CONSOLIDATED FINANCIAL STATEMENTS

For the Year Ended December 31, 2023 and 2022

Independent auditor's report

To the Shareholders of Elevation Gold Mining Corporation

Our opinion

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

What we have audited

The Company's consolidated financial statements comprise:

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

Basis for opinion

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

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

Independence

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

Material uncertainty related to going concern

We draw attention to note 1 to the consolidated financial statements, which describes events or conditions that indicate the existence of a material uncertainty that may cast significant doubt about the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

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Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements for the year ended December 31, 2023. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. In addition to the matter described in the *Material uncertainty related to going concern* section, we have determined the matters described below to be the key audit matters to be communicated in our report.

Key audit matter	How our audit addressed the key audit matter
Impairment assessment of mineral properties for the Moss Mine cash generating unit (CGU) *Refer to note 3 – Material accounting policies, note 4 – Significant accounting estimates and judgments and note 6 – Mineral properties, plant and equipment to the consolidated financial statements.* As at December 31, 2023, the total net book value of the Company's mineral properties amounted to $40.7 million, of which a significant portion relates to the Moss Mine CGU. At each reporting date, management reviews the carrying amounts of mineral properties for any indication of impairment. If there are indicators of impairment, the recoverable amount of the asset is estimated in order to determine the extent of any impairment. Where the asset does not generate cash flows that are independent from other assets, the recoverable amount of the CGU to which the asset belongs is determined. The recoverable amount of an asset or CGU is determined as the higher of its fair value less costs of disposal and its value in use. An impairment loss exists if the carrying amount of an asset or CGU exceeds the recoverable amount. During the year, management identified an impairment indicator and, accordingly, management estimated the recoverable amount of the Moss Mine CGU and compared it to the carrying value of the CGU.	Our approach to addressing the matter included the following procedures, among others: • Tested how management determined the recoverable amount of the Moss Mine CGU, which included the following: – Tested the appropriateness of the method used by management. – Tested the mathematical accuracy and underlying data used in the discounted cash flow model. – Evaluated the reasonableness of the gold and silver prices by (i) comparing gold prices with external market and industry data; and (ii) assessing whether this assumption was consistent with evidence obtained in other areas of the audit. – The work of management's experts was used in performing the procedures to evaluate the reasonableness of the gold and silver recoveries. As a basis for using this work, the competence, capabilities and objectivity of management's experts were evaluated, the work performed was understood and the appropriateness of the work as audit evidence was evaluated. The procedures performed also included evaluation of the methods and assumptions used by management's experts, tests of the data used by management's experts and an evaluation of their findings.

Key audit matter	How our audit addressed the key audit matter
The recoverable amount of the Moss Mine CGU was based on the fair value less costs of disposal method using a discounted cash flow model. Key assumptions included in the discounted cash flow model included gold prices, gold and silver recoveries and the real after-tax discount rate. Management's estimates of the recoveries are prepared by or under the supervision of and verified by Qualified Persons as defined in National Instrument 43-101 of the Canadian Securities Administrators (management's experts). During the year ended December 31, 2023, management recorded an impairment loss amounting to $11.2 million on its mineral properties and plant and equipment, related to the Moss Mine CGU. We considered this a key audit matter due to the significant audit effort and subjectivity in performing procedures to test the key assumptions used by management in determining the recoverable amount of the Moss Mine CGU, which involved significant judgment by management. The audit effort involved the use of professionals with specialized skill and knowledge in the field of valuation.	– Professionals with specialized skill and knowledge in the field of valuation assisted in assessing the reasonableness of the real after-tax discount rate used in the discounted cash flow model.

Other information

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

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

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

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

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

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

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

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

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

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

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

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management’s use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company’s ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor’s report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor’s report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

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

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

/s/PricewaterhouseCoopers LLP

Chartered Professional Accountants

Vancouver, British Columbia
April 17, 2024

(All dollar amounts are expressed in thousands of United States Dollars, except per share amounts, unless otherwise noted)

As at:	Notes	**December 31, 2023**	December 31, 2022
ASSETS			
Current assets			
Cash and cash equivalents		**$ 1,471**	$ 3,321
Trade and other receivables		**139**	292
Inventory	5	**32,448**	26,614
Prepaid expenses and deposits		**310**	683
Total current assets		**34,368**	30,910
Non-current assets			
Restricted cash		**3,481**	1,727
Plant and equipment	6	**30,606**	44,646
Mineral properties	6	**38,309**	36,648
Total assets		**$ 106,764**	$ 113,931
LIABILITIES			
Current liabilities			
Trade and other payables	7	**$ 10,030**	$ 10,280
Current portion of debt	8	**9,286**	6,380
Deferred revenue	9	**2,821**	2,000
Current portion of leases	10	**335**	352
Current portion of silver stream	11	**1,766**	1,918
Current portion of derivatives	13	**3,861**	4,332
Total current liabilities		**28,099**	25,262
Non-current liabilities			
Debt	8	**21,051**	5,830
Leases	10	**56**	369
Silver stream	11	**8,740**	10,878
Provision for reclamation	12	**9,688**	9,844
Derivatives	13	**5,575**	5,972
Total liabilities		**73,209**	58,155
SHAREHOLDERS' EQUITY			
Share capital	14	**113,341**	113,310
Equity reserves		**25,956**	25,664
Deficit		**(105,742)**	(83,198)
Total shareholders' equity		**33,555**	55,776
Total liabilities and shareholders' equity		**$ 106,764**	$ 113,931

Nature of operations and going concern – Note 1
Commitments – Note 25
Subsequent events – Note 27

APPROVED AND AUTHORIZED ON BEHALF OF THE BOARD (NOTE 2):

Signed *"David Peat"*, DIRECTOR Signed *"Douglas Hurst"*, DIRECTOR

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

(All dollar amounts are expressed in thousands of United States Dollars, except per share amounts, unless otherwise noted)

	Notes		Year Ended		
			December 31, 2023		December 31, 2022
Revenue	16	**$**	**66,356**	$	62,008
Cost of sales					
Production costs	17		**(50,429)**		(56,396)
Depletion and depreciation	6		**(13,568)**		(10,310)
Royalties			**(3,419)**		(3,196)
Total cost of sales			**(67,416)**		(69,902)
Loss from mine operations			**(1,060)**		(7,894)
Corporate administrative expenses	18		**(3,064)**		(3,429)
Operating loss			**(4,124)**		(11,323)
Finance costs	19		**(8,449)**		(6,646)
Gain on modification of debt	8		**549**		-
Gain on revaluation of derivative liabilities	20		**793**		8,097
Impairment of plant and equipment and mineral properties	6		**(11,163)**		(33,850)
Loss on disposal of assets			**(48)**		-
Foreign exchange gain (loss)			**(102)**		114
Loss and comprehensive loss for the year		**$**	**(22,544)**	$	(43,608)
Loss per share					
Basic	15	**$**	**(0.20)**	$	(0.44)
Diluted	15	**$**	**(0.20)**	$	(0.44)
Weighted average number of shares outstanding					
Basic	15		**110,554,049**		99,139,280
Diluted	15		**110,554,049**		99,139,280

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

(All dollar amounts are expressed in thousands of United States Dollars, except per share amounts, unless otherwise noted)

	Notes	Number of Shares		Share Capital		Equity Reserves: Share Option Reserve		Equity Reserves: Warrant Reserve		Equity Reserves: Other Comprehensive Income (Loss)		Total Equity Reserves		Deficit		Total Equity
Balance, December 31, 2021		**60,863,627**	**$**	**101,124**	**$**	**8,286**	**$**	**21,928**	**$**	**(5,743)**	**$**	**24,471**	**$**	**(39,590)**	**$**	**86,005**
Shares issued for:																
Private placements	14	43,585,310		12,085		-		320		-		320		-		12,405
Debt repayment	8	5,760,677		1,568		-		85		-		85		-		1,653
Mineral property acquisition		181,667		90		-		-		-		-		-		90
Share issuance costs		-		(1,557)		-		-		-		-		-		(1,557)
Share-based compensation	14	-		-		788		-		-		788		-		788
Net loss for the year		-		-		-		-		-		-		(43,608)		(43,608)
Balance, December 31, 2022		**110,391,281**	**$**	**113,310**	**$**	**9,074**	**$**	**22,333**	**$**	**(5,743)**	**$**	**25,664**	**$**	**(83,198)**	**$**	**55,776**
Balance, December 31, 2022		**110,391,281**	**$**	**113,310**	**$**	**9,074**	**$**	**22,333**	**$**	**(5,743)**	**$**	**25,664**	**$**	**(83,198)**	**$**	**55,776**
Shares issued for:																
Mineral property acquisition		181,667		28		-		-		-		-		-		28
Exercise of stock options and share units	14	31,147		3		-		-		-		-		-		3
Share-based compensation	14	-		-		292		-		-		292		-		292
Net loss for the year		-		-		-		-		-		-		(22,544)		(22,544)
Balance, December 31, 2023		**110,604,095**	**$**	**113,341**	**$**	**9,366**	**$**	**22,333**	**$**	**(5,743)**	**$**	**25,956**	**$**	**(105,742)**	**$**	**33,555**

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

(All dollar amounts are expressed in thousands of United States Dollars, except per share amounts, unless otherwise noted)

	Notes	Year Ended December 31, 2023	Year Ended December 31, 2022
Cash flows from operating activities			
Loss for the year		**$ (22,544)**	$ (43,608)
Items not affecting cash:			
Share-based compensation	14	**295**	796
Depletion and depreciation	6, 18	**13,671**	10,418
Fair value change on derivative liabilities	20	**(793)**	(8,097)
Interest expense, including accretion		**5,451**	3,887
Drawdown of silver stream obligation		**(4,463)**	(4,396)
Impairment of plant and equipment and mineral properties		**11,163**	33,850
Disposal of mineral properties		**48**	-
Gain on modification of debt		**(549)**	-
Unrealized foreign exchange loss (gain)		**107**	(392)
Changes in non-cash working capital:			
Trade and other receivables		**153**	(234)
Inventory	5	**(3,697)**	1,552
Deferred revenue		**821**	2,000
Prepaid expenses and deposits		**366**	(398)
Trade and other payables		**(1,611)**	211
Cash used in operating activities		**(1,582)**	(4,411)
Cash flows from financing activities			
Proceeds from issuance of share capital, net	14	**-**	17,090
Proceeds from revolving credit facility		**11,500**	6,000
Proceeds from debt		**6,475**	-
Repayment of debt		**(191)**	(2,420)
Repayment of lease obligation		**(352)**	(444)
Interest paid		**(2,118)**	(518)
Cash provided by financing activities		**15,314**	19,708
Cash flows from investing activities			
Mineral property expenditures		**(7,226)**	(5,515)
Plant and equipment expenditures		**(6,600)**	(7,585)
Restricted cash		**(1,754)**	44
Cash used in investing activities		**(15,580)**	(13,056)
Effect of foreign exchange on cash and cash equivalents		**(2)**	12
Change in cash and cash equivalents during the year		**(1,850)**	2,253
Cash and cash equivalents, beginning of the year		**3,321**	1,068
Cash and cash equivalents, end of the year		**$ 1,471**	$ 3,321

Supplemental disclosure of non-cash activities – Note 22

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

1. NATURE OF OPERATIONS AND GOING CONCERN

Nature of Operations

Elevation Gold Mining Corporation (the "Company") is incorporated under the laws of the province of British Columbia, Canada and its principal business activity is the production, exploration, and development of precious metals. The address of the Company's registered office is Suite 1920 – 1188 West Georgia Street, Vancouver, British Columbia, Canada. The Company's common shares are listed on the Toronto Stock Venture Exchange ("TSXV") in Canada under the ticker symbol ELVT and on the OTCQX in the United States under the ticker symbol EVGDF.

The Company's principal operation is the production of gold and silver from its 100% owned Moss Mine in the Mohave County of Arizona. Through the Company's acquisition of Eclipse Gold Mining Corporation ("Eclipse"), Elevation also holds the title to the Hercules exploration property, located in Lyon County, Nevada.

Going concern

These consolidated financial statements have been prepared on the basis of accounting principles applicable to a going concern, which assumes that the Company will continue in operation for the foreseeable future and will be able to realize its assets and discharge its liabilities in the normal course of business for at least twelve months from December 31, 2023. There are conditions and events, which constitute material uncertainties that may cast significant doubt on the validity of this assumption.

As at December 31, 2023, the Company had working capital (current assets less current liabilities) of $6,269 (2022: $5,648) and in the year ended December 31, 2023, the Company incurred a loss of $22,544 (2022: $43,608), which included an impairment of plant and equipment and mineral properties of $11,163 (2022: $33,850) (Note 6). In the year ended December 31, 2023, the Company used cash in operations of $1,582 (2022: $4,411), used cash for investing activities of $15,580 (2022: $13,056), and added $15,314 in cash from financing activities (2022: $19,708).

The ongoing operations and capital expenditures of the Moss Mine are dependent on the Company's ability to generate sufficient cash flow from production, which is subject to commodity price risk from fluctuations in the market prices for gold and silver. In the year ended December 31, 2023, the Company incurred a loss from mine operations of $1,060 (2022: $7,894), which was net of $13,568 of depreciation (2022: $10,310). To continue operations at the Moss Mine, the Company will require additional financing and profitable operations. While the Company has been successful at raising funds in the past, there can be no assurance that it will be able to do so in the future.

These consolidated financial statements do not reflect any adjustments to the carrying values of assets and liabilities, the reported revenues and expenses, and the balance sheet classifications used which may be required should the Company be unable to continue as a going concern. Such adjustments may be material.

2. BASIS OF PRESENTATION

Basis of Presentation and Statement of Compliance

The consolidated financial statements have been prepared in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board. The accounting policies and basis of presentation applied in the preparation of these consolidated financial statements are presented in Note 3 and have been applied consistently to all years presented, unless otherwise noted.

These consolidated financial statements were approved by the Board of Directors of the Company on April 17, 2024.

Basis of Consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company. Control is achieved when the Company is exposed to variable returns and has the ability to affect those returns through power to direct the relevant activities. Subsidiaries are fully consolidated from the date on which control is transferred to the Company. Subsidiaries will be de-consolidated from the date that control ceases. The Company's subsidiaries names, country of incorporation, percentage ownership, and principal activities are presented below.

Name	Country of Incorporation	Percentage Owned	Principal Activity
Golden Vertex Corp.	United States of America	100%	Precious Metal Production
Golden Vertex (Idaho) Corp.	United States of America	100%	Holding Company
Eclipse Gold Mining Corp.	Canada	100%	Holding Company
Alcmene Mining Inc.	Canada	100%	Holding Company
Hercules Gold USA, LLC	United States of America	100%	Mineral Exploration

All transactions and balances between the Company and its subsidiaries are eliminated on consolidation. Profit or loss and other loss and other comprehensive income of subsidiaries acquired or disposed of during the period are recognized from the effective date of acquisition, or up to the effective date of disposal, as applicable.

3. MATERIAL ACCOUNTING POLICIES

Cash and Cash Equivalents

Cash and cash equivalents include cash on hand, deposits held with banks, and other short-term highly liquid investments with original maturities of three months or less. Cash and cash equivalents are classified as financial assets and subsequently measured at amortized cost.

Inventory

Inventories include work in progress (ore stockpiles and heap leach ore) as well as finished goods (doré bars including gold and silver) and consumables and supplies. Ore stockpiles, heap leach ore or finished goods inventory are valued at the lower of weighted average production cost and net realizable value based on estimated metal content.

3. MATERIAL ACCOUNTING POLICIES - *continued*

Inventory - *continued*

The Company allocates direct and indirect production costs to gold and silver on a weighted average production cost basis. Production costs include the cost of raw materials, direct labour, mine-site overhead expenses and applicable depreciation and depletion of mineral properties, plant and equipment. Net realizable value is calculated as the estimated price at the time of sale based on prevailing and long-term metal prices less estimated future production costs to convert inventories into saleable form and estimated costs to sell.

Work in process inventory, including ore stockpiles, represents ore on the surface that has been extracted from the mine and is available for further processing. Heap leach ore inventory represents estimated gold and silver ounces contained in ore that has been placed on the heap leach pad for cyanide irrigation. When ore is placed on the heap leach pad, an estimate of recoverable ounces is made based on tonnage, grade and estimated recoveries of the ore that was placed on the heap leach pad. The estimated recoverable ounces on the heap leach pad are used to determine inventory cost. The estimated recoverable ounces carried on the heap leach pad are adjusted based on actual recoveries being experienced. Actual and estimated recoveries are measured to the extent possible, using various indicators including but not limited to, leach curve recoveries, column tests and current trends in the level of ounces carried on the pad.

Doré inventory represents gold and silver ounces located at the mine, in transit to customers, at the refinery and bullion after it has been refined. Materials and supplies inventories are valued at the lower of weighted average cost and net realizable value. Replacement costs of materials and spare parts are generally used as the best estimate of net realizable value.

Plant and Equipment

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

Depreciation of plant and equipment commences when the asset is in the condition and location necessary for it to operate in the manner intended by management. Plant and equipment assets are depreciated or depleted using either the straight-line or units-of-production method over the shorter of the estimated useful life of the asset or the expected life of mine. Where an item of plant and equipment comprises of major components with different useful lives, the components are accounted for as separate items of plant and equipment. A majority of mine and site infrastructure assets are depleted using a unit-of-production method over the life of the mine. Depletion is determined each period using gold ounces mined over the estimated contained proven and probable reserves and measured and indicated resources of the mine. Depreciation and depletion is recognized in the consolidated statement of loss) and comprehensive loss upon commercial production having been achieved.

Other ancillary assets are depreciated using the straight-line method to allocate cost over their estimated useful lives, as follows:

3. MATERIAL ACCOUNTING POLICIES - *continued*

Plant and Equipment - *continued*

Description	Estimated useful life
Ancillary machinery and equipment	2-5 years
Light vehicles	3-5 years
Office furniture, leaseholds and computer equipment	3-5 years

Asset useful life and residual values are reviewed on an annual basis and adjusted, if required, on a prospective basis.

Exploration and Evaluation Assets

Exploration and evaluation assets represent properties on which the Company is conducting exploration to determine whether significant mineralization exists or for which the Company has identified a mineral resource of such quantity and grade or quality that it has reasonable prospects for economic extraction. All costs incurred prior to obtaining the legal right to undertake exploration and evaluation activities on an area of interest are expensed as incurred. Once the legal right to explore has been obtained, exploration expenditures are capitalized in respect of each identifiable area of interest. If no mineable ore body is discovered, such costs are expensed in the period in which it is determined the property has no future economic value. Exploration and evaluation activities include the following:

- acquiring the rights to explore;
- researching and analyzing historical exploration data;
- gathering exploration data through topographical, geochemical and geophysical studies;
- exploratory drilling, trenching and sampling;
- determining and examining the volume and grade of the resource; and
- compiling pre-feasibility and feasibility studies.

Exploration and evaluation assets are carried at historical cost, less any impairment, if applicable.

Exploration and evaluation assets are transferred to development or producing mining interests when technical feasibility and commercial viability of the mineral resource have been demonstrated. Factors taken into consideration include:

- the extent to which mineral reserves or mineral resources have been identified through a feasibility study or similar level document;
- life of mine plan and economic modeling support the economic extraction of such reserves and resources;
- no legal encumbrances exist which would cast significant doubt on the commercial viability of the mineral reserves; and
- operating and environmental permits exist or are reasonably assured as obtainable.

Exploration and evaluation expenditures do not qualify as development or producing mining interests until the above criteria are met.

3. MATERIAL ACCOUNTING POLICIES - *continued*

Mining Interests

Exploration, development and field support costs directly related to mining interests are deferred until the property to which they directly relate is placed into production, sold, abandoned or subject to a condition of impairment. The deferred costs are amortized using the units of production ("UOP") method, based on recoverable ounces from the estimated proven and probable reserves and a portion of measured and indicated resources that are reasonably expected to be converted to proven and probable reserves.

Stripping Costs

Capitalization of stripping costs requires the Company to make judgments and estimates in determining the amounts to be capitalized. In open pit mining it may be required to incur costs to remove overburden and other mine waste materials in order to access the ore body ("stripping costs"). During the development of a mine, stripping costs are capitalized and included in the carrying amount of the related mining property and depleted over the productive life of the mine using the unit-of-production method. During the production phase of a mine, stripping costs incurred to provide access to gold and silver which will be produced in future periods that would not have otherwise been accessible are capitalized and included in the carrying amount of the related mineral property. Stripping costs incurred and capitalized during the production phase are depleted using the unit-of-production method over the estimated contained proven and probable reserves and measured and indicated resources that directly benefit from the specific stripping activity. Costs incurred for regular waste removal that do not give rise to future economic benefits are considered as costs of sales and included in production costs.

Impairment of Non-Financial Assets

At each reporting date, management reviews the carrying amounts of assets included in mineral properties, plant and equipment and exploration and evaluation assets to determine whether there is any indication of impairment. Management applies significant judgment in assessing whether indicators of impairment exist that would necessitate impairment testing. Internal and external factors are evaluated by management in determining whether there are any indicators of impairment, including:

i) a significant decline in the market value of the Company's share price;
ii) changes in the quantity and grade of the recoverable reserves or resources;
iii) changes in commodity prices, capital and operating costs; and
iv) changes in interest rates

If there are indicators of impairment, the recoverable amount of the asset is estimated in order to determine the extent of any impairment. Where the asset does not generate cash flows that are independent from other assets, the recoverable amount of the cash generating unit to which the asset belongs is determined. The recoverable amount of an asset or cash generating unit is determined as the higher of its fair value less costs of disposal and its value in use. An impairment loss exists if the asset's carrying amount exceeds the recoverable amount, and is recorded as an expense immediately.

3. MATERIAL ACCOUNTING POLICIES - *continued*

Impairment of Non-Financial Assets - *continued*

Value in use is determined as the present value of the future cash flows expected to be derived from continuing use of an asset or cash generating unit in its present form. These 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 or cash generating unit for which estimates of future cash flows have not been adjusted. Estimated future cash flows are calculated using estimated future prices, mineral reserves and resources and operating and capital costs. All inputs used are those that an independent market participant would consider appropriate.

Fair value is the price that would be received from selling an asset in an orderly transaction between market participants at the measurement date. Costs of disposal are incremental costs directly attributable to the disposal of an asset.

Assets that have been impaired in prior periods are tested for possible reversal of impairment whenever events or changes in circumstances indicate that the impairment has reversed. If the impairment has reversed, the carrying amount of the asset is increased to its recoverable amount, but not beyond the carrying amount that would have been determined had no impairment loss been recognized for the asset in the prior periods. A reversal of an impairment loss is recognized in the consolidated statement of income (loss) and comprehensive income (loss) immediately.

Leases

Leases are recognized as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the Company. Each lease payment is allocated between the liability and finance expense. The finance expense is charged to the statements of operations over the lease period. The right-of-use asset is depreciated over the shorter of the asset's useful life or the lease term on a straight-line basis.

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

- fixed payments (including in-substance fixed payments), less any lease incentives receivable;
- variable lease payments that are based on an index or a rate;
- amounts expected to be payable by the lessee under residual value guarantees;
- the exercise price of a purchase option if the lessee is reasonably certain to exercise that option; and
- payments of penalties for terminating the lease, if the lease term reflects the lessee exercising that option.

The lease payments are discounted using the interest rate implicit in the lease, if that rate can be determined, or the Company’s incremental borrowing rate.

3. MATERIAL ACCOUNTING POLICIES - *continued*

Leases - *continued*

Right-of-use assets are measured at cost comprising the following:

- the amount of the initial measurement of lease liability;
- any lease payments made at or before the commencement date less any lease incentives received;
- any initial direct costs; and
- restoration costs.

Payments associated with short-term leases and leases of low-value assets are recognized on a straight-line basis as an expense in the statement of loss. Short-term leases are leases with a lease term of 12 months or less.

Certain leases contain variable payment terms. Variable lease payments are recognized in the statement of loss in the period in which the condition that triggers those payments occurs.

Silver Stream Obligation

The Company has a silver stream obligation which has been accounted for in accordance with IFRS 9. Management has determined that based on the terms of the agreement there is a financial liability component and an embedded derivative component. The financial liability is measured at amortized cost. The Company values the liability at the present value of its expected future cash outflows at each reporting period. The embedded derivative is valued at fair value with changes in fair value at each reporting period being reflected in the consolidated statements of loss and comprehensive loss.

Derivative Liabilities

Derivatives are initially recognized at their fair value on the date the derivative contract is entered into and transaction costs are expensed. The Company's derivatives are subsequently re-measured at their fair value at each reporting date with changes in fair value recognized in the consolidated statements of loss and comprehensive loss.

As the exercise price of the Company's share purchase warrants is fixed in Canadian dollars and the functional currency of the Company is the United States dollars, these warrants are considered a derivative as a variable amount of cash in the Company's functional currency will be received on exercise. Accordingly, these share purchase warrants are classified and accounted for as a derivative liability. The fair value of the warrants is determined using the Black Scholes option pricing model at the period end date.

Derivatives embedded in other financial instruments or other host contracts are treated as separate derivatives when their risks and characteristics are not closely related to their host contracts.

3. MATERIAL ACCOUNTING POLICIES - *continued*

Provision for Reclamation and Remediation

The Company's activities are subject to laws and regulations relating to the protection of the environment in jurisdictions in which exploration, development and mining activities take place. To comply with such laws and regulations, the Company may be required to make expenditures for reclamation and remediation. In certain cases, the Company could also have a constructive obligation to make such expenditures, where a legal obligation did not otherwise exist. The Company recognizes a provision for reclamation and remediation when: the Company has a present legal or constructive obligation as a result of past events, such as an environmental disturbance; it is probable that an outflow of resources will be required to settle the obligation; and the amount can be reliably estimated. Provisions are measured at the net present value of the expenditures expected to be required to settle the obligation using a risk-free rate that reflects current market assessments of the time value of money and the risks specific to the obligation.

Reclamation and remediation provisions include estimates for the costs of restoration activities required under applicable environmental regulations, such as dismantling and demolition of infrastructure, site and land rehabilitation, and security and monitoring. The extent of reclamation and remediation work required is primarily dependent on the prescribed requirements of the applicable environmental authority in the jurisdiction in which the Company's activities take place. Upon initial recognition of the liability, the net present value of the obligation is capitalized as part of the cost of mining interests. Restoration activities will occur primarily upon closure of a mine, but can occur from time to time throughout the life of the mine. As restoration projects are undertaken, their costs are charged against the provision as the costs are incurred.

Reclamation and remediation provisions are reviewed at least quarterly and take into account the effects of inflation and changes in estimates, with any resulting adjustments to the net present value of the provision correspondingly capitalized to mining interests.

Share Capital

Common shares are classified as equity. The Company records proceeds from share issuances net of share issuance costs. Share capital issued for non-monetary consideration is recorded at the fair market value of the shares on the date the shares are issued. Proceeds related to the issuance of units are allocated between common shares and warrants on a relative fair value basis where warrants are classified as equity instruments. For warrants classified as derivative liabilities, the fair value of the warrants is determined with the residual amount allocated to common shares.

Share-Based Payments

The Company measures equity settled share-based payments based on their fair value at grant date and recognizes compensation expenses in profit or loss over the vesting period. Fair value for cash settled share-based payments, including Restricted Share Units ("RSUs") and Performance Share Units ("PSUs"), is determined using the Company's share price at the grant date and the corresponding liability is marked to market at each subsequent reporting date.

3. MATERIAL ACCOUNTING POLICIES - *continued*

Shared-Based Payments - *continued*

Expected forfeitures are estimated at the date of grant and subsequently adjusted if further information indicates actual forfeitures may vary from the original estimate. The impact of the revision of the original estimate is recognized in profit or loss such that the cumulative expenses reflect the revised estimate.

Revenue Recognition

Revenue is generated from the sale of gold and silver. The Company produces doré which contains gold and silver. Doré is further processed by a third party refiner to produce refined metals for sale.

Revenue is recognized when control of the refined gold and silver is transferred to the customer. Control is achieved when an irrevocable commitment to sell gold and silver to customers at a specified price occurs upon the Company’s third party refiner notifying the customers that they have received irrevocable instructions to deliver refined gold and silver to the customers’ bullion account. After this point the customers have full control over the product and there is no unfulfilled obligation that could affect the acceptance of the product.

Current and Deferred Income Taxes

Income tax expense comprises current and deferred tax. Income tax expense if applicable, is recognized in the consolidated statements of loss and comprehensive loss.

Current tax expense is based on the results for the year as adjusted for items that are not taxable or not deductible. Current tax is calculated using tax rates and laws that were enacted or substantively enacted at the end of the reporting period, adjusted for amendments if any, to tax payable from previous years. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. Provisions are established, where appropriate, on the basis of amounts expected to be paid to tax authorities.

Deferred tax is recorded using the balance sheet 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 recognized for the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable loss, or on differences relating to investments in subsidiaries to the extent that it is probable they will 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 statements 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.

Foreign Currency Translation

Items included in the financial statements of each of the subsidiaries of the Company are measured using the currency of the primary economic environment in which the entity operates (“the functional currency”). These consolidated financial statements are presented in United States dollars which are also the functional currency of the parent company and its subsidiaries.

3. MATERIAL ACCOUNTING POLICIES - *continued*

Foreign Currency Translation - *continued*

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuations where items are remeasured. Foreign exchange gains or losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies are recognized in the consolidated statements of loss and comprehensive loss.

Earnings (Loss) Per Share

Basic earnings (loss) per share is calculated by dividing the profit or loss attributable to the common shareholders of the Company by the weighted average number of common shares outstanding during the year. Diluted earnings (loss) per share is calculated based on the weighted average number of common shares outstanding during the year, plus the effects of dilutive common share equivalents. This calculation requires that the dilutive effect of outstanding options and warrants issued be calculated using the treasury stock method. The treasury stock method assumes that all common share equivalents have been exercised at the beginning of the year (or at the time of issuance, if later), and that the funds obtained thereby were used to purchase common shares of the Company at the average trading price of common shares during the year. The calculation of diluted loss per share excludes the effects of various conversions and exercises of options and warrants that would be anti-dilutive.

Financial Instruments

Financial assets are classified into three measurement categories on initial recognition: (i) measured as amortized cost; (ii) measured at fair value through other comprehensive income ("FVOCI"); and (iii) measured at fair value through profit or loss ("FVTPL"). The classification of financial assets under IFRS 9 is generally based on the business model in which a financial asset is managed and its contractual cash flow characteristics. Derivatives embedded in contracts where the host is a financial asset in the scope of the standard are never separated and instead, the financial instrument as a whole is assessed for classification.

A financial asset is measured at amortized cost if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest

All financial assets not classified as measured at amortized cost as described above are measured at FVTPL.

Fair value changes on liabilities are presented as follows: (i) the amount that is attributable to changes in the credit risk of the liabilities is presented in other comprehensive income ("OCI") and (ii) the remaining amount of change in the fair value is presented in the consolidated statement of income (loss) and comprehensive income (loss). All other financial liabilities are measured at amortized cost unless the fair value option is applied.

IFRS 9 has an expected credit loss ("ECL") model for calculating impairment of financial assets. An entity is required to recognize ECL when financial instruments are initially recognized and to update the amount of ECL recognized at each reporting date to reflect changes in the credit risk of the financial instruments. IFRS 9 requires additional disclosure requirements about expected credit losses and credit risk.

4. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGMENTS

Significant estimates and judgments used in the preparation of the consolidated financial statements include, but are not limited to:

- those relating to the assessment of the Company's ability to continue as a going concern;
- inventory valuation which includes contained and recoverable ounces and allocation of costs;
- the expected costs of reclamation and remediation;
- the fair value of derivative liabilities;
- the fair value of the silver stream obligation and associated embedded derivative.
- the economic recoverability of exploration expenditures incurred and the probability of future economic benefits from the expenditures;
- asset carrying values and impairment charges;
- useful life of property, plant and equipment;
- the calculation of share-based compensation, which includes the assumptions used in the Black-Scholes option pricing model such as volatility, estimated forfeiture rates and expected time until exercise; and
- recognition of deferred tax assets.

The key sources of estimation uncertainty that have a significant risk of causing material adjustments to the amounts recognized in the consolidated financial statements are as follows:

Inventories

The allocation of costs to inventories and the determination of net realizable value involves the use of estimates. There is significant judgment used in estimating future costs, future production levels, contained gold and silver ounces, gold and silver recovery levels and market prices. Actual results may differ significantly from estimates used in the determination of the carrying value of inventories. The Company allocates direct and indirect production costs to gold and silver on a systematic and rational basis. With respect to ore stockpiles, heap leach ore and doré inventory, production costs are allocated based on ounces recoverable within each category of inventory. Inventory is stated at the lower of weighted average cost or net realizable value with cost being determined using a weighted average cost method. The ending inventory value of ounces associated with the leach pad is equal to opening recoverable ounces plus recoverable ounces placed, less ounces produced, with ounce adjustments related to current estimates of contained ounces and recovery levels being experienced.

Provision for Reclamation and Remediation

The amounts recorded for reclamation and remediation provisions are based on a number of factors, including technical reports prepared by third-party specialists for anticipated remediation activities and costs, the expected timing of cash flows, anticipated inflation rates and pre-tax risk-free interest rates on which the estimated cash flows have been discounted. Actual results could differ from these estimates. The estimates require considerable judgment about the nature, cost and timing of the work to be completed and may change with future changes to costs, environmental laws and regulations and remediation practices.

4. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGMENTS - *continued*

Derivative Liabilities

The Company issues share purchase warrants in connection with certain equity financings. The fair value of share purchase warrants is estimated by using the Black-Scholes valuation model on the date of warrant issuance at each subsequent period end, based on certain assumptions. Those assumptions are described in Note 14 and include, among others, expected volatility, expected life and number expected to vest.

Silver Stream Obligation and Embedded Derivative

The silver stream obligation has been accounted for as a financial liability. The financial liability is measured at amortized cost. The fair value of the silver stream obligation embedded derivative is estimated by using the Monte Carlo simulation valuation models based on certain assumptions. Those assumptions are described in Note 13 and include, among others, the silver forward curve price, long-term silver price volatility, the risk-free interest rate, and the Company's credit spread.

Convertible Debentures

Convertible debentures are financial instruments accounted for in two separate components, a debt instrument and equity instrument or a derivative liability. The identification of the respective components is based on interpretations of the substance of the contractual arrangement and thus requires judgment from management. The separation of the components affects the initial recognition of the convertible debenture at issuance and the subsequent recognition of interest on the debt component. The determination of the fair value of the debt component is based on a number of assumptions, including contractual future cash flows, discount rates and the presence of any derivative financial instruments.

Mining Interests

The Company makes certain estimates and assumptions regarding the recoverability of the carrying values of mining interests. The amounts shown for mining interests do not necessarily represent present or future values.

The recoverability of asset carrying values is dependent upon economically recoverable reserves and resources, the ability of the Company to obtain the necessary financing and permits to complete development and profitable production or proceeds from the disposition. The Company estimates its reserves and resources based on information compiled and reviewed by qualified persons as defined in accordance with NI 43-101 requirements. Depletion of mining interests is calculated using a unit-of-production method over the life of the mine, which is dependent upon economically recoverable reserves and resources.

(All dollar amounts are expressed in thousands of United States Dollars, except per share amounts, unless otherwise noted)

4. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGMENTS - *continued*

Useful Life of Plant and Equipment

The useful life of plant and equipment is based on management estimates at the time of acquisition with information obtained from vendors and engineer guidance, where required. Management estimates may change due to technological developments, market conditions, expectation for replacement of assets and other factors. The Company depreciates assets on either a straight-line or units-of-production basis over the shorter of the estimated useful life of the asset or the expected life of mine. The units-of-production basis calculates depreciation by dividing gold-equivalent ounces mined during the period over the estimated remaining economically recoverable reserves and resources. The Company estimates its reserves and resources based on information compiled and reviewed by qualified persons as defined in accordance with NI 43-101 requirements. Estimates of residual values, useful lives and depreciation methods are reviewed periodically by management. Any changes that arise from periodic reviews are accounted for and adjusted prospectively.

Share-Based Payments

The Company has an incentive stock option plan for employees, consultants, directors and officers. Services received and the corresponding increase in equity, are measured by reference to the fair value of the equity instruments at the date of grant, excluding the impact of any non-market vesting conditions. The fair value of share options is estimated by using the Black-Scholes valuation model on the date of stock option grant based on certain assumptions. Those assumptions are described in Note 14 and include, among others, expected volatility, expected life and number expected to vest.

Deferred Taxes

The Company recognizes the deferred tax benefit related to deferred tax assets to the extent recovery is probable. Assessing the recoverability of deferred tax assets requires management to make a significant judgment of future taxable profit. Management is required to assess whether it is probable that the Company will benefit from its deferred tax assets. In addition, future changes in tax laws could limit the ability of the Company to obtain tax deductions in future periods from deferred tax assets.

5. INVENTORY

As at:		**December 31, 2023**		December 31, 2022
Heap leach ore	**$**	**30,141**	$	24,095
Dore		**1,137**		767
Stockpiled ore		**747**		1,336
Consumables and supplies		**423**		416
	$	**32,448**	$	26,614

During the year ended December 31, 2023, $69,058 of inventory expense passed through cost of sales (2022: $64,825).

During the year ended December 31, 2022, the Company recorded a net realizable write-down of heap leach ore and dore inventory of $1,939, of $1,584 was included in production costs and $355 was included in depletion and depreciation.

(All dollar amounts are expressed in thousands of United States Dollars, except per share amounts, unless otherwise noted)

6. MINERAL PROPERTIES, PLANT AND EQUIPMENT

The following table provides a continuity schedule for the Company's mineral properties and plant and equipment for the years ended December 31, 2023 and 2022.

	Depletable mineral properties	Non-depletable mineral properties	Plant and equipment	Total
Cost				
Balance at December 31, 2021	$ 37,167	$ 37,619	$ 71,411	$ 146,197
Additions	-	5,605	7,379	12,984
Impairment	(21,530)	(12,320)	-	(33,850)
Future site restoration provision adjustment	2,969	-	-	2,969
Disposals	-	-	(41)	(41)
Balance at December 31, 2022	$ 18,606	$ 30,904	$ 78,749	$ 128,259
Additions	5,116	2,139	7,985	15,240
Impairment	(1,653)	(696)	(8,814)	(11,163)
Future site restoration provision adjustment	(559)	-	-	(559)
Transfer from non-depletable mineral properties	210	(210)	-	-
Disposals	-	(48)	(218)	(266)
Balance at December 31, 2023	$ 21,720	$ 32,089	$ 77,702	$ 131,511
Accumulated Depreciation				
Balance at December 31, 2021	$ 11,513	$ -	$ 24,035	$ 35,548
Depletion and depreciation	1,349	-	10,083	11,432
Disposals	-	-	(15)	(15)
Balance at December 31, 2022	$ 12,862	$ -	$ 34,103	$ 46,965
Depletion and depreciation	2,638	-	13,161	15,799
Disposals	-	-	(168)	(168)
Balance at December 31, 2023	$ 15,500	$ -	$ 47,096	$ 62,596
Net book value at December 31, 2022	$ 5,744	$ 30,904	$ 44,646	$ 81,294
Net book value at December 31, 2023	$ 6,220	$ 32,089	$ 30,606	$ 68,915

Depletable mineral properties consist of the Moss Mine. Non-depletable mineral properties consist of exploration and evaluation on the Moss Property, the Silver Creek Property and the Hercules Property, which are considered separate from the Moss Mine.

Moss Mine Property – Mohave County, Arizona

The Company owns 100% of the Moss Mine and has royalty agreements with various parties whereby the Company is required to pay net smelter returns ("NSR") royalties totalling approximately 6% to various royalty holders - ranging from 1% to 3% on certain patented and unpatented claims related to the Moss Mine and a royalty of up to $15 per troy ounce of gold and up to $0.35 per troy ounce of silver produced on the project.

Impairment assessment

During the year ended December 31, 2023, the Company recognized a non-cash impairment of plant and equipment and mineral properties of $11,163, of which $8,814 was recorded in plant and equipment, $1,653 was recorded in depletable mineral properties and $696 in non-depletable mineral properties.

6. MINERAL PROPERTIES, PLANT AND EQUIPMENT – *continued*

Indicators of impairment

During the year ended December 31, 2023, management of the Company completed an assessment of impairment indicators for the Moss Mine cash generating unit ("CGU"), due to continued losses from mining operations as well as the Company's market capitalization remaining below the carrying value of net assets. Accordingly, the Company estimated the recoverable amounts of the CGU and compared them to the carrying value of the CGU. The recoverable amount of the CGU was based on fair value less cost of disposal method using discounted cash flow models. Upon completion of the Company's impairment assessment, it was determined that the Moss Mine CGU was impaired by a total of $11,163, which resulted in a charge of the same amount to the Company's statement of loss.

Key assumptions used for the impairment test completed December 31, 2023 and sensitivity analysis

The projected cash flows used in impairment testing are significantly affected by changes in assumptions. Key assumptions included by management in the discounted cash-flow model included a gold price of $2,108, gold and silver recoveries of 77% and 43%, respectively, as indicated in life of mine plans, and real after-tax discount rate of 6%. Management's estimates of the recoveries are prepared by or under the supervision of and verified by Qualified Persons as defined in National Instrument 43-101 of the Canadian Securities Administrators (management's experts). The Company performed a sensitivity analysis on these key assumptions. Based on the impairment testing performed, the sensitivity to changes in these key assumptions is as follows:

- a 10% decrease in the short and long-term gold price would result in an additional impairment of $19.6 million,
- a 10% decrease in gold and silver recoveries would result in an additional impairment of $19.0 million, and
- a 1% increase in the real after-tax discount rate to 7% would result in an additional impairment of $0.7 million.

During the year ended December 31, 2022, management of the Company completed an assessment of impairment indicators for the Moss Mine cash generating unit ("CGU"), as the Company's market capitalization fell below the carrying value of net assets. Accordingly, the Company estimated the recoverable amounts of the CGU and compared them to the carrying value of the CGU. The recoverable amount of the CGU was based on fair value less cost of disposal method using discounted cash flow models. Upon completion of the Company's impairment assessment, it was determined that the Moss Mine CGU was impaired by a total of $33,850, which resulted in a charge of the same amount to the Company's statement of loss.

Key assumptions used for the impairment test completed June 30, 2022

The projected cash flows used in impairment testing are significantly affected by changes in assumptions. Key assumptions included by management in the discounted cash-flow model included a gold price ranging from $1,750 to $1,800, gold and silver recoveries of 80% and 43%, respectively, as indicated in life of mine plans, and real after-tax discount rate of 5%. Management's estimates of the recoveries are prepared by or under the supervision of and verified by Qualified Persons as defined in National Instrument 43-101 of the Canadian Securities Administrators.

(All dollar amounts are expressed in thousands of United States Dollars, except per share amounts, unless otherwise noted)

6. MINERAL PROPERTIES, PLANT AND EQUIPMENT – *continued*

Silver Creek Property – Mohave County, Arizona

In May 2014 (as amended in June 2017 and August 2019), the Company secured an option on the Silver Creek Property, located adjacent to the Moss Mine from La Cuesta International, Inc. ("LCI"). Pursuant to the terms of the 35-year mineral lease and option agreement, the Company paid LCI $5 and issued 16,667 common shares on execution of agreement while also committing to certain exploration expenditure requirements, which have now been fulfilled. From 2019 onwards, the Company is required to make cash payments of $25 every six months. As at December 31, 2023, the Silver Creek Property is in good standing and all payments and commitments are current.

The agreement includes a 1.5% NSR on claims owned 100% by LCI and 0.5% NSR on third party claims within the claim block. To acquire the claims, the Company is required to make payments to LCI totalling $4,000 in any combination of aggregate royalty payments and lump-sum payments at its sole discretion.

All payments other than the work commitments are credited against the royalty, including amounts paid to date. Once $4,000 has been paid, the NSR rates, on claims not otherwise acquired, reduce by 50%. No royalty payments on the Silver Creek Property claims have been made to date as the Company is not currently mining from the area included in this agreement.

Hercules Property - Lyon County, Nevada

On August 9, 2019, Hercules Gold entered into an agreement with Great Basin Resources, Inc and Iconic Minerals Ltd. for an option to obtain 100% interest in the Hercules Project, comprising certain unpatented mining claims. The option agreement has a maximum term of twelve years from February 18, 2020. Following the acquisition of Eclipse by the Company, the parties entered into an amending agreement dated February 12, 2021. Pursuant to the terms of the agreement, the Company issued 181,666 common shares to Iconic Minerals Ltd. in February 2021 and issued a further 181,666 common shares on the first anniversary and a further 181,666 in common shares on the second anniversary to keep the project in good standing. The Company needs to also make annual payments of $50 to Great Basin Resources, Inc. up to an aggregate of $600, which began in February 2021. Additionally, the Company was subject to a work commitment of $2,300 over the first three years of the agreement, which has been completed. The Company is in compliance with all terms of the agreement and the project is in good standing as at December 31, 2023.

7. TRADE AND OTHER PAYABLES

As at:		**December 31, 2023**		December 31, 2022
Trade accounts payable	**$**	**5,005**	$	5,465
Accrued liabilities		**3,028**		3,762
Royalties		**1,997**		1,053
	$	**10,030**	$	10,280

(All dollar amounts are expressed in thousands of United States Dollars, except per share amounts, unless otherwise noted)

8. DEBT

As at:	Note		**December 31, 2023**		December 31, 2022
Convertible debentures	(8a)	**$**	**4,226**	$	3,685
Multiple advance promissory notes	(8b)		**2,151**		2,337
Revolving credit facility	(8c)		**17,366**		6,188
Promissory note	(8d)		**6,594**		-
			30,337		12,210
Current portion of debt	25		**(9,286)**		(6,380)
		$	**21,051**	$	5,830

a) Convertible Debentures

In June 2020, the Company issued a series of subordinated unsecured convertible debentures with principal totalling CAD $6,710, bearing interest at 5% per annum (payable on June 30 and December 31 of each year while outstanding) and maturing on June 30, 2025. Interest may, at the option of the Company, be settled in common shares, subject to regulatory approval.

The principal amount of the debentures is convertible into common shares of the Company at the price of CAD $2.40 per share. The Company may redeem the convertible debentures in cash on or after July 31, 2022, in whole or in part from time to time, upon required prior notice at a redemption price equal to their principal amount plus accrued and unpaid interest, if any, provided that the trading price of the common shares for the 20 consecutive trading days ending five trading days prior to the date of the redemption notice must be less than the conversion price. Additionally, on or after July 31, 2022, the Company has the option to repay the principal amount of the debentures in common shares, provided certain circumstances are met including but not limited to: no default has occurred and is continuing at such time, and the trading price of the common shares for the 20 consecutive trading days ending five trading days prior to the date of the redemption notice or maturity date (as the case may be) is at least 150% of the conversion price of CAD $2.40 per share.

The convertible debentures contain an embedded derivative (the "Conversion Component") relating to the conversion option and a conversion price fixed in CAD $. The Conversion Component's fair value as at December 31, 2023 was estimated to be $Nil (December 31, 2022 - $1) using the Black Scholes option-pricing model (Note 13).

		Year Ended December 31, 2023		Year Ended December 31, 2022
Balance, beginning of period	**$**	**3,685**	$	3,541
Interest accretion		**443**		385
Foreign exchange movement		**98**		(241)
Balance, end of period	**$**	**4,226**	$	3,685

Subsequent to December 31, 2023, the Company issued 1,671,750 common shares with a fair value of $107 in payment of interest expense.

(All dollar amounts are expressed in thousands of United States Dollars, except per share amounts, unless otherwise noted)

8. DEBT – *continued*

b) Multiple advance promissory notes

In February 2020, the Company completed a term loan financing of $2,869 at rates currently approximating 1.9% per annum over a fifteen-year amortization period, for the purpose of constructing an electrical power line to the Moss Mine.

		Year Ended December 31, 2023		Year Ended December 31, 2022
Balance, beginning of period	**$**	**2,337**	$	2,523
Principal payments		**(191)**		(191)
Financing costs		**5**		5
Balance, end of period	**$**	**2,151**	$	2,337

c) Revolving credit facility

In August 2022, the Company entered into a $6,000 revolving credit facility (the "Credit Facility"). Under the terms of the Credit Facility, interest accrues on any unpaid principal at an interest rate of 12% per annum compounded on a monthly basis, with all accrued interest and principal payable on or before December 31, 2023. The lender was affiliated with an entity with a director in common with Elevation Gold. On June 22, 2023 the director in common resigned from the board of the Company. The Company may, at its option, at any time and from time to time, prepay without penalty or premium the Credit Facility, in whole or in part.

In January 2023, the terms of the revolving credit facility were amended. Under the terms of the amendment, the total maximum principal amount that may be outstanding at any given time is $12,000, interest will be paid on a quarterly basis and is payable by delivery of physical gold. The total of gold ounces deliverable is calculated by dividing total interest payable by $1,850 per ounce. The term of the loan was also extended to February 28, 2025.

In May 2023, the terms of the revolving credit facility were further amended. Under the terms of the amendment, the total maximum principal amount available to the Company was increased to $17,728, interest accrues on any unpaid principal at a rate of 10% per annum. The terms of the facility were further amended in December 2023. Under the terms of the amendment partial repayments of principal, of varying amounts, are required quarterly, beginning in March 2024 until repaid in its entirety in February 2025.

		Year Ended December 31, 2023		Year Ended December 31, 2022
Balance, beginning of period	**$**	**6,188**	$	-
Funds received		**11,500**		6,000
Gain on debt modification		**(549)**		-
Interest		**227**		188
Balance, end of period	**$**	**17,366**	$	6,188

(All dollar amounts are expressed in thousands of United States Dollars, except per share amounts, unless otherwise noted)

8. DEBT – *continued*

d) Short term promissory note

On September 27, 2023, the Company entered into a $1,725 short term promissory note (the "Note"). The Note was subsequently extended to January 17, 2024 and the principal was increased to $6,594.

		Year Ended December 31, 2023		Year Ended December 31, 2022
Balance, beginning of period	**$**	**-**	$	-
Issued		**6,475**		-
Fees		**119**		-
Balance, end of period	**$**	**6,594**	$	-

9. DEFERRED REVENUE

In January 2022, the Company entered into a prepaid gold facility for consideration of $6,000, the Company agreed to sell and deliver (from its own production) a specified amount of refined gold, with deliveries of such amounts and an additional $1,000 of refined gold quarterly beginning March 28, 2022 until expiry of the agreement on June 28, 2023. For the year ended December 31, 2023, the Company delivered the required gold ounces under the terms of the agreement and recognized revenue of $2,000 (year ended December 31, 2022 - $4,000) and concurrently recognized finance charges of $84 from delivery of 45 ounces of gold (year ended December 31, 2022 - $464 from delivery of 268 ounces of gold).

In June 2023, the Company entered into an advance facility agreement of up to $3,000 pursuant to which the Company may from time-to-time request one or more prepayments against future gold deliveries from the Moss mine. Interest is charged on the prepayment at the Secured Overnight Financing rate plus 5.5%.

		Year Ended December 31, 2023		Year Ended December 31, 2022
Balance, beginning of period	**$**	**2,000**	$	-
Deferred revenue received		**22,120**		6,000
Gold delivered and revenue recognized		**(21,299)**		(4,000)
Balance, end of period	**$**	**2,821**	$	2,000

10. LEASES

In 2018, the Company executed a definitive Master Lease Agreement (the "MLA") for up to $9,000 of equipment purchases. The significant terms and conditions of the MLA include: a maximum of $9,000 available to fund equipment purchases with 10% to 30% due as advance payments at lease commencement, fixed quarterly payments over a four-year lease period, interest rates ranging from 4.95% to 6.00% per annum and the right to buy the equipment at the end of the lease period for nominal consideration. The MLA is secured with the acquired assets in favour of the lender and a guarantee from the Company. Minimum lease payments and present value of lease obligations are as follows:

(All dollar amounts are expressed in thousands of United States Dollars, except per share amounts, unless otherwise noted)

10. LEASES – *continued*

		Year Ended December 31, 2023		Year Ended December 31, 2022
Balance, beginning of period	**$**	**721**	$	903
IFRS 16 lease obligation recognition		**-**		239
Principal payments		**(352)**		(444)
Financing costs		**22**		23
Balance, end of period		**391**		721
Current portion of leases		**(335)**		(352)
Non-current portion of leases	**$**	**56**	$	369

11. SILVER STREAM

The Company entered into a $20,000 silver streaming transaction with an effective date of October 1, 2018. Under the terms of the agreement, the Company was required to deliver 100% of payable silver into the agreement until 3.5 million ounces were delivered, thereafter, 50% of payable ounces were to be delivered under the agreement over the life of the mine on a monthly basis. In May 2023, the terms of the silver stream were amended to eliminate the step-down that would have occurred after the delivery of 3.5 million ounces of silver.

Deliveries are subject to a ratio of silver to actual gold produced whereby, in the event the ratio is not met, the Company is required to purchase and deliver silver ounces required to achieve the ratio. The silver stream is secured with a first charge over assets.

The Company receives 20% of the five-day average spot silver price at the time each ounce of silver is delivered. The Company recognizes silver revenue for silver ounces delivered under the arrangement at the spot price at the time of delivery. The silver advance is reduced by silver ounces delivered at the forward spot price at the inception of the agreement, offset by the financial liability's accretion over the life of the mine.

The silver stream has been accounted for as a financial liability with an embedded derivative which relates to changes in silver price and expected production. The financial liability is measured at amortized cost. The embedded derivative is recorded at fair value each reporting period with changes reflected in the consolidated statements of loss and comprehensive loss. At December 31, 2023, the fair value of the embedded derivative was $8,790 (2022 - $9,859) (Note 13).

		Year Ended December 31, 2023		Year Ended December 31, 2022
Balance, beginning of period	**$**	**12,796**	$	14,649
Silver deliveries		**(5,238)**		(4,343)
Settlement loss (gain) (Note 17)		**775**		(53)
Interest accretion (Note 17)		**2,173**		2,543
Balance, end of period		**10,506**		12,796
Current portion of silver stream		**(1,766)**		(1,918)
Non-current portion of silver stream	**$**	**8,740**	$	10,878

(All dollar amounts are expressed in thousands of United States Dollars, except per share amounts, unless otherwise noted)

12. PROVISION FOR RECLAMATION

The Company's provision for reclamation relates to the environmental restoration and closure costs associated with the Moss Mine. The provision has been recorded at its net present value using a discount rate of 3.84% and a long-term inflation rate of 2.20%, with expenditures anticipated over a five-year period beginning in 2027. The provision is remeasured at each reporting date based on land disturbance. Accretion expense is recognized in the consolidated statements of loss and comprehensive loss. The total undiscounted amount of the Company's estimated obligation, based on land disturbances at the Moss Mine as of December 31, 2023, was $11,711.

		Year Ended December 31, 2023		Year Ended December 31, 2022
Balance, beginning of period	$	**9,844**	$	6,714
Change in estimate		**(558)**		2,969
Accretion		**402**		161
Balance, end of period	$	**9,688**	$	9,844

13. DERIVATIVES

As at:	Note		December 31, 2023		December 31, 2022
Warrants	(13a)	$	**369**	$	444
Silver stream embedded derivative	(13b)		**8,790**		9,859
Convertible debenture	(13c)		**-**		1
Revolving credit facility	(13d)		**277**		-
			9,436		10,304
Current portion of derivatives			**(3,861)**		(4,332)
Non-current portion of derivatives		$	**5,575**	$	5,972

a) Warrants

The Company's functional currency is the US dollar. As the exercise price of the Company's share purchase warrants is fixed in CAD $ a variable amount of cash in the Company's functional currency will be received on warrant exercise. Accordingly, these share purchase warrants are classified and accounted for as derivatives at fair value through profit or loss. The fair value of warrants issued are valued using their market price on the TSXV, or where a market price is not available, the Black-Scholes option-pricing model. As of December 31, 2023, all warrants are valued using their TSXV market price. The warrants have an exercise price of CAD $0.70 with remaining lives of 3.2 years (Note 14). The following assumptions were used for the Black–Scholes valuation of warrants:

	Year Ended December 31, 2022
Risk–free interest rate	4.06%
Expected life of warrants	0.1–0.2 years
Dividend rate	Nil
Expected share price volatility	105-106%
Fair value per warrant issued or amended (CAD $)	$0.00

The table below is a continuity schedule for the warrant derivative for each of the periods noted.

(All dollar amounts are expressed in thousands of United States Dollars, except per share amounts, unless otherwise noted)

13. DERIVATIVES – *continued*

a) Warrants - continued

		Year Ended December 31, 2023		Year Ended December 31, 2022
Balance, beginning of period	**$**	**444**	$	637
Issuance of warrants (Note 12)		**-**		6,952
Change in fair value		**(85)**		(6,959)
Foreign exchange movement		**10**		(186)
Balance, end of period		**369**		444
Current portion of warrant derivative		**(369)**		(444)
Non-current portion of warrant derivative	**$**	**-**	$	-

b) Silver Stream Embedded Derivative

The silver stream embedded derivative is valued using a Monte Carlo simulation valuation model. The key inputs used by the Monte Carlo simulation are the silver forward curve price, long-term silver production volatility, the risk-free interest rate and the Company's credit spread. The valuation of the silver stream embedded derivative also required estimation of the Company's anticipated production schedule of silver ounces delivered over the life of mine.

		Year Ended December 31, 2023		Year Ended December 31, 2022
Balance, beginning of period	**$**	**9,859**	$	10,617
Change in fair value		**(1,069)**		(758)
Balance, end of period		**8,790**		9,859
Current portion of derivative		**(3,255)**		(3,887)
Non-current portion of derivative	**$**	**5,535**	$	5,972

c) Convertible Debenture

The outstanding convertible debenture (Note 8) is deemed to contain an embedded derivative (the "Conversion Component") relating to the conversion option and a conversion price fixed in CAD $. The Conversion Component's fair value was estimated using the Black Scholes option-pricing model and volatility. Fair value gains and losses at each reporting period are recorded in the consolidated statements of loss and comprehensive loss. The following assumptions were used for the Black-Scholes valuation of the Conversion Component:

	Year Ended December 31, 2023	Year Ended December 31, 2022
Risk–free interest rate	**3.88%**	3.82%
Expected life	**1.5 years**	2.5 years
Dividend rate	**Nil**	Nil
Share price volatility	**78%**	68%

The table below is a continuity schedule for the derivative associated with the 2020 convertible debenture for each of the periods noted.

(All dollar amounts are expressed in thousands of United States Dollars, except per share amounts, unless otherwise noted)

13. DERIVATIVES – *continued*

c) Convertible Debenture - continued

		Year Ended December 31, 2023		Year Ended December 31, 2022
Balance, beginning of period	**$**	**1**	$	381
Change in fair value		**(1)**		(380)
Balance, end of period	**$**	**-**	$	1

d) Revolving credit facility

The revolving credit facility (Note 8) is deemed to contain an embedded derivative as interest is payable by delivery of physical gold and the total of gold ounces deliverable is calculated by dividing total interest payable by $1,850 per ounce. The fair value of the embedded derivative was estimated using the Black Scholes option-pricing model and volatility. Fair value gains and losses at each reporting period are recorded in the consolidated statements of loss and comprehensive loss. The following assumptions were used for the Black-Scholes valuation of the embedded derivative:

	Year Ended December 31, 2023
Risk–free interest rate	**3.88%**
Expected life	**0.3-1.2 years**
Dividend rate	**Nil**
Volatility	**12%**

The table below is a continuity schedule for the derivative associated with the revolving credit facility for each of the periods noted.

		Year Ended December 31, 2023		Year Ended December 31, 2022
Balance, beginning of period	**$**	**-**	$	-
Delivery of gold ounces		**(85)**		-
Change in fair value		**362**		-
Balance, end of period	**$**	**277**	$	-
Current portion of derivative		**(237)**		-
Non-current portion of derivative		**40**		-

14. SHARE CAPITAL, SHARE OPTION RESERVE AND WARRANT RESERVE

Authorized and Issued Share Capital

At December 31, 2023 and December 31, 2022, the Company had 110,604,095 and 110,391,281 common shares issued and outstanding, respectively. The authorized share capital consists of an unlimited number of common shares without par value.

14. SHARE CAPITAL, SHARE OPTION RESERVE AND WARRANT RESERVE – *continued*

Issuances of Share Capital

During the year ended December 31, 2023, the Company issued a total of 181,667 common shares (December 31, 2022 – 181,667) with a fair value of $28 (December 31, 2022 - $90), in fulfilment of the option agreement on the Hercules Property (Note 6). In addition, during the same period, the Company issued 31,147 common shares (December 31, 2022 – Nil) with a fair value of $3 (December 31, 2022 - $Nil) from the vesting of DSUs.

During the year ended December 31, 2022, the Company completed an equity financing, whereby a total of 43,301,000 units of the Company were issued at a price of CAD $0.53 per unit for total gross proceeds of $18,294. Each unit consists of one common share in the capital of the Company and one common share purchase warrant (with a total fair value of $6,156), each warrant entitling the holder to acquire an additional common share of the Company at an exercise price of CAD $0.70 until March 24, 2027. The Company paid a total of $1,228 in cash for broker commissions, regulatory fees and legal expenses related to the financing. As consideration for services performed in connection with the equity financing, the broker also received a total of 284,310 units with a fair value of $120 and 2,313,750 broker warrants with a fair value of $200. The broker warrants have an exercise price of CAD $0.53 per share and an expiry date of 2 years from the date of grant. The fair value of the broker warrants were estimated using a Black-Scholes option pricing model assuming a strike price of CAD $0.53 per share, a volatility rate of 63.6%, a risk-free rate of 2.13%, and an expected life of 2 years.

Concurrent with the closing of the equity financing, the Company issued an aggregate of 5,592,890 additional units ("Debt Settlement Units") in partial settlement of certain short-term loans. The fair value of the Debt Settlement Units totalled $2,363, of which $2,164 was applied to principal and $199 against interest payable on the short term loans. As consideration for services performed in connection with the debt settlement, the broker received a total of 167,787 units with a value of $71 and 167,787 broker warrants with a fair value of $14. The broker warrants have an exercise price of CAD $0.53 per share and an expiry date of 2 years from the date of grant. The fair value of the broker warrants were estimated using a Black-Scholes option pricing model assuming a strike price of CAD $0.53 per share, a volatility rate of 63.6%, a risk-free rate of 2.13%, and an expected life of 2 years. For the year ended December 31, 2022, the Company recorded a loss on settlement of short term loans of $85.

Equity Incentive Plan

At the Company's Annual and Special Meeting on August 18, 2022, the shareholders of the Company elected to adopt a new 10% rolling security based compensation plan ("Equity Incentive Plan") to replace the previous Option Plan and Share Unit Plan, which allows for the issuance of incentive stock options, deferred share units, performance share units, restricted share units, stock appreciation rights, and share purchase rights ("Awards"). Pursuant to the Equity Incentive Plan, a maximum of 10% of the issued shares of the Company, from time to time, may be reserved for issuance pursuant to the exercise of all Awards granted thereunder. Terms of any granting of Awards will be determined by the Board, subject to the provisions of the Equity Incentive Plan and the policies of the TSX Venture Exchange. No individual may be granted Awards exceeding 5% of the Company's common shares outstanding in any twelve-month period.

Stock Options

Continuity of the Company's stock options issued and outstanding was as follows, for each period noted:

(All dollar amounts are expressed in thousands of United States Dollars, except per share amounts, unless otherwise noted)

14. SHARE CAPITAL, SHARE OPTION RESERVE AND WARRANT RESERVE – *continued*

Stock Options - *continued*

	Year Ended December 31, 2023		Year Ended December 31, 2022	
	Number of options	Weighted average exercise price (CAD$)	Number of options	Weighted average exercise price (CAD$)
Outstanding, beginning of period	5,856,826	$ 0.72	3,848,028	$ 1.57
Granted	1,800,000	0.18	4,425,000	0.29
Forfeited	(1,820,832)	0.59	(2,341,204)	1.20
Expired	(423,501)	1.98	(74,998)	4.08
Outstanding, end of period	**5,412,493**	**$ 0.49**	**5,856,826**	**$ 0.72**

As at December 31, 2023, the following stock options were outstanding and exercisable:

Exercise price (CAD$)	Number of options outstanding	Expiry date	Number of options exercisable	Remaining contractual life (years)
1.44	304,166	February 27, 2024	304,166	0.16
1.50	33,332	February 10, 2025	33,332	1.12
2.10	62,500	July 8, 2025	62,500	1.52
1.92	312,495	June 29, 2026	312,495	2.50
0.86	500,000	December 13, 2026	166,666	2.95
0.30	2,000,000	May 30, 2027	1,399,991	3.41
0.18	400,000	November 15, 2027	133,333	3.88
0.18	500,000	January 3, 2028	-	4.01
0.20	600,000	March 20, 2028	-	4.22
0.18	300,000	June 22, 2028	-	4.48
0.18	300,000	July 20, 2028	-	4.56
0.09	100,000	October 5, 2028	-	4.77
	5,412,493		**2,412,483**	**3.43**

At December 31, 2022, the weighted-average remaining contractual life of options outstanding was 3.44 years.

Warrants

Continuity of warrants issued and outstanding were as follows:

	December 31, 2023		December 31, 2022	
	Number of common shares exercisable from warrants	Weighted average exercise price (C$)	Number of common shares exercisable from warrants	Weighted average exercise price (C$)
Outstanding, beginning of period	58,436,736	$ 1.04	11,409,190	$ 4.80
Issued	-	-	51,827,524	0.69
Expired	(6,609,212)	3.81	(4,799,978)	3.56
Outstanding, end of period	**51,827,524**	**$ 0.69**	**58,436,736**	**$ 1.04**

As of December 31, 2023, the Company had outstanding share purchase warrants as follows:

(All dollar amounts are expressed in thousands of United States Dollars, except per share amounts, unless otherwise noted)

14. SHARE CAPITAL, SHARE OPTION RESERVE AND WARRANT RESERVE – *continued*

Warrants - *continued*

Number of warrants	Exercise price (C$) per common share	Expiry date
2,481,537	0.53	March 24, 2024
49,345,987	0.70	March 24, 2027
51,827,524 $	**0.69**	

The weighted average remaining life of the outstanding warrants as at December 31, 2023 was 3.09 years (December 31, 2022: 3.63 years).

Restricted Share Units ("RSU")

Equity-settled RSUs are recognized over the vesting period from the date of grant. Cash-settled RSUs are marked to market and recognised as a liability. Continuity of the Company's RSUs issued and outstanding is as follows:

	Year Ended December 31, 2023	Year Ended December 31, 2022
Outstanding, beginning of period	**15,139**	48,443
Exercised for cash	**-**	(15,138)
Forfeited	**(15,139)**	(18,166)
Outstanding, end of period	**-**	15,139

As at December 31, 2023, the Company had no RSUs outstanding and exercisable.

Deferred Share Units ("DSU")

DSUs are recognized over the vesting period from the date of grant. Currently all DSUs vest one year after the date of issuance. Continuity of the Company's DSUs issued and outstanding is as follows:

	Year Ended December 31, 2023	Year Ended December 31, 2022
Outstanding, beginning of period	**-**	-
Issued	**1,200,000**	-
Exercised	**(31,147)**	-
Forfeited	**(168,853)**	-
Outstanding, end of period	**1,000,000**	-

Share-Based Compensation Expense

The fair value of share-based compensation is recognized over the vesting period from the date of grant. Share-based payment expenses relating to equity-settled awards recognized in the consolidated statements of loss and comprehensive loss for the year ended December 31, 2023 totalled $295 (2022: $796). The fair value of stock options granted was estimated using the Black-Scholes option pricing model with the following assumptions:

(All dollar amounts are expressed in thousands of United States Dollars, except per share amounts, unless otherwise noted)

14. SHARE CAPITAL, SHARE OPTION RESERVE AND WARRANT RESERVE – *continued*

Share-Based Compensation Expense - *continued*

	Year Ended December 31, 2023	Year Ended December 31, 2022
Risk–free interest rate	**2.96-4.29%**	2.66-3.32%
Expected life of options	**5.0 years**	5.0 years
Dividend rate	**Nil**	Nil
Expected forfeiture rate	**0%**	0%
Expected volatility	**70-76%**	67-69%

15. LOSS PER SHARE

The calculation of diluted loss per share was based on loss attributable to ordinary shareholders and the weighted average number of shares outstanding after adjustments for the effect of potential dilutive shares. Potentially dilutive shares associated with share options, warrants and convertible debentures out of the money were not included in the diluted earnings per share calculation as their effect was anti-dilutive. The following table summarizes the calculation of basic and diluted loss per share:

	Year Ended December 31, 2023	2022
Loss for the year	**$ (22,544)**	$ (43,608)
Basic weighted average number of common shares outstanding	**110,554,049**	99,139,280
Effective impact of dilutive securities	**-**	-
Diluted weighted average number of shares outstanding	**110,554,049**	99,139,280
Loss per share		
Basic	**$ (0.20)**	$ (0.44)
Diluted	**$ (0.20)**	$ (0.44)

16. REVENUE

	Year Ended December 31, 2023	2022
Gold sales	$ **59,853**	$ 56,562
Silver sales	**6,621**	5,548
Other sales	**203**	191
	66,677	62,301
Treatment and refining charges	**(321)**	(293)
	$ **66,356**	$ 62,008

(All dollar amounts are expressed in thousands of United States Dollars, except per share amounts, unless otherwise noted)

17. PRODUCTION COSTS

	Year Ended December 31, 2023	2022
Contractors and outside services	**$ 27,542**	$ 28,273
Employee compensation and benefits expense	**9,436**	8,915
Materials and consumables	**11,692**	11,612
Other expenses	**5,393**	5,829
Share-based compensation	**63**	215
	54,126	54,844
Changes in inventories	**(3,697)**	1,552
	$ 50,429	$ 56,396

18. CORPORATE ADMINISTRATIVE EXPENSES

	Year Ended December 31, 2023	2022
Direct general and administrative	**$ 1,259**	$ 1,222
Employee general and administrative	**1,470**	1,518
Share-based compensation	**232**	581
Depreciation	**103**	108
	$ 3,064	$ 3,429

19. FINANCE COSTS

	Year Ended December 31, 2023	2022
Interest on debt	**$ (2,403)**	$ (684)
Loss on settlement of short term loans	**-**	(85)
Accretion on silver stream (Note 11)	**(2,173)**	(2,543)
Other interest accretion	**(875)**	(575)
Interest expense, including accretion and issue costs	**(5,451)**	(3,887)
Settlement (loss) gain on silver stream (Note 11)	**(775)**	53
Finance costs – silver stream	**(1,755)**	(2,226)
Finance costs – gold sales	**(350)**	(122)
Finance costs – gold stream	**(132)**	(464)
Interest income	**14**	-
Total finance costs	**$ (8,449)**	$ (6,646)

(All dollar amounts are expressed in thousands of United States Dollars, except per share amounts, unless otherwise noted)

20. GAIN (LOSS) ON REVALUATION OF DERIVATIVE LIABILITIES

	Year Ended December 31,	
	2023	2022
Warrants	**$ 85**	$ 6,959
Silver stream embedded derivative	**1,069**	758
Convertible debenture	**1**	380
Revolving credit facility	**(362)**	-
	$ 793	$ 8,097

21. INCOME TAXES

The following reconciles the expected income tax recovery at Canadian statutory income tax rates to the amounts recognized in the consolidated statements of comprehensive loss for the years ended December 31, 2023 and 2022:

	Year Ended December 31,	
	2023	2022
Net income (loss) before taxes	**$ (22,544)**	$ (43,608)
Statutory tax rate	**27%**	27%
Expected income tax expense (recovery)	**(6,087)**	(11,774)
Non-deductible items	**116**	(1,672)
Foreign exchange	**-**	(16)
Foreign tax rate difference	**366**	1,003
Change in estimate	**838**	(1,967)
Change in deferred tax assets not recognized	**4,767**	14,426
Total income tax recovery	**$ -**	$ -

Deferred taxes reflect the tax effects of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and their corresponding values for tax purposes. Deferred tax assets (liabilities) as at December 31, 2023 and 2022 are as follows:

	Year Ended December 31,	
	2023	2022
Tax loss carryforwards	**$ 5,409**	$ 9,011
Convertible debentures	**(300)**	(433)
Property and equipment	**(4,967)**	(8,456)
Mining interests	**(44)**	(122)
Debt	**(98)**	-
Net deferred tax asset (liability)	**$ -**	$ -

The unrecognized deductible temporary differences are as follows:

(All dollar amounts are expressed in thousands of United States Dollars, except per share amounts, unless otherwise noted)

21. INCOME TAXES – *continued*

	Year Ended December 31,			
		2023		2022
Property and equipment	**$**	**6,955**	$	10,057
Mineral properties		**13,064**		12,320
Financing costs		**2,159**		3,557
Provision for reclamation and remediation		**403**		-
Streaming obligation		**10,906**		12,880
Derivatives		**9,150**		9,858
Other		**746**		1,937
Tax loss carryforwards		**83,695**		63,957
Unrecognized deductible temporary differences	**$**	**127,078**	$	114,566

As at December 31, 2023, the Company had non-capital tax loss carry-forwards in Canada of $24,134, which can be applied to reduce future Canadian taxable income and will expire between 2035 and 2043. In addition, the Company had net operating tax loss carry-forwards in the United States of $82,162, which can be applied to reduce future US taxable income which have an unlimited expiry period.

The Canadian tax loss carry-forwards include $1,103 of available non-capital losses generated by Eclipse subsequent to a change of control in 2021 and $4,767 of non-capital losses that arose prior to the change of control and are only available to the extent they are not considered property losses. Business losses arising prior to the change of control may only be used to offset taxable income from the same or similar business. The amount of US tax loss carry-forwards that can be used in a particular year may be limited to the extent the Company or its subsidiaries underwent a change of control.

22. SUPPLEMENTAL CASH FLOW INFORMATION

The net change in non-cash working capital items included in mineral properties, plant and equipment and other non-cash investing and financing activities were as follows:

	Year Ended December 31,			
		2023		2022
Value of shares issued on property option (Note 14)	**$**	**28**	$	90
Value of shares issued for debt or interest		**-**		2,363
Accounts payable and accrued liabilities	**$**	**1,337**	$	(471)

23. RELATED PARTY TRANSACTIONS

Related party transactions were incurred in the normal course of business and initially measured at their fair value which is the amount of consideration established and agreed to by the parties. Amounts due to or from related parties are non-interest bearing, unsecured and due on demand.

(All dollar amounts are expressed in thousands of United States Dollars, except per share amounts, unless otherwise noted)

23. RELATED PARTY TRANSACTIONS – *continued*

Key Management and Board of Directors Compensation

Key management personnel are those persons having authority and responsibility for planning, directing, and controlling the activities of the Company, either directly or indirectly. The Company has identified its members of the Board of Directors and executive officers including its Chief Executive Officer, Chief Financial Officer, former President and former Chief Financial Officer of the Company. The remuneration of the Company's key management personnel is as follows:

	Year Ended December 31,			
		2023		2022
Salaries and short-term benefits	**$**	**813**	$	898
Directors fees	**$**	**30**	$	-
Share-based payments	**$**	**78**	$	373

Included in salaries and short-term benefits for the year ended December 31, 2022 was $163 of termination payments made to the former President of the Company. Included in salaries and short-term benefits for the year ended December 31, 2023 was $125 of termination payments made to the former Chief Financial Officer of the Company.

24. FAIR VALUE MEASUREMENTS AND FINANCIAL RISK MANAGEMENT

The carrying values of cash, trade and other receivables, and trade and other payables approximate their fair values due to the short-term nature of these instruments. In evaluating fair value information, considerable judgment is required to interpret the market data used to develop the estimates. The use of different market assumptions and different valuation techniques may have a material effect on the estimated fair value amounts. Accordingly, the estimates of fair value presented herein may not be indicative of the amounts that could be realized in a current market exchange. The carrying value amount of the Company's financial instruments that are measured at amortized cost (including debt, lease obligation, and silver stream obligation) approximates fair value as they are measured using level 2 assumptions and using inputs other than quoted prices that are observable for the asset or liability either directly or indirectly. Similarly, the carrying value of the Company's derivative instruments, which are recognized at fair value through profit or loss approximates the fair value based on the various valuation techniques associated with those instruments.

Financial Risk Management

The Company's risk management policies are established to identify and analyse the risks faced by the Company, to set appropriate risk limits and controls and to monitor risks and adherence to market conditions and the Company's activities. The Company has exposure to credit risk, liquidity risk and market risk as a result of its use of financial instruments.

This note presents information about the Company's exposure to each of the above risks and the Company's objectives, policies and processes for measuring and managing these risks. Further quantitative disclosures are included throughout the consolidated financial statements. The Board of Directors has overall responsibility for the establishment and oversight of the Company's risk management framework. The Board of Directors has implemented and monitors compliance with risk management policies.

24. FAIR VALUE MEASUREMENTS AND FINANCIAL RISK MANAGEMENT – *continued*

Credit Risk

Credit risk is the risk of financial loss to the Company if a client or counterparty to a financial instrument fails to meet its contractual obligations. The Company has credit risk in respect of its cash, trade and other receivables, and restricted cash. The Company considers the risk of loss relating to cash and restricted cash to be low because these instruments are held only with a Canadian Schedule I financial institution, a US-chartered commercial bank and a US government agency. Trade and other receivables at December 31, 2023 related primarily to gold and silver dore bars sold but for which the funds were not collected prior to the period end. Amounts in trade and other receivables are expected to be collectible in full due to the nature of the counterparties and previous history of collectability.

Liquidity Risk

Liquidity risk is the risk that the Company will incur difficulties meeting its financial obligations as they are due. The Company's approach to managing liquidity is to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions without incurring unacceptable losses or risking harm to the Company's reputation. Refer to Note 1 for the Company's statement on going concern.

The Company manages its liquidity risk through the preparation of budgets and forecasts, which are regularly monitored and updated as management considers necessary and through the Company's capital management activities. A summary of contractual maturities of financial liabilities is included in Note 25.

Market Risk

Market risk consists of currency risk, commodity price risk and interest rate risk. The objective of market risk management is to manage and control market risk exposures within acceptable limits while maximizing returns. Refer to Note 1 for further discussion of the Company's risks, including going concern.

<u>Currency risk</u>

Foreign currency exchange rate risk is the risk that the fair values or future cash flows of the Company's financial instruments will fluctuate as a result of changes in foreign exchange rates. Some of the Company's operating and corporate administration expenditures are incurred in Canadian dollars and the fluctuation of the CAD $ in relation to US dollar will have an impact on the Company's profitability and the Company's financial assets and liabilities. The Company has assessed the impact to be low. At December 31, 2023, the Company held cash denominated in US dollars of $1,421 and CAD $66 (December 31, 2022: USD $3,254 and CAD $90). With other variables unchanged, a 1% increase on the USD/CAD exchange rate would increase debt by $42. The Company has not entered into any formal arrangements to hedge currency risk but does maintain cash balances within each currency.

(All dollar amounts are expressed in thousands of United States Dollars, except per share amounts, unless otherwise noted)

24. FAIR VALUE MEASUREMENTS AND FINANCIAL RISK MANAGEMENT – *continued*

Commodity price risk

The Company is subject to commodity price risk from fluctuations in the market prices for gold and silver. Commodity price risks are affected by many factors that are outside the Company's control including global or regional consumption patterns, the supply of and demand for metals, speculative activities, the availability and costs of metal substitutes, inflation and political and economic conditions. The value of the silver stream embedded derivative will fluctuate with changes in the price of silver which will affect future earnings. Management closely monitors trends in commodity prices of gold and other precious and base metals as part of its routine activities, as these trends could significantly impact future cash flows.

Interest rate risk

Interest rate risk is the risk that the fair values or future cash flows of the Company's financial instruments will fluctuate as a result of changes in market interest rates. Interest rate risk arises from the interest rate impact on cash, which is held at variable market rates, and is exposed to interest rate risk on its outstanding borrowings. With other variables unchanged, a 1% increase on the Company's floating rate debt would increase annual interest expense by $23. The Company closely monitors its exposure to interest rate risk and has not entered into any derivative contracts to manage this risk.

25. COMMITMENTS

At December 31, 2023, the Company had the following contractual obligations outstanding:

	Within 1 year	2–3 years	4-5 years	5+ years	Total
Debt[1]	$ 11,255	$ 20,249	$ 415	$ 1,281	**$ 33,200**
Trade and other payables	10,030	-	-	-	**10,030**
Lease commitments	311	98	-	-	**409**
Silver stream	1,766	2,384	-	-	**4,150**
Provision for reclamation	-	-	11,322	389	**11,711**
	$ 23,362	$ 22,731	$ 11,737	$ 1,670	**$ 59,500**

[1] Includes interest due on convertible debenture and debt.

26. SEGMENTED INFORMATION

The Company has one reportable operating segment, being the acquisition, exploration, development and production of precious metals. The consolidated statements of loss and comprehensive loss are composed substantially of activity in the United States of America ("USA") except for corporate administrative expenses, which occur in Canada. Reporting by geographical area follows the same accounting policies as those used to prepare the consolidated financial statements. All material non-current assets are located in the USA.

27. SUBSEQUENT EVENTS

- 304,166 stock options of the Company with an exercise price of C$1.44 expired.
- 2,481,537 warrants of the Company with an exercise price of C$0.53 expired.
- The Company closed out the advance facility agreement (Note 9).
- The terms of the short term promissory note (Note 8d) were amended. The maturity date was extended to March 31, 2024 and the principal was increased to $9,861.
- On February 26, 2024 the Company entered into a secured loan agreement (the "Demand Note"). The Demand Note is secured against all of the Company's property, is repayable on demand, and does not accrue interest. A total of $3,500 was drawn down by the Company and $31 in fees were accrued.
- On March 15, 2024, the terms of the revolving credit facility (Note 8c) were amended. Under the terms of the amendment the maturity date of the facility was extended to April 1, 2025, interest is capitalized and compounds quarterly and shall be payable on maturity.
- On April 3, 2024 the Company consolidated the outstanding unsecured debts including the revolving credit facility (Note 8c) and the short term promissory note (Note 8d) as obligations under the silver streaming agreement (Note 11). The terms of the debt remain unchanged with approximately $10,000 being payable on demand and not subject to interest, and approximately $18,200 being payable on April 1, 2025 and subject to an interest rate of 10% per annum, with interest payable on maturity. As a result of the consolidation, the debt is now secured against all of the Company's assets pursuant to the security granted in connection with the silver stream.
- On April 1, 2024 the Company the interest rate on the Multiple Advanced Promissory Note (Note 8b) at 6.3% for a period of one year.
- On April 12, 2024, the Company announced that Patriot Gold Corp. ("Patriot"), which holds a 3% net smelter returns royalty (the "NSR royalty") on the Moss Mine, has filed a complaint (the "Complaint") in the Maricopa County Superior Court for payment of amounts owing pursuant to the NSR royalty. The Company continues to engage with Patriot in an effort to resolve the Complaint without litigation.