FIRST NORDIC METALS CORP. (FORMERLY BARSELE MINERALS CORP.)

FINANCIAL STATEMENTS
(Expressed in Canadian Dollars)

DECEMBER 31, 2023

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of
First Nordic Metals Corp. (formerly Barsele Minerals Corp.)

Opinion

We have audited the accompanying financial statements of First Nordic Metals Corp. (formerly Barsele Minerals Corp.) (the "Company"), which comprise the statements of financial position as at December 31, 2023 and 2022, and the statements of loss and comprehensive loss, changes in shareholders' equity, and cash flows for the years then ended, and notes to the financial statements, including material accounting policy information.

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

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 Financial Statements section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained 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 financial statements, which indicates that the Company had incurred a loss of $1,827,526 during the year ended December 31, 2023 and accumulated losses of $18,449,445 as of December 31, 2023. 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 financial statements of the current year ended. These matters were addressed in the context of our audit of the 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 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 financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the 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 Financial Statements

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

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with 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 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 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 financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the 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 financial statements of the current year ended 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 Carmen Newnham.

Davidson & Company LLP

Vancouver, Canada

Chartered Professional Accountants

April 25, 2024

FIRST NORDIC METALS CORP. (FORMERLY BARSELE MINERALS CORP.)
STATEMENTS OF FINANCIAL POSITION
(Expressed in Canadian Dollars)
As at

		December 31, 2023		December 31, 2022
ASSETS				
Current				
Cash	$	128,236	$	1,253,348
Restricted cash (Note 5)		267,500		-
Receivables		72,817		71,501
Prepaid expenses		34,544		5,417
		503,097		1,330,266
Equity investment - exploration and evaluation assets (Note 4)		1		1
	$	503,098	$	1,330,267
LIABILITIES				
Current				
Accounts payable and accrued liabilities (Note 8)	$	190,687	$	132,497
Subscriptions received in advance (Note 5)		267,500		-
		458,187		132,497
Shareholders' equity				
Share capital (Note 5)		11,674,926		11,286,576
Reserves (Note 5)		6,819,430		6,533,113
Deficit		(18,449,445)		(16,621,919)
		44,911		1,197,770
	$	503,098	$	1,330,267

Nature and continuance of operations (Note 1)
Subsequent event (Note 12)

Approved and authorized by the board on April 25, 2024

/s/ Toby Pierce Director
Toby Pierce

/s/ Taj Singh Director
Taj Singh

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

FIRST NORDIC METALS CORP. (FORMERLY BARSELE MINERALS CORP.)
STATEMENTS OF LOSS AND COMPREHENSIVE LOSS
(Expressed in Canadian Dollars)

		Year ended December 31, 2023		Year ended December 31, 2022
EXPLORATION EXPENSES				
General exploration (Notes 4, 8)	$	281,005	$	313,324
GENERAL EXPENSES				
Consulting		12,000		60,750
Foreign exchange loss		2,377		1,451
Interest income		(738)		-
Investor relations (Note 8)		263,204		306,854
Management fees (Note 8)		462,000		537,084
Office and administrative (Note 8)		260,555		329,056
Professional fees		194,068		49,227
Share-based payments (Notes 5, 8)		293,824		-
Transfer agent and filing fees		59,231		67,879
		1,546,521		1,352,301
Loss and comprehensive loss for the year	$	(1,827,526)	$	(1,665,625)
Basic and diluted loss per common share	$	(0.01)	$	(0.01)
Weighted average number of common shares outstanding – basic and diluted		137,699,884		133,094,270

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

FIRST NORDIT METALS CORP. (FORMERLY BARSELE MINERALS CORP.)
STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY
(Expressed in Canadian Dollars)

	Common Shares		Share Capital		Reserves		Deficit		Total Shareholders' Equity
Balance, December 31, 2021	129,597,544	$	8,874,338	$	6,442,381	$	(14,956,294)	$	360,425
Issuance of common shares	7,698,116		2,584,435		-		-		2,584,435
Share issuance costs	-		(81,465)		-		-		(81,465)
Residual value of warrants	-		(90,732)		90,732		-		-
Loss and comprehensive loss	-		-		-		(1,665,625)		(1,665,625)
Balance, December 31, 2022	137,295,660		11,286,576		6,533,113		(16,621,919)		1,197,770
Issuance of common shares	2,000,667		300,100		-		-		300,100
Share issuance costs	-		(19,881)		-		-		(19,881)
Stock options exercised	287,500		108,131		(7,507)		-		100,624
Share-based payments	-		-		293,824		-		293,824
Loss and comprehensive loss	-		-		-		(1,827,526)		(1,827,526)
Balance, December 31, 2023	139,583,827	$	11,674,926	$	6,819,430	$	(18,449,445)	$	44,911

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

FIRST NORDIC METALS CORP. (FORMERLY BARSELE MINERALS CORP.)
STATEMENTS OF CASH FLOWS
(Expressed in Canadian Dollars)

	Year ended December 31, 2023	Year ended December 31, 2022
CASH FLOWS FROM OPERATING ACTIVITIES		
Loss for the year	$ (1,827,526)	$ (1,665,625)
Items not affecting cash:		
Share-based payments	293,824	-
Changes in non-cash working capital items:		
Receivables	(1,316)	(2,670)
Prepaid expenses	(29,127)	37,276
Accounts payable and accrued liabilities	54,753	97,195
Cash used in operating activities	(1,509,392)	(1,533,824)
CASH FLOWS FROM FINANCING ACTIVITY		
Private placements	300,100	2,584,435
Share issuance costs	(16,444)	(81,465)
Proceeds from stock options exercised	100,624	-
Cash provided by financing activities	384,280	2,502,970
Change in cash during the year	(1,125,112)	969,146
Cash, beginning of year	1,253,348	284,202
Cash, end of year	$ 128,236	$ 1,253,348

Supplemental disclosure with respect to cash flows (Note 7)

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

1. NATURE AND CONTINUANCE OF OPERATIONS

First Nordic Metals Corp. (formerly Barsele Minerals Corp.) (the "Company") was incorporated under the laws of the Province of British Columbia, Canada on February 20, 2013. The Company's principal business activities include the acquisition and exploration of mineral properties in Sweden. On March 18, 2024, subsequent to the closing of the transaction with Gold Line Resources Ltd. (Note 12), the Company changed its name to First Nordic Metals Corp. The Company's shares trade on the TSX Venture Exchange under the trading symbol FNM.

The head office of the Company is located at Suite 300 - 1055 West Hastings Street, Vancouver, BC, Canada, V6C 2E9. The registered address and records office of the Company is located at Suite 1700, Park Place, 666 Burrard Street, Vancouver, BC, Canada, V6C 2X8.

These 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 rather than through a process of forced liquidation. The Company has limited financial resources and no source of operating cash flow. While the Company has been successful in obtaining certain funding in 2022 and 2023, there is no assurance that such future financing will be available or be available on favourable terms. The Company had incurred a loss of $1,827,526 for the year ended December 31, 2023 and accumulated losses of $18,449,445 as of December 31, 2023. 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.

There are many external factors that can adversely affect general workforces, economies and financial markets globally. Examples include, but are not limited to, the COVID-19 global pandemic and political conflict in other regions. It is not possible for the Company to predict the duration or magnitude of adverse results of such external factors and their effect on the Company's business or ability to raise funds.

2. BASIS OF PREPARATION

These financial statements have been prepared in accordance with accounting policies consistent with IFRS Accounting Standards as issued by the International Accounting Standards Board ("IASB).

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

Critical accounting estimates

The preparation of these financial statements in accordance with IFRS requires management to make certain estimates, judgments and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported expenses during the period. Actual results could differ from these estimates.

Significant assumptions about the future and other sources of estimation uncertainty that management has made at the end of the reporting period, that could result in a material adjustment to the carrying amounts of assets and liabilities in the event that actual results differ from assumptions made, relate to, but are not limited to, the following:

The inputs used in calculating the fair value for share-based payments expense included in profit or loss and share-based share issuance costs included in shareholders' equity. The share-based payments expense is estimated using the Black-Scholes option pricing model as measured on the grant date to estimate the fair value of stock options. This model involves the input of highly subjective assumptions, including the expected price volatility of the Company's common shares, the expected life of the options, and an estimated forfeiture rate.

3. MATERIAL ACCOUNTING POLICY INFORMATION

Exploration and evaluation assets

The Company is currently in the exploration stage with its mineral interest. Exploration and evaluation costs include the costs of acquiring concessions, and the fair value, upon acquisition, of mineral properties acquired in a business combination. Costs incurred before the Company has obtained the legal rights to explore an area are recognized in profit or loss.

Exploration and evaluation expenditures are expensed in the period they are incurred except for expenditures associated with the acquisition of exploration and evaluation assets through a business combination or an asset acquisition. Significant property acquisition costs are capitalized only to the extent that such costs can be directly attributed to an area of interest where it is considered likely to be recoverable by future exploitation or sale.

Impairment

At the end of each reporting period, the Company's assets are reviewed to determine whether there is any indication that those assets not considered a financial asset 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 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.

Investment in associate

Associated companies over which the Company has significant influence are accounted for using the equity basis of accounting, whereby the investment is initially recorded at cost, adjusted to recognize the Company's share of earnings or losses and reduced by dividends received. The Company assesses its equity investments for impairment if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the equity investment and that the event or events has an impact on the estimated future cash flow of the investment that can be reliably estimated.

Objective evidence of impairment of equity investment includes:

- Significant financial difficulty of the associated companies;
- Becoming probable that the associated companies will enter bankruptcy or other financial reorganization; or
- National or local economic conditions that correlate with defaults of the associated companies.

3. MATERIAL ACCOUNTING POLICY INFORMATION (cont'd…)

Provision for environmental rehabilitation

The Company recognizes liabilities for statutory, contractual, constructive or legal obligations associated with the retirement of exploration and evaluation assets 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 assets.

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 or loss for the period.

Financial instruments

IFRS 9 sets out requirements for recognizing and measuring financial assets, financial liabilities and some contracts to buy or sell non-financial items.

a) Classification and measurement of financial assets and liabilities

A financial asset is classified as measured at: amortized cost; fair value through other comprehensive income (FVOCI) or fair value through profit or loss (FVTPL). The classification of financial assets depends on the purpose for which the financial assets were acquired. The Company's financial assets consist of cash, restricted cash, and receivables classified at amortized cost. Financial assets at amortized cost are initially recognized at fair value and subsequently carried at amortized cost less any impairment. They are classified as current assets or non-current assets based on their maturity date.

The Company classifies its financial liabilities into one of two categories, depending on the purpose for which the liability was acquired. The Company's accounting policy for each category is as follows:

Fair value through profit or loss: This category comprises derivatives, or liabilities acquired or incurred principally for the purpose of selling or repurchasing it in the near term. They are carried in the statement of financial position at fair value with changes in fair value recognized through profit or loss.

Amortized cost: This category includes accounts payable and accrued liabilities and subscriptions received in advance, all of which are recognized at amortized cost.

b) Impairment of financial assets

An 'expected credit loss' (ECL) model applies to financial assets measured at amortized cost, contract assets and debt investments at FVOCI, but not to investments in equity instruments. The Company's financial assets are measured at amortized cost and subject to the ECL model.

3. MATERIAL ACCOUNTING POLICY INFORMATION (cont'd…)

Foreign exchange

The functional currency is the currency of the primary economic environment in which the Company operates. The functional currency of the Company is the Canadian dollar. The functional currency of the Company's equity investment is the Swedish Krona. The functional currency determinations were conducted through an analysis of the consideration factors identified in 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 profit or loss.

Where applicable, the functional currency of an entity is translated into the presentation currency using the period-end rates for assets and liabilities while the operations and cash flows are translated using average rates of exchange. Exchange adjustments arising when net assets and profit or loss are translated into the presentation currency are taken into a separate component of equity and reported in other comprehensive income or loss.

Share Capital

Equity financing transactions may involve issuance of common shares or units. A unit comprises of a certain number of common shares and a certain number of share purchase warrants. Depending on the terms and conditions of each equity financing agreement, the warrants are exercisable into additional common shares prior to expiry at a price stipulated by the agreement. Warrants that are part of units are assigned value based on the residual value method and are included in share capital with the common shares that were concurrently issued.

Share-based payments

The Company grants stock options to acquire common shares of the Company to directors, officers, employees and consultants.

The fair value of stock options granted to directors, officers, employees and consultants is measured on the date of grant, using the Black-Scholes option pricing model, and is recognized over the vesting period as an expense, with a corresponding increase in reserves. Consideration paid for the shares on the exercise of stock options is credited to share capital. When the stock options are exercised, the corresponding amount is transferred to share capital.

In situations where equity instruments 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 the fair value of the share-based payments. Otherwise, share-based payments are measured at the fair value of the goods or services received.

Loss per share

The Company recognizes the dilutive effect on income or loss per share based on the use of the proceeds that could be obtained upon exercise of options, warrants and similar instruments. It assumes that the proceeds would be used to purchase common shares at the average market price during the period. For the periods presented, this calculation proved to be anti-dilutive.

Basic loss per share is calculated using the weighted average number of common shares outstanding during the period.

3. MATERIAL ACCOUNTING POLICY INFORMATION (cont'd…)

Income taxes

Income tax on the profit or loss for the periods presented comprises current and deferred taxes. Income tax is recognized in profit or loss except to the extent that it relates to items recognized directly in equity, in which case it is recognized in equity. Current tax expense is the expected tax payable on the 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 by providing for temporary differences, between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The following temporary differences are not provided for: goodwill not deductible for tax purposes; the initial recognition of assets or liabilities that affect neither accounting or 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 statement of financial position date.

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.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Company intends to settle its current tax assets and liabilities on a net basis.

New standards adopted by the Company

The following amendments have been effective for annual reporting periods beginning on or after January 1, 2023:

Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2) – the amendments require that an entity discloses its material accounting policies, instead of its significant accounting policies. Further amendments explain how an entity can identify a material accounting policy.

Definition of Accounting Estimates (Amendments to IAS 8) – the amendments replace the definition of a change in accounting estimates with a definition of accounting estimates. Under the new definition, accounting estimates are "monetary amounts in financial statements that are subject to measurement uncertainty". Entities develop accounting estimates if accounting policies require items in financial statements to be measured in a way that involves measurement uncertainty. The amendments clarify that a change in accounting estimate that results from new information or new developments is not the correction of an error.

The Company concludes that the effect of such amendments did not have a material impact and therefore did not record any adjustments to the financial statements.

New accounting standards issued and not yet effective

Certain IFRS pronouncements that are mandatory for accounting years beginning on or after January 1, 2024 have been issued. The Company anticipates that the application of these new and revised standards, amendments and interpretations will have no material impact on its results and financial position.

(Expressed in Canadian Dollars)

4. EQUITY INVESTMENT - EXPLORATION AND EVALUATION ASSETS

On September 25, 2015, a 45% interest in the Barsele Project which includes Gunnarn Mining AB and Gunnarn Exploration AB (collectively “Barsele JV”) was transferred from Orex Minerals Inc. (“Orex”) to the Company pursuant to a plan of arrangement. The Barsele Project is now a joint venture with Agnico Eagle Mines Limited (“Agnico”). As part of the joint venture agreement, Agnico committed to spend US $7 million on Project expenditures over three years and can earn an additional 15% interest in Gunnarn Mining AB, which owns the Barsele Project, if it completes a pre-feasibility study.

As Agnico has elected to solely-fund the expenditures on behalf of the Barsele JV until completion of the pre-feasibility study, the Company does not have any responsibility for expenditures or net liabilities of the Barsele JV until such point that Agnico has earned its additional 15% interest. Summarized financial information for the Barsele JV is as follows:

		December 31, 2023		December 31, 2022
Current assets	$	593,960	$	206,361
Non-current assets		6,444,805		6,359,663
Current liabilities		3,243,546		5,521,479
Loss for the year		2,761,229		2,864,218
Comprehensive loss for the year		2,064,586		2,169,130
The Company’s ownership %		45%		45%
The Company’s share of loss for the year	$	Nil	$	Nil

As at December 31, 2023 and 2022, the Company’s investment in Barsele JV was $1. The Company’s unrecognized share of the loss for the year ended December 31, 2023 was approximately $1,242,553 (2022 - $1,288,898). The Company has a minority position on the board of its associated company Gunnarn Mining AB and does not control operational decisions. The Company’s judgment is that it has significant influence, but not control and therefore equity accounting is appropriate.

Exploration expenses reported for the year ended December 31, 2023 of $281,005 (2022 - $313,324) were incurred to meet the Company’s reporting obligations, and to monitor its interest in the Barsele JV, and are non-recoverable.

5. SHARE CAPITAL AND RESERVES

Authorized

Unlimited number of common shares without par value.

Issued

The Company completed a two-tranche private placement on January 25, 2022 and February 18, 2022 consisting of 1,375,000 units at a price of $0.50 per unit for gross proceeds of $687,500. Each unit consisted of one common share and one-half of one common share purchase warrant. Each full warrant entitles the holder to acquire one share at a price of $0.75 per share, with 412,500 expiring on January 25, 2024, and 275,000 expiring on February 18, 2024. In connection with the issuance, cash finders' fee of $26,250 and $5,235 of legal, regulatory, and filing fees were paid. Using the residual value method, the value assigned to the warrants was $27,500.

The Company completed a private placement on August 23, 2022 and raised gross proceeds of $1,896,935 through the sale of 6,323,116 units at a price of $0.30 per unit. Each unit consisted of one common share and one-half of one common share purchase warrant. Each full warrant entitles the holder to acquire one share at a price of $0.45 per share and expires on August 23, 2024. In connection with the issuance, cash finders' fee of $34,740 and $15,240 of legal, regulatory, and filing fees were paid. Using the residual value method, the value assigned to the warrants was $63,232.

The Company completed a private placement on November 17, 2023 and raised gross proceeds of $300,100 through the sale of 2,000,667 units at a price of $0.15 per unit. Each unit consisted of one common share and one-half of one common share purchase warrant. Each full warrant entitles the holder to acquire one share at a price of $0.25 per share and expires on November 17, 2025. In connection with the issuance, cash finders' fee of $12,906 and $6,975 of legal, regulatory, and filing fees were paid.

Stock options and warrants

The Company has a plan to grant stock options to directors, officers, employees and consultants of the Company. Under the plan, the Board of Directors has the discretion to issue the equivalent of up to 10% of the issued and outstanding shares of the Company from time to time. Stock options are generally for a term of up to five years from the date granted and are exercisable at a price that is not less than the market price on the date granted.

Vesting terms are determined at the discretion of the board of directors. Options issued to consultants providing investor relations services must vest in stages over a minimum of 12 months with no more than one-quarter of the options vesting in any three-month period.

On April 6, 2023, the Company granted 575,000 stock options to an investor relations firm. The stock options have an exercise price of $0.35 per share, expire two years from the date of grant and vest in equal quarterly instalments over 12 months.

On December 22, 2023, the Company granted 2,700,000 stock options to directors, officers and consultants. The stock options have an exercise price of $0.17 per share, expire five years from the date of grant and vest immediately.

No stock options were granted during the year ended December 31, 2022.

(Expressed in Canadian Dollars)

5. SHARE CAPITAL AND RESERVES (cont'd…)

Stock options and warrants (cont'd…)

Stock option and warrant transactions are summarized as follows:

	Warrants		Warrants Weighted average exercise price	Options		Options Weighted average exercise price
Outstanding, December 31, 2021	-	$	-	8,250,000	$	0.65
Forfeited	-		-	(675,000)		0.64
Expired	-		-	(1,000,000)		0.90
Granted	3,849,058		0.50	-		-
Outstanding, December 31, 2022	3,849,058		0.50	6,575,000		0.62
Expired	-		-	(2,325,000)		0.63
Granted	1,000,333		0.25	3,275,000		0.20
Exercised	-		-	(287,500)		0.35
Outstanding, December 31, 2023	4,849,391	$	0.45	7,237,500	$	0.44
Exercisable, December 31, 2023	4,849,391	$	0.45	7,093,750	$	0.44

The following stock options to acquire common shares of the Company were outstanding at December 31, 2023:

Number of Shares	Exercise Price	Expiry Date
1,700,000	$0.53	December 19, 2024
2,250,000	0.65	February 3, 2026
300,000	0.76	May 28, 2026
287,500	0.35	April 6, 2025
2,700,000	0.17	December 22, 2028
7,237,500		

(Expressed in Canadian Dollars)

5. SHARE CAPITAL AND RESERVES (cont'd…)

Stock options and warrants (cont'd…)

During the year ended December 31, 2023, the Company granted 3,275,000 (2022 – Nil) stock options to directors, employees and investor relations consultants. During the year ended December 31, 2023, the weighted average fair value of each option granted was $0.09 (2022 - $Nil) and was calculated using the following weighted average assumptions:

	For the year ended December 31, 2023	For the year ended December 31, 2022
Expected option lives	4.3 years	-
Risk-free interest rate	3.35%	-
Expected dividend yield	0%	-
Expected stock price volatility	89.34%	-

The share-based payments expense for stock options granted and vested during the year ended December 31, 2023 was $293,824 (2022 – $Nil).

The following warrants to acquire common shares of the Company were outstanding at December 31, 2023:

Number of Shares	Exercise Price	Expiry Date
412,500	$0.75	January 25, 2024[1]
275,000	0.75	February 18, 2024[1]
3,161,558	0.45	August 23, 2024
1,000,333	0.25	November 17, 2025
4,849,391		

[1] Subsequent to December 31, 2023, 687,500 warrants were forfeited.

Subscriptions received in advance

On December 12, 2023, the Company and Gold Line Resources Ltd. ("Gold Line") entered into an arrangement agreement (the "Merger") pursuant to which the Company would acquire all of the issued and outstanding common shares of Gold Line in exchange for common shares of the Company by way of a plan of arrangement. In connection with the Merger, the Company entered into a concurrent private placement at a price of $0.15 per subscription receipt (the "Subscription Receipts"). Each subscription receipt entitles the holder to receive, at the time of the completed Merger, a unit of the Company which will consist of one share and one half warrant (the "Unit"). Each warrant will entitle the holder to purchase one common share of the Company at a price equal to $0.25 per share for a period of two years (the "Warrants"). As of December 31, 2023, the Company held $267,500 in trust in connection with this private placement. The Merger and concurring private placement closed subsequent year end (Note 12).

6. CAPITAL MANAGEMENT

The Company defines its capital as shareholder equity. The Board of Directors does not establish quantitative return on capital criteria for management due to the nature of the Company's business. The Company may invest its capital in liquid investments to obtain adequate returns. The investment decision is based on cash management to ensure working capital is available to meet the Company's short-term obligations while maximizing liquidity and returns on unused capital. The Company does not pay dividends. The Company is not subject to any externally imposed capital requirements.

The Company raises capital to fund its corporate and exploration costs and other obligations through the sale of its common shares or units consisting of common shares and warrants in order to operate its business and safeguard its ability to continue as a going concern. Although the Company management has been successful at raising funds in the past through issuance of share capital, it is uncertain whether it will continue this financing due to uncertain economic conditions. There have been no changes to the Company's approach to capital management during the year.

7. SUPPLEMENTAL DISCLOSURE WITH RESPECT TO CASH FLOWS

Significant non-cash transactions during the year ended December 31, 2023 and 2022:

a) Fair value of warrants issued - $Nil (2022 - $90,732)

b) Options exercised with a fair value of $7,507 (2022 - $Nil)

c) In accounts payable and accrued liabilities is $3,437 (2022 - $Nil) of share issuance costs

d) Funds held in trust $267,500 (2023 - $Nil)

The Company paid or accrued $Nil for income taxes and interest during the year ended December 31, 2023 (2022 - $Nil).

(Expressed in Canadian Dollars)

8. RELATED PARTY TRANSACTIONS

During the year ended December 31, 2023, the Company entered into the following transactions with related parties, directors and key management personnel. Key management personnel are individuals responsible for planning, directing and controlling the activities of the Company and include all directors and officers.

Compensation paid or payable to key management personnel for services rendered are as follows:

		Year ended December 31, 2023		Year ended December 31, 2022
Management fees	$	462,000	$	537,084
Share-based payments		165,127		-
Total	$	627,127	$	537,084

Other related party transactions are as follows:

		Year ended December 31, 2023		Year ended December 31, 2022
Investor relations [1]	$	112,734	$	82,186
Office and administration [1]		224,316		285,749
General exploration [1]		62,605		58,874
General exploration		206,400		240,362
Share-based payments		72,243		-
Total	$	678,298	$	667,171

[1]Fees paid to a management service company controlled by the chief executive officer and director of the Company that provides a corporate secretary, investor relations, a geologist and accounting and administration staff to the Company on a shared cost basis.

Included in accounts payable and accrued liabilities as at December 31, 2023 is $Nil (December 2022 - $71,573) due to directors or officers or companies controlled by directors.

9. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

Financial instruments measured at fair value are classified into one of three levels in the fair value hierarchy according to the relative reliability of the inputs used to estimate the fair values. The three levels of the fair value hierarchy are described below.

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

9. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (cont'd…)

Fair value of financial instruments

The Company has various financial instruments including cash, restricted cash, receivables, accounts payable and accrued liabilities and subscriptions received in advance. The carrying values of all these financial instruments approximate their fair values due to the short-term maturity of the financial instruments.

Concentrations of business risk

The Company maintains a majority of its cash with a major Canadian financial institution. Deposits held with this institution may exceed the amount of insurance provided on such deposits.

Credit risk

The Company is exposed to credit risk only with respect to uncertainties as to timing and amount of collectability of receivables. The Company believes its credit risk is low because its receivables are primarily comprised of goods and services tax, which are recoverable from the governing body in Canada.

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 is exposed to liquidity risk. The Company manages liquidity risk through the management of its capital structure.

Foreign exchange risk

The Company is not subject to significant foreign exchange risk.

Interest rate risk

The Company limits its exposure to interest rate risk by holding cash deposits at major Canadian financial institutions and accordingly is not subject to significant interest rate risk.

Price risk

Mineral prices, in particular gold and silver, are volatile. The prices are subject to market supply and demand, political and economic factors, and commodity speculation, all of which can interact with one another to cause significant price movement from day to day and hour to hour. These price movements can affect the Company's ability to operate and to raise financing through the sale of its common shares.

(Expressed in Canadian Dollars)

10. SEGMENTED INFORMATION

The Company's one reportable operating segment is the acquisition and exploration of mineral properties. Geographic information is as follows:

	December 31, 2023	December 31, 2022
Exploration and evaluation assets		
Sweden	$ 1	$ 1

11. INCOME TAXES

The reconciliation of income tax provision computed at statutory rates to the reported income tax provision is as follows:

	For the year ended December 31, 2023	For the year ended December 31, 2022
Basic statutory and provincial income tax rate	27%	27%
Loss for the year	$ (1,827,526)	$ (1,665,625)
Expected tax expense (recovery)	$ (493,000)	$ (450,000)
Change in statutory, foreign exchange rates and other	-	1,000
Share issue costs	(5,000)	-
Adjustment to prior years provision versus statutory tax returns and expiry of non-capital losses	(5,000)	-
Change in unrecognized deductible temporary differences	424,000	449,000
Deferred tax expense (recovery)	$ -	$ -

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

	December 31, 2023	Expiry Date Range	December 31, 2022	Expiry Date Range
Share issue costs	$ 68,000	2045-2047	$ 79,000	2045
Non-capital losses available for future periods	$ 10,762,000	2035-2043	$ 9,182,000	2035 - 2042

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

12. SUBSEQUENT EVENT

On February 23, 2024, the Merger closed and the Company acquired all issued and outstanding common shares of Gold Line in exchange for 35,747,716 common shares of the Company. The shareholders of Gold Line received 0.7382 of a common share of the Company for each common share of Gold Line held. The Company also exchanged the outstanding options and warrants of Gold Line by issuing 1,550,220 stock options and 14,188,255 warrants.

In connection with the Merger, the Company closed the concurrent private placement. In January and February 2024 prior to closing of the Merger, the Company had issued a total of 8,082,399 subscription receipts at a price of $0.15 per unit for gross proceeds of $1,212,360 of which $267,500 was recognized as subscriptions received in advance as at December 31, 2023 (Note 5). Upon closing of the Merger, each subscription receipt was converted into one common share of the Company and one-half of one common share purchase warrant. Each warrant entitles the holder to purchase one common shares of the Company at a price equal to $0.25 per share for a period of two years. The Company paid finder's fees of $50,845 and 338,967 finder warrants. The finder warrants have the same terms as the warrants described above.

On April 5, 2024 the Company granted 9,800,000 options under the Company's stock option plan to directors, officers and consultants of the Company. The options have an exercise price of $0.20 and vest immediately, they expire on April 5, 2029.