -	$ 70,541	$ 95,431
At December 31, 2024	**$ 3,668**	**$ 791**	**$ 7,382**	$ **7,206**	**$ 30,766**	**$ 49,813**

During the year ended December 31, 2024, the Company sold a vehicle for proceeds of $9,078 and recorded a gain on disposal of $5,252.

6. RIGHT-OF-USE ASSET AND LEASE LIABILITY

The Company co-signed with two related parties, Radius Gold Inc. ("Radius") and Rackla Metals Inc. ("Rackla"), a lease agreement for shared headquarter office space in Vancouver, British Columbia. The term of the lease is five years, commencing on January 1, 2025, with the Company taking early possession of the office space in December 2024. In accordance with IFRS 16 – Leases, the Company recognized $94,926 for a right-of-use asset ("ROU asset") and $94,926 for a lease liability. The lease liability was measured at the present value of the remaining lease payments and discounted using an incremental borrowing rate of 10%.

The continuity of the ROU asset and lease liability for the year ended December 31, 2024 is as follows:

Right-of-use asset	
Value of right-of-use asset recognized during the year	$ 94,926
Depreciation	(1,231)
Value of right-of-use asset as at December 31, 2024	**$ 93,695**
Lease liability	
Lease liability recognized during the year	$ 94,926
Lease interest	597
Lease liability recognized as of December 31, 2024	**$ 95,523**
Current portion lease liability	$ 14,202
Long-term portion lease liability	81,321
	$ 95,523

(Expressed in Canadian Dollars)

7. NON-CONTROLLING INTEREST

Non-controlling interests (“NCI”s) in the net assets of consolidated subsidiaries are identified separately from the Company’s equity therein. Total comprehensive loss of the Company’s subsidiary is attributed to the equity holders of the Company and to the non-controlling interests even if this results in the non-controlling interest having a deficit balance.

The Company adjusts the non-controlling interest by attributing a proportionate amount of the subsidiaries net identifiable assets. The Company also adjusts other comprehensive loss to reflect the new ownership interest. These adjustments are also recognized in equity.

For the year ended December 31, 2024, 25% (2023: 25%) of the net assets of the Company’s consolidated subsidiary, Guiord SA (“Guiord”), were attributable to its non-controlling interest. The value of the NCI at December 31, 2024 was a deficiency of $176,411 (2023: $176,411). There was no income or loss allocated to NCI during the years ended December 31, 2024 and 2023.

8. MINERAL PROPERTIES

The Company capitalized the following acquisition costs of its mineral property interests during the years ended December 31, 2023 and 2024:

Acquisition costs		**Holly**		**Motagua Norte**		**Total**
Balance, December 31, 2022	$	100,000	$	-	$	100,000
Additions - cash		-		204,873		204,873
Balance, December 31, 2023		100,000		204,873		304,873
Write-off of acquisition costs		-		(204,873)		(204,873)
Balance, December 31, 2024	**$**	**100,000**	**$**	**-**	**$**	**100,000**

Holly, Banderas, and Motagua Norte Properties - Guatemala

In May 2020, the Company signed an agreement whereby it was granted by Radius the exclusive option (the “Mineral Rights Option”) to acquire a 60% interest in the Holly and Banderas gold-silver properties in Guatemala. During the 2023 fiscal year, Radius was granted the Cirilo I exploration licence in the Motagua Norte project area of Guatemala. In September 2023, the Mineral Rights Option was modified to include the Motagua Norte project in substitution for the Banderas project. Management determined the projects were of equivalent value and accordingly no gain or loss was recognized on this substitution. The original earn-in requirement to spend US$7.0 million in exploration of the properties remained unchanged. Expenditures made by the Company on exploration of the Banderas property were credited towards the US$7.0 million expenditure requirement.

During the year ended December 31, 2024, the Company completed the expenditure requirement for the Mineral Rights Option and exercised its option. As a result, the Company and Radius will form a standard 60/40 joint venture in order to further develop the properties.

In December 2023, Radius entered into a surface rights option agreement (the “Surface Rights Option”) with the owner of certain lands comprising a portion of the Motagua Norte project, and Radius granted to the Company the option to acquire a 60% interest in such lands by assuming the option payments due to the landowner. At that time, the Company paid $204,873 (US$150,000) as an initial option payment and recorded this amount as a mineral property acquisition cost. During the year ended December 31, 2024, Radius and the Company decided to terminate the Surface Rights Option and as a result, the Company wrote-off its carrying cost of $204,873.

The Company and Radius have one common director, namely, Simon Ridgway.

(Expressed in Canadian Dollars)

9. EXPLORATION EXPENDITURES

During the year ended December 31, 2024, the Company incurred the following exploration expenditures:

	2024			
	Holly	Motagua Norte	Regional and General	Total
Assaying	$ -	$ 37,869	$ -	$ 37,869
Community relations	864	65,448	384	66,696
Drilling	-	353,650	-	353,650
Environmental	8,898	14,543	52	23,493
Field expenses	3,106	168,926	5,872	177,904
Geological and other consulting	19,715	360,795	112,871	493,381
Geophysics	-	102,552	-	102,552
Legal and accounting	36,753	82,986	3,892	123,631
Office and administration	29,041	68,559	41,739	139,339
Project management	13,834	70,046	-	83,880
Salaries and benefits	46,145	114,656	15,475	176,276
Travel	3,546	66,548	10,776	80,870
	161,902	1,506,578	191,061	1,859,541
Expense recoveries	-	(12,821)	(6,315)	(19,136)
Joint venture costs charged	(46,350)	(26,130)	-	(72,480)
	$ 115,552	**$ 1,467,627**	**$ 184,746**	**$ 1,767,925**

During the year ended December 31, 2023, the Company incurred the following exploration expenditures:

	2023			
	Holly and Banderas	Motagua Norte	Regional and General	Total
Assaying	$ 306	$ 45,061	$ 8,146	$ 53,513
Community relations	112,117	19,744	-	131,861
Environmental	17,494	28,292	8,964	54,750
Field expenses	36,815	28,257	30,812	95,884
Geological and other consulting	382,579	237,969	145,716	766,264
Legal and accounting	77,969	88,708	9,861	176,538
Licenses, permitting and taxes	8,417	5,152	-	13,569
Office and administration	75,482	45,522	61,028	182,032
Project management	74,369	44,656	-	119,025
Salaries and benefits	137,932	63,411	2,740	204,083
Travel	51,960	25,895	24,692	102,547
	975,440	632,667	291,959	1,900,066
Expense recoveries	(19,158)	(6,413)	(13,259)	(38,830)
	$ 956,282	**$ 626,254**	**$ 278,700**	**$ 1,861,236**

(Expressed in Canadian Dollars)

10. RELATED PARTY TRANSACTIONS

The Company had transactions during the years ended December 31, 2024 and 2023 with related parties consisting of directors, officers and the following companies with common directors:

Related party	Nature of transactions
Gold Group Management Inc. ("Gold Group")	Shared office and administrative related charges
Mill Street Services Ltd. ("Mill Street")	Consulting services
Rackla	Shared office lease
Radius	Property transactions, exploration support, and shared office lease

Balances and transactions with related parties not disclosed elsewhere in these consolidated financial statements are as follows:

a) During the years ended December 31, 2024 and 2023, the Company reimbursed Gold Group, a private company controlled by Simon Ridgway, a Director and Chief Executive Officer of the Company, for the following costs:

		2024		**2023**
General and administrative expenses:				
Office and administration	$	81,531	$	85,671
Salaries and benefits		139,460		136,175
Shareholder communications		10,597		30,963
Transfer agent and regulatory fees		3,620		11,874
Travel and accommodation		18,446		25,922
	$	**253,654**	**$**	**290,605**
Exploration expenditures	**$**	**31,174**	**$**	**12,509**

Gold Group is reimbursed by the Company for certain shared costs and other business-related expenses paid by Gold Group on behalf of the Company. Salaries and benefits for the years ended December 31, 2024 and 2023 include those for the Chief Financial Officer, the Vice President of Corporate Development, and the Corporate Secretary.

b) Receivables as of December 31, 2024 includes an amount of $111,324 (2023: $9,594) due from Radius for shared and joint venture exploration costs.

c) Prepaid expenses and deposits as of December 31, 2024 includes an amount of $858 (2023: $3,744) paid to Gold Group.

d) Long-term deposits as of December 31, 2024 consists of $61,000 (2023: $61,000) paid to Gold Group as a deposit pursuant to the Company's office and administrative services agreement with Gold Group.

e) Included in accounts payable and accrued liabilities as of December 31, 2024 was $35,136 (2023: $21,839) owing to Gold Group, $5,000 (2023: $6,000) owing to Michael Povey, a former Director and Chairman of the Company, for consulting fees, and $4,029 (2023: $8,730) owing to Luc English, the Vice President of Exploration of the Company, for consulting fees and expense reimbursement. The amount for Gold Group is due on a monthly basis and secured by a deposit.

(Expressed in Canadian Dollars)

10. RELATED PARTY TRANSACTIONS (cont'd)

The Company has identified certain of its directors and senior officers as its key management personnel. Included for the years ended December 31, 2024 and 2023 are the following items paid or accrued to key management personnel and/or companies with common directors.

		2024		2023
General and administrative expenses:				
Consulting and management fees	$	83,500	$	78,000
Salaries and benefits		62,959		60,816
Share-based payments (value of stock options granted and vested)		49,986		42,048
Exploration expenditures:				
Consulting and management fees		256,383		227,741
	$	**452,828**	**$**	**408,605**

Key management compensation includes consulting fees paid in 2023 and 2024 to Mill Street, a company controlled by Simon Ridgway, a Director and Chief Executive Officer of the Company.

The value of stock option grants issued to non-key management directors during the year ended December 31, 2024 was $83,310 (2023: $Nil).

11. EQUITY

a) Common shares

The Company is authorized to issue an unlimited number of common and preferred shares without par value.

As at December 31, 2024, 45,551,210 (2023: 45,551,210) common shares and nil preferred shares were issued and outstanding.

There was no share capital activity during the years ended December 31, 2023 and 2024.

b) Warrants

A summary of warrants activity from January 1, 2023 to December 31, 2024 is as follows:

	Number of warrants	Weighted average exercise price
Balance, December 31, 2022 and 2023	16,645,300	$0.49
Expired during the year	(8,813,500)	$0.30
Balance, December 31, 2024	**7,831,800**	**$0.70**

(Expressed in Canadian Dollars)

11. EQUITY (cont'd)

b) Warrants (cont'd)

Details of warrants outstanding as of December 31, 2024 are:

Expiry date	Number of warrants	Exercise price
April 18, 2025[(1)(2)]	7,831,800	$0.70

(1) During the 2022 fiscal year, the expiry date for these warrants was extended by one year to April 20, 2023. During the 2023 fiscal year, the expiry date for these warrants was extended further by one year to April 19, 2024. During the year ended December 31, 2024, the expiry date for these warrants was extended further by one year to April 18, 2025. Subsequently, these warrants expired unexercised (Note 19).

(2) There was no additional value attributed to the warrants upon modification.

12. SHARE-BASED PAYMENTS

Option Plan Details

The Company has a stock option plan whereby options may be granted to directors, employees, consultants, and certain other service providers to encourage ownership of the Company's common shares. The Company may grant options for up to 10% of the issued and outstanding common shares. The term of any option granted under the plan may not exceed 10 years. The vesting periods for all options granted pursuant to the plan will be determined at the discretion of the Board of Directors at the time of the grant. The number of options granted to any one person may not exceed 5% of the outstanding listed common shares in a 12-month period.

The following is a summary of stock option activity during the year ended December 31, 2024:

				During the year				
Grant date	**Expiry date**	**Exercise price**	**Opening balance**	**Granted**	**Exercised**	**Forfeited / cancelled**	**Closing balance**	**Vested and exercisable**
Oct 7, 2020	Oct 6, 2030	$0.57	2,275,000	-	-	-	2,275,000	2,275,000
Oct 9, 2020	Oct 8, 2030	$0.57	325,000	-	-	-	325,000	325,000
Jan 28, 2021	Jan 27, 2031	$0.57	800,000	-	-	-	800,000	800,000
Jan 10, 2023	Jan 9, 2033	$0.205	225,000	-	-	-	225,000	225,000
Feb 29, 2024	Feb 28, 2034	$0.23	-	850,000	-	-	850,000	850,000
			3,625,000	**850,000**	**-**	**-**	**4,475,000**	**4,475,000**
Weighted average exercise price			$0.55	$0.23	-	-	$0.49	$0.49

The following is a summary of stock option activity during the year ended December 31, 2023:

				During the year				
Grant date	**Expiry date**	**Exercise price**	**Opening balance**	**Granted**	**Exercised**	**Forfeited / cancelled**	**Closing balance**	**Vested and exercisable**
Oct 7, 2020	Oct 6, 2030	$0.57	2,300,000	-	-	(25,000)	2,275,000	2,275,000
Oct 9, 2020	Oct 8, 2030	$0.57	325,000	-	-	-	325,000	325,000
Jan 28, 2021	Jan 27, 2031	$0.57	800,000	-	-	-	800,000	800,000
Jan 10, 2023	Jan 9, 2033	$0.205	-	225,000	-	-	225,000	225,000
			3,425,000	**225,000**	**-**	**(25,000)**	**3,625,000**	**3,625,000**
Weighted average exercise price			$0.57	$0.21	-	$0.57	$0.55	$0.55

12. SHARE-BASED PAYMENTS (cont'd)

The fair value at grant date of 850,000 options granted during the year ended December 31, 2024 was $0.21 per option. The fair value at grant date of 225,000 options granted during the year ended December 31, 2023 was $0.19 per option.

The weighted average remaining contractual life of the options outstanding at December 31, 2024 is 6.58 (2023: 6.98) years.

Options Issued to Employees

The fair value at grant date is determined using a Black-Scholes option pricing model that takes into account the exercise price, the term of the option, the impact of dilution, the share price at grant date, the expected price volatility of the underlying share, the expected dividend yield and the risk-free interest rate for the term of the option.

Options Issued to Non-Employees

Options issued to non-employees are measured based on the fair value of the goods or services received, at the date of receiving those goods or services. If the fair value of the goods or services received cannot be estimated reliably, the options are measured by determining the fair value of the options granted using the Black-Scholes option pricing model.

The model inputs for options granted during the year ended December 31, 2024 included a risk-free interest rate of 3.47%, dividend yield of 0%, volatility of 94% and expected life of ten years (2023: risk-free interest rate of 3.1%, dividend yield of 0%, volatility of 103% and expected life of ten years).

Option pricing models require the input of highly subjective assumptions including the expected price volatility. Changes in these assumptions can materially affect the fair value estimate.

Expenses Arising from Share-based Payment Transactions

Total expenses arising from stock option grants during the year ended December 31, 2024 and recorded as share-based payments expense was $177,034 (2023: $42,048).

(Expressed in Canadian Dollars)

13. INCOME TAXES

A reconciliation of income taxes (recovery) at statutory rates with the reported taxes for the years ended December 31, 2024 and 2023 are as follows:

		2024		**2023**
Loss before income taxes	$	(2,639,671)	$	(2,293,790)
Expected income tax (recovery)	$	(713,000)	$	(619,000)
Non-deductible and other items		61,000		35,000
Change in unrecognized deductible temporary differences		652,000		584,000
Income tax recovery	**$**	**-**	**$**	**-**

The significant components of the Company's unrecognized temporary differences and tax losses are as follows:

		2024	**Expiry date range**		**2023**
Exploration and evaluation assets	$	11,830,000	N/A	$	9,857,000
Investment tax credits		4,000	2021-2044		4,000
Allowable capital losses		899,000	N/A		899,000
Property and equipment		185,000	N/A		132,000
Right-of-use asset/lease liability		1,000	N/A		-
Share issue costs		-	N/A		238,000
Non-capital losses		8,154,000	2026-2044		8,012,000
	$	**21,073,000**		**$**	**19,142,000**

14. SEGMENT INFORMATION

The Company operates in a single reportable operating segment, being the exploration and evaluation of mineral properties. The mineral property interests and substantially all property and equipment are located in Guatemala and substantially all of the exploration expenditures are incurred in Guatemala. Substantially all of the Company's other assets and expenditures are located and incurred in Canada.

15. COMMITMENT

The Company has entered into a shared operating lease agreement for its office premises (Note 6) and paid a security deposit of $3,907. The term of the lease is five years, commencing January 1, 2025 and includes an early termination option whereby the Company can terminate the lease upon the third anniversary date with a payment equal to two months gross rent. The annual commitments under the lease for the Company are as follows:

2025	$	40,798
2026		40,798
2027		43,759
2028		41,612
2029		44,648
	$	**211,615**

16. FINANCIAL AND CAPITAL RISK MANAGEMENT

Financial assets and liabilities are classified in the in the fair value hierarchy according to the lowest level of input that is significant to the fair value measurement. Assessment of the significance of a particular input to the fair value measurement requires judgement and may affect placement within the fair value hierarchy levels. The hierarchy is as follows:

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

The carrying value of cash, receivables, deposits and accounts payable and accrued liabilities approximates fair value due to the short-term nature of the financial instruments. Cash, receivables and long-term deposits are classified as amortized cost. Accounts payable and accrued liabilities and lease liability are classified as amortized cost.

Risk Management

The Company is exposed to varying degrees to a variety of financial instrument related risks:

Credit risk

Credit risk is the risk of an unexpected loss if a customer or third party to a financial instrument fails to meet its contractual obligations.

The Company's cash is held at large Canadian financial institution in interest bearing accounts. The Company has no investment in asset backed commercial paper.

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's approach to managing liquidity risk is to provide reasonable assurance that it will have sufficient funds to meet liabilities when due. The Company manages its liquidity risk by forecasting cash flows required by operations and anticipated investing and financing activities. At December 31, 2024, the Company had working capital of $737,828 (2023: $2,966,255) available to apply against short-term business requirements. All of the Company's financial liabilities have contractual maturities of less than 45 days and are subject to normal trade terms with the exception of the Company's lease liability which matures based on the lease agreement (Note 15).

Market risk

Market risk is the risk of loss that may arise from changes in market factors such as interest rates, foreign exchange rates, and commodity and equity prices.

a) Interest rate risk

The Company's exposure to interest rate risk arises from the interest rate impact on cash. The Company's practice has been to invest cash at floating rates of interest, in order to maintain liquidity, while achieving a satisfactory return for shareholders. There is minimal risk that the Company would recognize any loss as a result of a decrease in the fair value of any guaranteed bank investment certificates included in cash as they are generally held with large financial institutions. As at December 31, 2024, the Company is not exposed to significant interest rate risk.

16. FINANCIAL AND CAPITAL RISK MANAGEMENT (cont'd)

Market risk (cont'd)

b) Foreign currency risk

The Company is exposed to financial risk related to the fluctuation of foreign currency rates. The Company operates in Canada and Guatemala. A substantial portion of the Company's expenses are incurred in US dollars and Guatemalan quetzals. A significant change in the currency exchange rate between the Canadian dollar relative to the US dollar and quetzal could have an effect on the Company's results of operations, financial position or cash flows. The Company has not hedged its exposure to currency fluctuations. As at December 31, 2024 and 2023, the Company is exposed to currency risk through the following financial assets and liabilities denominated in currencies other than the Canadian dollar:

As at	2024		2023	
	US Dollars (CAD equivalent)	**Guatemalan Quetzal (CAD equivalent)**	**US Dollars (CAD equivalent)**	**Guatemalan Quetzal (CAD equivalent)**
Cash	$ 66,316	$ 22,906	$ 84,189	$ 31,739
Receivables	-	-	-	2,033
Accounts payable and accrued liabilities	(102,468)	(17,772)	(126,048)	(6,672)
Net exposure	**$ (36,152)**	**$ 5,134**	**$ (41,859)**	**$ 27,100**

Based on the above net exposure as at December 31, 2024, and assuming all other variables remain constant, a 10% depreciation or appreciation of the Canadian dollar against the US dollar and Guatemalan quetzal would result in an increase/decrease of approximately $3,100 in the Company's loss and comprehensive loss for the year ended December 31, 2024 (2023: $1,500).

c) Price risk

The Company is exposed to price risk with respect to commodity prices, particularly gold. The Company closely monitors commodity prices to determine the appropriate course of action to be taken by the Company.

17. CAPITAL MANAGEMENT

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to pursue acquisition, exploration and development of mineral properties and to maintain a flexible capital structure which optimizes the costs of capital at an acceptable risk. In the management of capital, the Company includes its components of equity.

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 debt, acquire or dispose of assets or adjust the amount of cash.

The Company currently is not subject to externally imposed capital requirements. There were no changes in the Company's approach to capital management.

The Company does not expect its current capital resources to be sufficient to cover its corporate operating costs and potential mineral property acquisitions or significant exploration expenditures through the next twelve months. As such, the Company will continue to seek to raise additional capital and believes it will be able to do so, but recognizes the uncertainty attached thereto. Actual funding requirements may vary from those planned due to a number of factors, including expanded exploration activity and property acquisition opportunities.

18. SUPPLEMENTARY CASH FLOW INFORMATION

No cash was paid for interest or taxes for the years ended December 31, 2024 and 2023.

There were no significant non-cash investing and financing transactions during the years ended December 31, 2024 and 2023 not disclosed elsewhere in these consolidated financial statements.

19. SUBSEQUENT EVENTS

Subsequent to December 31, 2024, the following events which have not been disclosed elsewhere in these consolidated financial statements have occurred:

i) A total of 75,000 stock options with an exercise price of $0.205 per share, 160,000 stock options with an exercise price of $0.23 per share, and 700,000 stock options with an exercise price of $0.57 per share were forfeited unexercised.

ii) A total of 7,831,800 warrants with an exercise price of $0.70 per share expired unexercised.