CONSOLIDATED FINANCIAL STATEMENTS

For the years ended December 31, 2024
and December 31, 2023

Expressed in Canadian Dollars, unless otherwise noted

ARTEMIS
GOLD INC

Independent auditor’s report

To the Shareholders of Artemis Gold Inc.

Our opinion

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of Artemis Gold Inc. and its subsidiaries (together, the Company) as at December 31, 2024 and 2023, and its financial performance and its cash flows for the years then ended in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board (IFRS Accounting Standards).

What we have audited

The Company’s consolidated financial statements comprise:

- the consolidated statements of financial position as at December 31, 2024 and 2023;
- 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.

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, 2024. 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.

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Key audit matter	How our audit addressed the key audit matter
Assessment of liquidity risk *Refer to note 4 – Significant accounting judgments and estimates to the consolidated financial statements.* As at December 31, 2024, the Company had a working capital deficit of $253.8 million. Included in the working capital deficit are current liabilities of approximately $306.6 million. The Company poured its first gold from its Blackwater Gold Mine in January 2025 and is continuing its ramp-up of the mine. Management believes that the Company has sufficient liquidity to meet its contractual obligations for a period of at least 12 months from December 31, 2024. In making such determination, management prepared a short-term cash flow forecast using significant judgment and assumptions. These significant assumptions included short-term gold prices, the timing and volume of near-term production and estimated operating costs. Management's estimates of the timing and volume of near-term production are based off recoverable reserves and resources created from information compiled by qualified persons (management's experts). We considered this a key audit matter due the significant judgment by management in developing the short-term cash flow forecast, which led to a high degree of auditor judgment, subjectivity and audit effort in performing procedures to evaluate the short-term cash flow forecast and the Company's liquidity risk.	Our approach to addressing the matter included the following procedures, among others: • Evaluated management's assessment of the Company's liquidity risk, which included the following: – Tested the underlying data used by management in the short-term cash flow forecast and tested the mathematical accuracy thereof. – Evaluated the reasonableness of the significant assumptions, including short-term gold prices, the timing and volume of near-term production and estimated operating costs by (i) comparing short-term gold prices with contractual prices and external market and industry data and (ii) comparing the timing and volume of near-term production and estimated operating costs against performance in 2025. – The work of management's experts was used in performing the procedures to evaluate the reasonableness of estimates associated with the timing and volume of near-term production. 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 data used by management's experts and an evaluation of their findings. • Assessed the financial statement disclosures related to the Company's liquidity risk.

Other information

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

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

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

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

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

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

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

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

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

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

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

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company’s internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management’s use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company’s ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor’s report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor’s report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the Company as a basis for forming an opinion on the consolidated financial statements. We are responsible for the direction, supervision and review of the audit work performed for purposes of the group audit. We remain solely responsible for our audit opinion.

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

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

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

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

/s/PricewaterhouseCoopers LLP

Chartered Professional Accountants

Vancouver, British Columbia
March 11, 2025

ARTEMIS GOLD INC.

Consolidated Statements of Financial Position

(Expressed in Canadian Dollars)

	Notes	As at December 31, 2024 $	As at December 31, 2023 $
Assets			
Current assets			
Cash and cash equivalents		**28,279,214**	156,590,674
Receivables and prepayments		**3,795,057**	10,234,647
Current portion of restricted cash	6	**20,751,443**	-
		52,825,714	166,825,321
Non-current assets			
Investment in associate		**7,115,451**	7,585,568
Restricted cash	6	-	15,126,227
Capitalized contract costs		**1,955,775**	1,955,775
Deferred financing costs		-	10,006,762
Prepayments on non-current assets		**1,197,000**	15,159,857
Mineral property, plant and equipment	7	**1,643,313,710**	904,114,838
TOTAL ASSETS		**1,706,407,650**	1,120,774,348
Liabilities			
Current liabilities			
Accounts payable, accrued liabilities and provisions		**120,834,551**	52,814,479
Current portion of lease liabilities	8	**8,907,297**	1,373,303
Current portion of long-term debt	10	**151,568,649**	-
Current portion of asset retirement obligation	11	**1,256,572**	-
Current portion of deferred revenue	12	**10,870,023**	2,856,891
Derivative liabilities		**13,158,136**	-
		306,595,228	57,044,673
Non-current liabilities			
Lease liabilities	8	**123,739,759**	19,967,754
Variable consideration payable	9	**53,573,355**	47,262,688
Long-term debt	10	**325,878,830**	143,497,758
Asset retirement obligation	11	**45,042,611**	24,204,282
Deferred revenue	12	**258,627,072**	247,441,738
Other non-current liabilities		**2,098,412**	-
TOTAL LIABILITIES		**1,115,555,267**	539,418,893
Shareholders' equity			
Share capital	13	**630,996,803**	599,868,231
Contributed surplus	13	**32,116,940**	22,307,061
Accumulated other comprehensive income		**3,622,371**	3,622,371
Deficit		**(75,883,731)**	(44,442,208)
Total Shareholders' equity		**590,852,383**	581,355,455
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		**1,706,407,650**	1,120,774,348

Contingencies (Note 18)

Subsequent events (Note 19)

Approved for Issuance by the Board of Directors:

"Elise Rees" Director

"Steven Dean" Director

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

Consolidated Statements of Loss and Comprehensive Loss

(Expressed in Canadian Dollars, except per share amounts and number of shares)

	Notes	**For the year ended December 31, 2024 $**	For the year ended December 31, 2023 $
Operating expenses			
Depreciation	*7*	**681,450**	679,377
Management fees and wages	*14*	**5,589,522**	5,033,033
Investor relations and corporate development		**456,908**	524,746
Office, insurance and general		**1,640,233**	2,080,825
Professional fees		**965,371**	1,199,266
Share-based payments	*13, 14*	**7,998,029**	4,467,272
Loss from operations		**(17,331,513)**	(13,984,519)
Other (expense) income			
Interest expense on lease liability	*8*	**(67,672)**	(110,176)
Accretion expense on asset retirement obligation	*11*	**(414,085)**	(307,994)
Equity loss from investment in associate		**(470,117)**	(590,749)
Change in fair value of derivatives	*16*	**(13,158,136)**	-
Interest income		**-**	3,548,307
Net loss and comprehensive loss		**(31,441,523)**	(11,445,131)
Net loss per common share			
Basic and diluted		**(0.15)**	(0.06)
Weighted average number of common shares outstanding			
Basic and diluted		**211,486,393**	196,582,307

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

ARTEMIS GOLD INC.

Consolidated Statements of Changes in Equity

(Expressed in Canadian Dollars, except number of shares)

		Share capital					
	Notes	**Number of shares**	**Amount**	**Contributed surplus**	**Accumulated other comprehensive income**	**Deficit**	**Total shareholders' equity**
		#	$	$	$	$	$
Balance - January 1, 2024		198,706,255	599,868,231	22,307,061	3,622,371	(44,442,208)	581,355,455
Exercise of share purchase warrants	*13*	26,177,021	28,271,183	-	-	-	28,271,183
Exercise of stock options	*13*	369,702	2,857,389	(971,369)	-	-	1,886,020
Shared-based payments	*13*	-	-	10,781,248	-	-	10,781,248
Net loss		-	-	-	-	(31,441,523)	(31,441,523)
Balance - December 31, 2024		**225,252,978**	**630,996,803**	**32,116,940**	**3,622,371**	**(75,883,731)**	**590,852,383**

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

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

ARTEMIS GOLD INC.

Consolidated Statements of Cash Flows

(Expressed in Canadian Dollars)

	Notes	**For the year ended December 31, 2024 $**	For the year ended December 31, 2023 $
Operating activities			
Net loss and comprehensive loss		**(31,441,523)**	(11,445,131)
Items not involving cash:			
Depreciation		**681,450**	679,377
Share-based payments	*13, 14*	**7,998,029**	4,467,272
Interest expense on lease liability	*8*	**67,672**	110,176
Accretion expense on asset retirement obligation	*11*	**414,085**	307,994
Equity loss from investment in associate		**470,117**	590,749
Change in fair value of derivatives	*16*	**13,158,136**	-
Interest income		**-**	(3,548,307)
Net changes in non-cash working capital:			
Accounts payable, accrued liabilities and provisions		**(658,599)**	702,735
Receivables and prepayments		**499,269**	(384,778)
Net cash used in operating activities		**(8,811,364)**	(8,519,913)
Investing activities			
Interest received		**4,687,886**	3,601,670
Purchases of mineral property, plant and equipment		**(482,774,551)**	(396,424,022)
Performance security proceeds		**31,821,265**	-
Long-term prepayments		**(1,197,000)**	(15,159,857)
Restricted cash		**(5,625,216)**	(10,392,127)
Net cash used in investing activities		**(453,087,616)**	(418,374,336)
Financing activities			
Deferred financing costs		**(930,428)**	(11,143,819)
Exercise of stock options	*13*	**1,886,020**	3,759,580
Exercise of share purchase warrants	*13*	**28,271,183**	4,863,119
Lease payments	*8*	**(5,620,516)**	(1,277,934)
Proceeds from long-term debt	*10*	**315,000,000**	150,000,000
Interest payments on long-term debt	*10*	**(5,018,739)**	-
Capitalized contract costs		**-**	(338,025)
Proceeds from streaming arrangements	*12*	**-**	243,532,630
Net cash provided by financing activities		**333,587,520**	389,395,551
Change in cash and cash equivalents		**(128,311,460)**	(37,498,698)
Cash and cash equivalents, beginning		**156,590,674**	194,089,372
Cash and cash equivalents, ending		**28,279,214**	156,590,674
Supplemental cash flow disclosure			
Non-cash changes in working capital in investing activities:			
Mineral property, plant and equipment		**(65,061,636)**	(29,984,725)

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

1. NATURE OF OPERATIONS

Artemis Gold Inc. ("**Artemis Gold**" or the "**Company**") was incorporated under the Business Corporations Act (British Columbia) on January 10, 2019. The Company is a development-stage company focused on the development and operation of the Blackwater Gold Mine ("**Blackwater**" or the "**Blackwater Mine**") in central British Columbia. On January 29, 2025 the Company achieved its first pour of gold and silver at the Blackwater Mine, marking the transition from development to operations. The Company's common shares are traded on the TSX Venture Exchange ("**TSXV**") under the symbol "ARTG".

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

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

2. BASIS OF PREPARATION

Basis of preparation and measurement

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

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

These consolidated financial statements were approved by the Board of Directors on March 11, 2025.

Basis of consolidation

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

3. MATERIAL ACCOUNTING POLICIES

a) Cash and cash equivalents and restricted cash

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

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

b) Inventories

Stockpiled ore, gold in circuit and finished goods inventories are recorded at the lower of weighted average cost and net realizable value. Cost includes all direct costs incurred in production, including direct labour and materials, depletion and depreciation, and directly attributable overhead costs. Net realizable value is calculated as the estimated price at the time of sale based on prevailing and future metal prices, less estimated future costs to convert the inventories from their respective states into saleable form and all associated selling costs.

Stockpiled ore inventory represents ore that has been extracted from the mine and is available for further processing. The cost of stockpiled ore inventory is derived from the costs incurred up to the point of stockpiling the ore and is removed at the weighted average cost as ore is processed. Quantities of stockpiled ore are verified by periodic surveys. Stockpiled ore inventory is classified between current and non-current inventories in the consolidated statements of financial position based on the planned period of usage.

Gold in circuit inventory includes the weighted average costs transferred from previously stockpiled ore inventory, and the costs incurred in the process of converting ore into doré.

Finished goods inventory includes doré and bullion credits. Finished goods inventory includes the costs transferred from gold in circuit inventory plus, as applicable, refining and shipping costs. Costs are transferred from finished goods inventory and recorded as cost of sales in the statements of loss and comprehensive loss upon sale.

Materials and supplies inventories are measured at the lower of average cost and net realizable value, with replacement costs being the typical measure of net realizable value. Costs include the acquisition, freight and other directly attributable costs. Periodic reviews occur to determine the extent of any provision for obsolescence.

Any write-downs of inventory to net realizable value are recognized within cost of sales on the statements of loss and comprehensive loss. If there is a subsequent increase in the value of inventory, the previous write-downs to net realizable value are reversed to the extent that the related inventory has not been sold so that the new carrying amount is the lower of cost and the revised net realizable value.

3. MATERIAL ACCOUNTING POLICIES (CONTINUED)

c) Investment in associate

An associate is an entity over which the Company has significant influence, and which is neither a subsidiary nor a joint arrangement. The Company has significant influence over an entity when it has the power to participate in the financial and operating policy decisions of the associate but does not have control or joint control.

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

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

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

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

3. MATERIAL ACCOUNTING POLICIES (CONTINUED)

d) Mineral property, plant and equipment

*Mineral property and construction-in-progress (“**CIP**”)*

Mineral property and CIP include:

- Costs reclassified from exploration and evaluation assets;
- Capitalized development costs;
- Construction costs, including first fills;
- Initial development stripping and deferred stripping costs;
- Estimates related to reclamation and closure cost obligations (Note 3(f)); and
- Borrowing costs incurred that are attributable to qualifying assets.

All development and construction costs incurred for the Blackwater Mine are capitalized until commercial production is achieved. Upon achieving commercial production, the costs recorded under CIP are transferred to property, plant, and equipment (Note 3(d)). Commercial production is defined as the point at which the Blackwater Mine assets are capable of operating as intended by management (Note 4).

Following commercial production, stripping costs incurred that provide improved access to ore that will be mined in future periods and that would have not otherwise been accessible are capitalized as deferred stripping assets.

Deferred stripping assets are recognized, using the relevant expected life-of-mine phase stripping ratio compared to the actual life-of-mine phase stripping ratio, and are included as part of the carrying amount of the related mineral property when the following three criteria are met:

- It is probable that the future economic benefit (improved access to the ore body) associated with the stripping activity will flow to the Company;
- The Company can identify the component of the ore body for which access has been improved; and
- The costs relating to the stripping activity can be reliability measured.

Deferred stripping assets are depleted using the units of production (“**UOP**”) method over the reserves that directly benefit from the stripping activity. Costs incurred for regular waste removal that do not give rise to future economic benefits are included in operating expense during the period it is incurred.

Mineral property is carried at cost less accumulated depletion and accumulated impairment losses. Mineral property is depleted using the estimated ore tonnage to be milled based upon the total proven and probable reserves over the life-of-mine (“**LOM**”).

Depletion of mineral property and capitalized stripping only occurs following commercial production.

3. MATERIAL ACCOUNTING POLICIES (CONTINUED)

d) Mineral property, plant and equipment (continued)

Property, plant and equipment

Property, plant and equipment is carried at cost less accumulated depreciation and accumulated impairment losses. The cost of an item of property, plant and equipment consists of the purchase price, costs directly attributable to bringing the asset to the location and condition necessary for its intended use and, where applicable, borrowing costs.

The carrying amounts of property, plant and equipment are depreciated to their residual values, if applicable, using the straight-line method over the shorter of the estimated useful life of the asset or the LOM, or the UOP method using the estimated ore tonnage to be milled based upon the total proven and probable reserves over the LOM.

Right-of-use assets (Note 3 (g)) are depreciated using the straight-line method from the commencement date of the lease to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The estimated useful lives of major categories of property, plant, and equipment, depreciated using the straight-line method, range from 5 to 25 years. These categories include right-of-use assets, vehicles, furniture, camp, equipment, and buildings. Useful lives are reviewed annually and adjusted prospectively if necessary.

Where an item of property, plant and equipment is comprised of major components with different useful lives, the components are accounted for as separate items of property, plant and equipment. Costs incurred for major overhauls of existing equipment are capitalized as property, plant and equipment and are subject to depreciation once they are available for use. These costs are depreciated over the period until the next scheduled major overhaul or inspection. Routine repairs and maintenance costs are expensed as incurred.

Exploration and evaluation assets

Mineral property in the exploration phase consists of exploration and mining concessions or options and contracts related to such concessions. Exploration expenditures relate to the initial search for deposits with economic potential and detailed assessments of deposits or other projects that have been identified as having economic potential. Acquisition, exploration and evaluation costs are capitalized to mineral property until such time as the technical feasibility and commercial viability of extracting a mineral reserve for a particular property are demonstrable or the property is disposed of, either through sale or abandonment, or becomes impaired. Where the cost of mineral property includes variable payments based on future performance of the asset, the Company records variable consideration as an increase to the cost of the asset, which will subsequently be expensed as depletion during periods of commercial production. Once the technical feasibility and commercial viability of extracting a mineral reserve for a particular property are demonstrable, the capitalized amounts are tested for impairment and transferred to mineral property.

3. MATERIAL ACCOUNTING POLICIES (CONTINUED)

e) Impairment of mineral property, plant and equipment

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

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

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

f) Reclamation and closure cost obligations

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

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

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

3. MATERIAL ACCOUNTING POLICIES (CONTINUED)

g) Leases and right of use assets

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

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

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

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

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

h) Deferred revenue

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

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

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

3. MATERIAL ACCOUNTING POLICIES (CONTINUED)

i) Revenue recognition

Sale of refined gold and silver

The Company produces doré and sells refined gold and silver. Revenue from the sale of refined gold and silver is recognized when the Company has transferred control to the customer and is measured at an amount reflecting the consideration the Company expects to receive in exchange for those products.

When considering whether the Company has satisfied its performance obligation, it considers the indicators of the transfer of control, which include, but are not limited to, whether:

- the Company has a present right to payment;
- the customer has legal title to the asset;
- the Company has transferred physical possession of the asset to the customer; and
- the customer has the significant risks and rewards of ownership of the asset.

Gold Stream (as defined in Note 9)

Under streaming arrangements where the discount given to the streamer is accounted for as variable consideration in exchange for the acquisition of an asset, the difference between the purchase price and the spot price for gold ounces delivered to the streamer is recorded as an increase to mineral property when incurred and subsequently expensed as depletion over the LOM. As refined gold is delivered to the streamer, control is passed from the Company to the streamer. Revenue recognition under the Silver Stream and Gold Stream Amendment (as defined in Note 12) is discussed in Note 3(h).

j) Share-based payments

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

Compensation expense for stock options awarded to employees are measured based on the fair value of the options on the grant date which is determined using the Black-Scholes option pricing model. The fair value of stock options granted is recognized as an expense over the vesting period with a corresponding increase in contributed surplus.

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

Restricted share units (“RSUs”) and deferred share units (“DSUs”) issued prior to December 31, 2023 are liability awards settled in cash and measured at the quoted market price at the grant date. The liability and corresponding expense are adjusted over the vesting period for changes in fair value at each subsequent reporting date until the awards are settled. On August 10, 2023, the Company adopted an Omnibus Incentive Plan (the “Omnibus Plan”) under which RSUs and DSUs may be settled in either cash or in common shares (or a combination thereof), which form of settlement is to be determined at the sole discretion of the Board of Directors. Equity-settled RSUs and DSUs are measured at fair value at the date of the grant and the corresponding expense is recorded over the vesting period within equity. All share-based awards have been granted under the Omnibus Plan since its adoption.

3. MATERIAL ACCOUNTING POLICIES (CONTINUED)

k) Income taxes

Income taxes include Canadian federal and provincial income taxes. Provincial mining taxes represent Canadian provincial taxes levied on mining operations. To the extent these taxes are determined based on a measure of taxable earnings, they are also accounted for as income taxes.

Current income tax is the expected tax payable on the taxable earnings for the year, using tax rates enacted or substantively enacted at period-end in the country and province where the Company operates and generates taxable income.

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

l) Earnings (loss) per common share

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

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

m) Foreign currency transactions

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

3. MATERIAL ACCOUNTING POLICIES (CONTINUED)

n) Financial instruments

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

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

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

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

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

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

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

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

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

3. MATERIAL ACCOUNTING POLICIES (CONTINUED)

o) Changes in accounting standards

i) Accounting standards adopted January 1, 2024

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

ii) Accounting standards and amendments issued but not yet adopted

- Amendments to IFRS 9 and IFRS 7, *Amendments to the Classification and Measurement of Financial Instruments* ("**Amendments to IFRS 9 and IFRS 7**"): In May 2024, the IASB issued Amendments to IFRS 9 and IFRS 7 which clarify the date of recognition and derecognition of some financial assets and liabilities with a new exception for some financial liabilities settled through an electronic cash transfer system, clarify and add further guidance for assessing whether a financial asset meets the solely payments of principal and interest criterion, add new disclosures for certain instruments with contractual terms that can change cash flows such as instruments with features linked to the achievement of environment, social and governance targets; and update the disclosures for equity instruments designated at FVOCI. Amendments to IFRS 9 and IFRS 7 is effective for periods beginning on or after January 1, 2026, with early adoption permitted. The Company is assessing the impact of this standard on its disclosures.

- IFRS 18, *Presentation and Disclosure in Financial Statements* ("**IFRS 18**"): In April 2024, the IASB issued IFRS 18, which will replace IAS 1. IFRS 18 is effective for periods beginning on or after January 1, 2027, with early adoption permitted. IFRS 18 will require defined categories and subtotals in the statement of profit or loss, require disclosure about management-defined performance measures, and adds new principles for aggregation and disaggregation of information. The Company is assessing the impact of this standard on its disclosures.

4. SIGNIFICANT ACCOUNTING JUDGMENTS AND ESTIMATES

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

The following discusses the judgments in applying the Company's accounting policies that have the most significant effect on the consolidated financial statements.

4. SIGNIFICANT ACCOUNTING JUDGMENTS AND ESTIMATES (CONTINUED)

Liquidity

As at December 31, 2024, the Company had a working capital deficit of $253.8 million. In January 2025, the Company agreed to a $40 million increase in its Stand-by Facility (Notes 10 and 19). In March 2025, the Company agreed to a simplification of its Silver Stream (Notes 12 and 19) pursuant to which the streaming company provided an additional stream deposit of US$30 million (approximately $43 million).

The Company poured its first gold and silver from its Blackwater Mine in January 2025 and is continuing its ramp-up of the mine, in anticipation of achieving commercial production in Q2 2025. It is conventional for a Company to reach a lower level of liquidity during this stage of development as it transitions into operations.

Following achievement of commercial production, the Company plans to refinance the PLF and Stand-by Facility (Notes 10 and 19), which currently represent $151.6 million of the working capital deficit, by means of a corporate revolver facility, subject to reaching mutually-agreeable terms. This is expected to provide additional flexibility pertaining to draw-downs and repayments.

The working capital deficit includes $24 million in current liabilities (derivative liabilities and deferred revenue) that are expected to be settled by physical delivery of future production.

The Company expects that its available liquidity as at December 31, 2024, along with the increase in the Stand-by Facility, the proceeds from the simplification of its Silver Stream (Note 19) and future cash flows associated with mining operations will provide sufficient resources to meet its contractual obligations for at least the following 12 months. This determination is based on management's short-term cash flow forecast, which relies on significant judgment and assumptions, including the estimated timing and volume of near-term production, short-term gold prices, and the estimated operating costs.

The estimated volume of near-term production is consistent with the Company's estimated reserves and grade control modelling. If certain conditions do not materialize in the manner or timing intended by the Company, in those circumstances the Company may need to fund expenditure and debt servicing from equity financing or other capital sources.

Impairment of mineral property, plant and equipment

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

4. SIGNIFICANT ACCOUNTING JUDGMENTS AND ESTIMATES (CONTINUED)

Deferred revenue – Own use exemption

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

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

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

Deferred revenue – variable consideration

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

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

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

4. SIGNIFICANT ACCOUNTING JUDGMENTS AND ESTIMATES (CONTINUED)

PLF Mandatory Hedge Program (as defined below) – Own use exemption

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

In determining whether the Gold Forwards met the criteria of the "own use" exemption in IFRS 9, the Company evaluated whether it has the ability and intent to settle the Gold Forwards through the delivery of gold from the Blackwater Mine. As at December 31, 2024, the Company had Gold Forwards under the Mandatory Hedge Program on 190,000 gold ounces, of which approximately 70,000, 63,000 and 57,000 gold ounces are due to be settled in 2025, 2026 and 2027, respectively.

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

Commercial production

Determining when assets are in the location and condition necessary for it to be capable of operating in the manner intended by management (commercial production) is a matter of judgment. Depending on the specific facts and circumstances, the following factors may indicate that commercial production has commenced:

- The completion of all major capital expenditures to bring the mine to the condition necessary for it to be capable of operating in the manner intended by management;
- Substantial transfer of the mine from the construction group to operating personnel;
- The ability to produce metal in saleable form (within specifications);
- The mill has reached a pre-determined percentage of design capacity and mineral recoveries are near the expected production levels;
- The completion of a reasonable period of testing of the mine, mill, and related equipment; and
- The ability to sustain ongoing production of ore.

5. KEY SOURCES OF ESTIMATION UNCERTAINTY

The following discusses the key sources of estimation uncertainty as at the end of the reporting period that could result in a material effect in the next financial year on the carrying amounts of assets and liabilities.

Reclamation and closure cost obligations

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

(Expressed in Canadian Dollars, unless otherwise noted)

6. RESTRICTED CASH

As at December 31, 2024, the Company recorded a total of $20.8 million (December 31, 2023 - $15.1 million) of restricted cash on the statements of financial position with respect to cash collateral provided to support surety bonds related to reclamation and other permitting requirements, fish habitat compensation plans and mining effluent requirements, construction holdbacks and other collateral provided in regard to financial security in support of general corporate accounts.

The current portion of restricted cash is comprised of amounts expected to be released from construction holdbacks, as well as the expected refund of cash collateral from the Company's surety providers with previously issued reclamation and environmental security bonds following first gold and silver pour and commencement of commercial production. Subsequent to year-end, a portion of restricted cash related to reclamation and environmental security bonds was released following first gold and silver pour (Note 19).

The following table summarizes restricted cash as follows:

		December 31, 2024		December 31, 2023
		$		$
	Restricted cash	**Surety bond**	Restricted cash	Surety bond
Reclamation and environmental security	**8,698,900**	**167,418,300**	8,698,900	86,989,000
Construction holdback liability	**11,937,143**	**-**	6,311,927	-
Other	**115,400**	**6,382,254**	115,400	585,544
Balance	**20,751,443**	**173,800,554**	15,126,227	87,574,544
Less: current portion	**(20,751,443)**		-	
Non-current portion	**-**		15,126,227	

(Expressed in Canadian Dollars, unless otherwise noted)

7. MINERAL PROPERTY, PLANT AND EQUIPMENT

	Mineral property	Construction-in-progress	Property, plant and equipment	Right of use assets	Total
	$	$	$	$	$
COST					
Balance, January 1, 2023	381,131,615	46,406,633	8,159,059	2,329,600	438,026,907
Additions	107,893,413	342,187,242	61,218	20,621,019	470,762,892
Balance, December 31, 2023	**489,025,028**	**388,593,875**	**8,220,277**	**22,950,619**	**908,789,799**
Additions	252,072,779	389,372,427	-	112,685,136	754,130,342
Balance, December 31, 2024	**741,097,807**	**777,966,302**	**8,220,277**	**135,635,755**	**1,662,920,141**
Balance, January 1, 2023	-	-	(1,515,859)	(799,109)	(2,314,968)
Depreciation	-	-	(711,829)	(1,648,164)	(2,359,993)
Balance, December 31, 2023	-	-	(2,227,688)	(2,447,273)	(4,674,961)
Depreciation	-	-	(3,079,651)	(11,851,819)	(14,931,470)
Balance, December 31, 2024	**-**	**-**	**(5,307,339)**	**(14,299,092)**	**(19,606,431)**
NET BOOK VALUE					
Balance, December 31, 2023	**489,025,028**	**388,593,875**	**5,992,589**	**20,503,346**	**904,114,838**
Balance, December 31, 2024	**741,097,807**	**777,966,302**	**2,912,938**	**121,336,663**	**1,643,313,710**

Total depreciation recognized during the year ended December 31, 2024 was $14.9 million (December 31, 2023 - $2.4 million), of which $0.7 million was expensed in the consolidated statements of loss and comprehensive loss (December 31, 2023 - $0.7 million). The remaining depreciation charges were capitalized to mineral property.

The amount of capitalized interest included in property, plant and equipment during the year ended December 31, 2024 was $63.0 million (year ended December 31, 2023 - $19.9 million). The amount of capitalized interest includes the accretion of variable consideration payable and deferred revenue, as well as commitment fees and interest expense associated with the PLF, cost overrun facility ("**COF**"), Stand-by Facility (as defined in Note 10), and mobile equipment master lease agreement ("**MLA**") and amortization of deferred financing costs. Capitalized interest included in mineral property during the year ended December 31, 2024 is net of $4.7 million of interest income associated with the cash proceeds from the PLF (year ended December 31, 2023 - nil).

The additions to mineral property during the year ended December 31, 2024 includes $21.7 million in changes in the asset retirement obligation estimate (December 31, 2023 - $12.6 million).

The additions to construction-in-progress are presented net of $31.8 million of performance security proceeds that was collected in October 2024. This is associated with the engineering, procurement and construction contractor (as further discussed in Note 18).

(Expressed in Canadian Dollars, unless otherwise noted)

8. LEASE LIABILITIES

The Company's lease liabilities are primarily related to the initial mining fleet and construction equipment required for the execution of the owner-performed scope of major works construction activities at the Blackwater Mine. The Company's lease liabilities have interest rates that vary between 6.0% to 9.5%.

The following table summarizes the changes in lease liabilities:

	December 31, 2024	December 31, 2023
	$	$
Opening balance	**21,341,057**	**1,712,564**
Additions	112,696,323	20,537,403
Lease payments	(5,620,516)	(1,277,934)
Interest	4,230,192	369,024
Closing balance	**132,647,056**	**21,341,057**
Less: current portion	(8,907,297)	(1,373,303)
Non-current portion	**123,739,759**	**19,967,754**

Total interest incurred on lease liabilities during the year ended December 31, 2024 was $4.2 million (December 31, 2023 - $0.4 million), which was primarily capitalized to mineral property.

In December 2024, the Company increased the funds available under the MLA to $155 million and extended the availability of the MLA to June 30, 2025 (Note 16). Future scheduled lease payments, comprising principal and interest are disclosed in Note 16.

9. VARIABLE CONSIDERATION PAYABLE

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

- The streaming company would receive a percentage of gold production from the Blackwater Mine as follows: 8% until 279,908 refined gold ounces (the "**Original Threshold Amount**") are delivered to and purchased by the streaming company, then 4% thereafter for the LOM. See Note 12 regarding the Amended Threshold Amount; and
- The streaming company will pay a purchase price equal to 35% of the US$ spot price for the gold ounces received. The 65% discount given will be recorded as an increase to the cost of the asset when incurred as variable consideration for the acquisition.

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

(Expressed in Canadian Dollars, unless otherwise noted)

9. VARIABLE CONSIDERATION PAYABLE (CONTINUED)

Once the Blackwater mineral processing facility achieves an average of at least 80% of Phase 1 nameplate capacity (as per the definition in the 2021 feasibility study) for a period of 60 days prior to August 21, 2027, the liability will be de-recognized with a corresponding reduction to mineral property, plant and equipment.

The following table summarizes the changes in variable consideration payable:

	Carrying amount $
Balance, January 1, 2023	**41,709,665**
Accretion expense capitalized to mineral property, plant and equipment	5,553,023
Balance, December 31, 2023	**47,262,688**
Accretion expense capitalized to mineral property, plant and equipment	6,310,667
Balance, December 31, 2024	**53,573,355**

10. LONG-TERM DEBT

Project Loan Facility and Cost Overrun Facility

On February 23, 2023, the Company executed a Project Loan Facility ("**PLF**") with a syndicate of lenders, in respect of a $360 million PLF plus up to $25 million of capitalized interest, to fund a significant component of the estimated construction costs of the development of the Blackwater Mine. Principal and capitalized interest under the PLF will be repayable in quarterly installments over six years, commencing in May 2025. The PLF can be prepaid at anytime without penalty. The Company incurred commitment fees of 1.5% on the undrawn portion of the PLF, payable quarterly up until the earlier of the completion of construction, the first repayment date, or when all amounts of the PLF are drawn. The PLF is secured through guarantees and a first ranking charge on all assets of the Company and each of its material subsidiaries. In connection with the PLF, the Company must also maintain certain ratios for leverage and interest coverage. The PLF carried an interest rate at the Canadian Dealer Offered Rate ("CDOR"), plus a margin of 4.75% pre-project completion, reducing to 4.25% post-completion (the "Margin"). CDOR ceased publication in June 2024, at which point the Company and its lenders transitioned to the Canadian Overnight Repo Rate Average ("CORRA"). Following the conversion to CORRA, the PLF carries a rate of CORRA plus 0.32138% per annum plus the Margin.

In December 2023, March 2024 and June 2024, the Company drew $150 million, $130 million and $80 million, respectively under the PLF.

As at December 31, 2024, the entire balance of $360 million had been drawn and $25 million of interest had been capitalized.

The PLF also provides for a $40 million COF. The COF is repayable in 2030, with 50% repayable in May 2030 and the remaining 50% repayable in August 2030. The COF can be prepaid at anytime without penalty. The Company incurred commitment fees of 1.75% on the undrawn portion of the COF, payable quarterly up until the earlier of the completion of construction, the first repayment date, or when all amounts of the COF are drawn. Any amounts drawn on the COF carry the pricing of the PLF plus an additional 2%.

In October 2024, the Company drew $40 million under the COF, which remains outstanding as at December 31, 2024.

(Expressed in Canadian Dollars, unless otherwise noted)

10. LONG-TERM DEBT (CONTINUED)

Stand-by Facility

On October 9, 2024, the Company executed an agreement with one of its existing lenders to provide additional stand-by debt funding of up to $65 million, plus up to $10 million in capitalized interest and fees, on a subordinated and unsecured basis ("**Stand-by Facility**"). The Stand-by Facility is repayable on October 9, 2025, but otherwise has the same commercial terms as the COF.

In October and December 2024, the Company drew $35 million and $30 million, respectively, under the Stand-by Facility. As at December 31, 2024, $65 million had been drawn, with $8.2 million of capitalized interest remaining. Subsequent to year-end, the Company entered into an agreement to extend the Stand-by Facility, securing an additional $40 million in subordinated and unsecured debt funding. The additional funding carries similar terms as the existing Stand-by Facility and is to be repaid by July 31, 2025 (Note 19).

As at December 31, 2024, the Company was in compliance with its debt covenants. Upon completion as defined in the PLF, the Company will be subject to a liquidity-based financial covenant for which the first measurement date, based on management's current projections, is expected to be during the fourth quarter of 2025. The Company expects to achieve compliance with this financial covenant. This is dependent upon the Company's ability to achieve near-term production and sales in accordance with its plans to generate sufficient positive cash flows. Aggregate future minimum repayments, including both the principal amount of drawings and capitalized interest, are disclosed in Note 16.

The following tables summarize the balances at period-end and changes to long-term debt:

	December 31, 2024 **$**	December 31, 2023 $
PLF		
Drawdowns	360,000,000	143,497,758
Capitalized and accrued interest	25,913,785	-
Deferred financing costs	(17,714,718)	-
Amortization of deferred financing costs	2,441,979	-
COF		
Drawdown	40,000,000	-
Stand-by Facility		
Drawdowns	65,000,000	-
Capitalized and accrued interest	1,806,433	-
Closing balance	**477,447,479**	**143,497,758**
Less: current portion	(151,568,649)	-
Non-current portion	**325,878,830**	**143,497,758**

(Expressed in Canadian Dollars, unless otherwise noted)

10. LONG-TERM DEBT (CONTINUED)

	2024 $	2023 $
PLF - Opening balance	143,497,758	-
Proceeds received on drawdowns	210,000,000	150,000,000
Reclassification of deferred financing costs	(10,567,031)	(7,147,687)
Amortization of deferred financing costs	2,433,096	8,883
Capitalized interest	24,363,438	636,562
Interest expense	4,863,549	-
Interest payments	(3,949,764)	-
PLF - Closing balance	370,641,046	143,497,758
COF - Opening balance	-	-
Proceeds received on drawdown	40,000,000	-
Interest expense	1,068,975	-
Interest payments	(1,068,975)	-
COF - Closing balance	40,000,000	-
Stand-by Facility - Opening balance	-	-
Proceeds received on drawdowns	65,000,000	-
Capitalized interest	1,806,433	-
Stand-by Facility - Closing balance	66,806,433	-
Total - Closing balance	**477,447,479**	**143,497,758**

11. ASSET RETIREMENT OBLIGATION

The following table summarizes the changes to the asset retirement obligation:

	Carrying amount $
Balance, January 1, 2023	**11,292,855**
Accretion expense	307,994
Change in obligation estimate	12,603,433
Balance, December 31, 2023	**24,204,282**
Accretion expense	414,085
Change in obligation estimate	21,680,816
Balance, December 31, 2024	**46,299,183**
Less: current portion	(1,256,572)
Non-current portion	**45,042,611**

As at December 31, 2024, the assumptions applied in estimating the asset retirement obligation related to the inflation rate and discount rate were 2.13% and 3.33% per annum (as at December 31, 2023 1.99% and 3.02% per annum), respectively. As at December 31, 2024, the Company's estimate of the undiscounted future cash flows related to the asset retirement obligation was $58.3 million (Note 16).

(Expressed in Canadian Dollars, unless otherwise noted)

12. DEFERRED REVENUE

The following table summarizes the changes in deferred revenue:

	Silver Stream $	Gold Stream Amendment $	Total $
Balance, January 1, 2023	-	-	-
Deposits	189,763,200	53,769,430	**243,532,630**
Accretion	5,507,112	1,258,887	6,765,999
Balance, December 31, 2023	**195,270,312**	**55,028,317**	**250,298,629**
Less: current portion	(2,856,891)	-	(2,856,891)
Non-current portion	**192,413,421**	**55,028,317**	**247,441,738**
Balance, January 1, 2024	**195,270,312**	**55,028,317**	**250,298,629**
Accretion	15,621,625	3,576,841	19,198,466
Balance, December 31, 2024	**210,891,937**	**58,605,158**	**269,497,095**
Less: current portion	(10,870,023)	-	(10,870,023)
Non-current portion	**200,021,914**	**58,605,158**	**258,627,072**

a) Silver Stream

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

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

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

12. DEFERRED REVENUE (CONTINUED)

a) Silver Stream (continued)

The Silver Stream also contains a partial buy-back option such that, should a change of control occur prior to the earlier of January 1, 2025, or the achievement of commercial production at Blackwater, the Company will have a one-time option to repurchase up to 33% of the Silver Stream for cash consideration. This partial buy back option constitutes an embedded derivative which was initially recognized at $nil based on its fair value at the time that the upfront cash consideration was received. The embedded derivative is classified as fair value through profit and loss and is valued at $nil as of December 31, 2024. The fair value of the embedded derivative asset related to the partial buy-back option was determined by using a discounted cash flow approach with an estimated market silver price applied. Subsequent to December 31, 2024, the partial buy-back option went unexercised and expired.

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

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

b) Gold Stream Amendment

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

- The streaming company made upfront deposit payments in cash of US$40 million, payable in tranches during the major works construction of the Blackwater Mine, subject to certain conditions;
- The Original Threshold Amount is increased to 464,000 refined gold ounces (the "**Amended Threshold Amount**"), resulting in the Company delivering approximately 92,000 additional gold ounces to the streaming company, starting in 2035 based on the current life of mine plan; and
- The Gold Stream Amendment will be settled by Blackwater delivering gold metal to the streaming company.

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

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

As the deliveries of the Amended Threshold Amount are not expected to begin until 2035, the entire amount of the deferred revenue related to the Gold Stream Amendment is recorded as non-current as of December 31, 2024.

(Expressed in Canadian Dollars, unless otherwise noted)

13. EQUITY

a) Authorized share capital

Unlimited number of common shares without par value.

During the year ended December 31, 2024, the Company completed the following share transactions:

i. In various tranches, the Company issued 26,177,021 common shares pursuant to warrant exercises for gross proceeds of $28.3 million.

ii. In various tranches, the Company issued 369,702 common shares pursuant to stock option exercises for gross proceeds of $1.9 million. The associated fair value of $1.0 million was reclassified from contributed surplus to share capital.

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

i. In various tranches, the Company issued 4,502,888 common shares pursuant to warrant exercises for gross proceeds of $4.9 million.

ii. In various tranches, the Company issued 991,666 common shares pursuant to stock option exercises for gross proceeds of $3.8 million. The associated fair value of $2.0 million was reclassified from contributed surplus to share capital.

b) Stock options

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

The Company uses the Black Scholes option pricing model to determine the fair value of stock options granted. As at December 31, 2024, the Company had the following stock options outstanding and exercisable:

	Number of stock options \#	Weighted-average exercise price $
Outstanding – January 1, 2023	**10,309,600**	**4.67**
Granted	3,393,875	4.92
Exercised	(991,666)	3.79
Forfeited	(1,049,334)	5.17
Outstanding – December 31, 2023	**11,662,475**	**4.77**
Granted	2,440,500	7.24
Exercised	(369,702)	5.10
Forfeited	(100,784)	6.14
Outstanding – December 31, 2024	**13,632,489**	**5.19**

(Expressed in Canadian Dollars, unless otherwise noted)

13. EQUITY (CONTINUED)

b) Stock options (continued)

The following table summarizes the options outstanding and exercisable at December 31, 2024 and December 31, 2023:

As at December 31, 2024	Total options outstanding				Total options exercisable			
Range of exercise price	Number	Weighted average remaining contractual life (years)	Weighted average exercise price		Number	Weighted average remaining contractual life (years)	Weighted average exercise price	
$1.00-$3.00	1,350,000	4.8	$	1.18	1,350,000	4.8	$	1.18
$3.01-$5.00	3,724,815	3.1	$	4.80	1,452,202	3.0	$	4.77
$5.01-$7.00	6,016,289	1.3	$	5.47	5,811,289	1.3	$	5.47
$7.01-$9.00	2,541,385	4.0	$	7.24	150,000	1.9	$	7.25
	13,632,489	**2.6**	**$**	**5.19**	**8,763,491**	**2.1**	**$**	**4.72**

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

Share-based payments arising from stock options that were recognized during the year ended December 31, 2024 was $8.8 million (during the year ended December 31, 2023 – $6.8 million), of which $4.6 million was expensed in the consolidated statements of loss and comprehensive loss (year ended December 31, 2023 - $3.5 million) and the remainder capitalized to mineral property.

The following assumptions were used in the valuation of the stock options granted in the year ended December 31, 2024 and December 31, 2023:

	For the year ended December 31, 2024	For the year ended December 31, 2023
Annualized volatility	**54%**	54%
Expected life (years)	**5**	5
Dividend rate	**0.00%**	0.00%
Risk-free interest rate	**3.60% - 3.82%**	3.05% - 4.33%
Forfeiture rate	**0.00%**	0.00%

The risk-free rate for periods within the contractual term of the option is based on the Bank of Canada administered interest rates in effect at the time of the grant. Expected volatilities are based on historical volatilities of stock prices of comparable companies given the limited life of the Company as an exploration and development company.

As at December 31, 2024, outstanding stock options had a weighted average remaining life of 2.7 years (December 31, 2023 – 3.3 years).

13. EQUITY (CONTINUED)

c) Restricted Share Units

The Company adopted a cash-settled Share Unit Plan in early 2023 ("**Share Unit Plan**"). Recipients of Restricted Share Units ("**RSUs**") issued under the Share Unit Plan will receive a cash settlement in the amount equal to the market price of the RSUs on their vesting dates, with such amounts to be paid within 30 days of the respective vesting dates. On August 10, 2023, the Company adopted the Omnibus Incentive Plan ("**Omnibus Plan**"). Once RSUs issued under the Omnibus Plan vest, settlement shall be made by the issuance of one Common Share for each RSU being settled, a cash payment equal to the market price on the vesting date of the RSUs being settled in cash, or a combination of shares and cash, all as determined by the Board in its sole discretion.

In February 2024, the Company granted 503,500 RSUs under the Omnibus Plan to non-independent directors, officers and employees of the Company.

Share-based payments arising from RSUs issued under the Share Unit Plan that were recognized during the year ended December 31, 2024 totalled $3.3 million (year ended December 31, 2023 - $1.7 million), of which $1.8 million was expensed during the year ended December 31, 2024, in the consolidated statements of loss and comprehensive loss (year ended December 31, 2023 - $0.8 million), and the remainder was capitalized to mineral property.

Share-based payments arising from RSUs issued under the Omnibus Plan that were recognized during the year ended December 31, 2024 totalled $1.9 million (year ended December 31, 2023 - $nil), of which $0.8 million was expensed during the year ended December 31, 2024, in the consolidated statements of loss and comprehensive loss (year ended December 31, 2023 - $nil), and the remainder was capitalized to mineral property.

d) Deferred Share Units

Under the Share Unit Plan, deferred share units ("**DSUs**") may be granted to non-executive directors of the Company from time to time. Vested DSUs issued under the Share Unit Plan are to be settled in a cash amount equal to the market price of the vested DSUs on the date that the person ceases to be a director of the Company, with the settlement to occur within 30 days of the person ceasing to be a director of the Company. Vested DSUs issued under the Omnibus Plan may be redeemed by non-executive directors once they cease to be a director of the Company by providing a redemption notice to the Company specifying the redemption date which will be at least three months following the date that the person ceased to be a non-executive director, but no later than December 15th of the year following which the person ceased to be a non-executive director. The former non-executive director would be entitled to one common share for each vested DSU under the Omnibus Plan, or a cash payment equal to the market value of such vested DSUs on the redemption date, or a combination of shares and cash, all as determined by the Board in its sole discretion.

In February 2024 the Company granted 33,000 DSUs under the Omnibus Plan to directors of the Company.

Share-based payments arising from DSUs issued under the Share Unit Plan and Omnibus Plan that were recognized during the year ended December 31, 2024 totalled $0.8 million (year ended December 31, 2023 - $0.2 million), of which the entire amount was expensed during the years ended December 31, 2024 and 2023 in the consolidated statements of loss and comprehensive loss.

(Expressed in Canadian Dollars, unless otherwise noted)

13. EQUITY (CONTINUED)

e) Share purchase warrants

All share purchase warrants have been exercised or had expired on August 27, 2024. A summary of the changes in share purchase warrants is as follows:

	Number of warrants	Weighted-average exercise price $
Outstanding - January 1, 2023	**30,689,909**	**1.08**
Exercised	(4,502,888)	1.08
Outstanding - December 31, 2023	**26,187,021**	**1.08**
Exercised	(26,177,021)	1.08
Expired	(10,000)	1.08
Outstanding - December 31, 2024	**-**	**-**

f) Loss per common share

For the years ended December 31, 2024 and December 31, 2023 the effect of all potentially dilutive securities was anti-dilutive, given that the Company reported a net loss for both periods.

14. RELATED PARTY TRANSACTIONS AND KEY MANAGEMENT COMPENSATION

a) Key management compensation

The Company transacts with key management personnel, who have authority and responsibility to plan, direct and control the activities of the Company and receive compensation for services rendered in that capacity. Amounts paid to related parties were incurred in the normal course of business. Key management for the years ended December 31, 2024 and 2023 consists of the Company's Chairman, Chief Executive Officer & Director; President and Chief Operating Officer; Chief Financial Officer and Corporate Secretary; Chief ESG Officer; and directors. A portion of key management compensation is capitalized, depending on the nature of the individuals' responsibilities.

Compensation awarded to key management for the years ended December 31, 2024 and December 31, 2023 was:

	For the year ended December 31, 2024 $	For the year ended December 31, 2023 $
Salaries and benefits	**2,294,359**	2,102,163
Consulting fees	**1,604,919**	1,439,572
Director fees	**563,915**	596,876
Share-based payments	**7,736,841**	5,869,963
	12,200,034	10,008,574

As at December 31, 2024, the Company did not owe any unpaid salaries, benefits or consulting fees to the Company's Chairman, Chief Executive Officer and Director; President and Chief Operating Officer; Chief Financial Officer and Corporate Secretary; Chief ESG Office; or directors (as at December 31, 2023 - $nil).

(Expressed in Canadian Dollars, unless otherwise noted)

15. INCOME TAX

Income tax expense differs from the amount that would result from applying the applicable statutory income tax rates to earnings before income taxes. The combined federal and provincial income tax rates below consist of a Canadian federal income tax rate of 15% and a BC provincial income tax rate of 12%. These taxes are payable after applicable deductions are used. The Blackwater Mine will become subject to BC mining tax, which consists of a 2% provincial minimum tax payable on net current proceeds which is creditable against the 13% effective mining tax rate which is calculated based on operating profit less applicable capital cost deductions. The BC mining tax is deductible in computing provincial and federal income tax. These differences result from the following items:

	For the year ended December 31, 2024 $	For the year ended December 31, 2023 $
Loss before income taxes	(31,441,523)	(11,445,131)
Combined federal and provincial income tax rates	27.00%	27.00%
Expected income tax recovery	(8,489,211)	(3,090,185)
Increase due to:		
Non-taxable portion of unrealized gains	63,466	79,751
Non-deductible expenses and other	1,243,217	521,171
Losses not recognized	7,182,528	2,489,263
Deferred Income tax expense	-	-

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

	As at December 31, 2024 $	As at December 31, 2023 $
Deferred Tax Assets		
Non-capital losses	139,345,867	99,462,139
Lease liability	48,349,028	5,762,085
Asset retirement obligation	12,258,400	4,206,041
Variable consideration payable	13,092,077	6,204,613
Derivatives	3,552,697	-
Accounts payable	837,618	950,257
	217,435,687	116,585,135
Deferred Tax Liabilities		
Mineral property, plant and equipment	215,606,430	115,057,744
Deferred financing costs	1,829,257	1,527,391
	217,435,687	116,585,135
Net Deferred Tax Liability	-	-

The Company has non-capital losses of $57.1 million (2023 - $31.0 million), investments of $6.6 million (2023 - $5.9 million), financing fees of $2.6 million (2023 - $5.7 million) and costs for BC mining tax of $24.3 million (2023 - $nil) for which a tax benefit has not been recognized. The non-capital losses expire between 2039 and 2044.

(Expressed in Canadian Dollars, unless otherwise noted)

16. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

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

The Company's financial instruments consist of cash and cash equivalents, receivables, accounts payable and accrued liabilities, long-term debt, variable consideration payable, zero cost gold collars ("**Gold Collars**"), gold forward sales contracts from previously rolled Gold Collars, and the embedded derivative asset related to the partial buy-back option of the Silver Stream. All financial instruments are initially recorded at fair value and designated as follows: cash and cash equivalents and receivables are classified as financial assets at amortized cost. The embedded derivative asset related to the partial buy-back option of the Silver Stream is classified as a financial asset at fair value through profit or loss. Subsequent to December 31, 2024, the partial buy-back option went unexercised and expired. Accounts payable, variable consideration payable and long-term debt are classified as financial liabilities and are measured at amortized cost. The Gold Collars and gold forward sales contracts from previously rolled Gold Collars are derivative financial instruments measured at fair value through profit or loss.

Financial instrument risk exposure

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

Credit risk

Credit risk arises from the potential for non-performance by counterparties of contractual financial obligations. The Company's credit risk is primarily attributable to cash and cash equivalents. As at December 31, 2024, the Company has cash on deposit with several large Canadian financial institutions to counteract concentration risk. Management believes the risk of loss with respect to cash and cash equivalents to be remote.

Liquidity risk

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

The Company's remaining undiscounted contractual commitments and obligations (which include future interest payments, as applicable) as at December 31, 2024 were as follows:

	< 1 year $	2 - 3 years $	4 - 5 years $	> 5 years $	Total $
Accounts payable, accrued liabilities and provisions	120,834,551	-	-	-	**120,834,551**
Lease liabilities	20,528,033	68,679,685	67,571,750	15,826,641	**172,606,109**
Construction commitments	1,349,136	-	-	-	**1,349,136**
Master lease agreement and other capital commitments	24,562,990	5,282,662	-	-	**29,845,652**
Variable consideration payable	-	28,000,000	56,000,000	-	**84,000,000**
Long-term debt	183,478,481	242,733,638	98,619,881	69,848,761	**594,680,761**
Asset retirement obligation	1,256,572	-	-	57,016,161	**58,272,733**
Total	352,009,763	344,695,985	222,191,631	142,691,563	**1,061,588,942**

(Expressed in Canadian Dollars, unless otherwise noted)

16. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (CONTINUED)

Liquidity risk (continued)

The Company's undiscounted contractual commitments (which include future interest payments, as applicable) as at December 31, 2023 were as follows:

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

Contractual commitments related to long-term debt represent required repayments of principal, capitalized interest and interest payments on the PLF and Stand-by Facility. Contractual commitments related to lease liabilities represent future repayments of principal and interest on the construction and mining fleet leased under the MLA, as well as the corporate office leases. The Company incurs commitment fees of 1.0% on the remaining amounts available on the MLA, payable quarterly up until the earlier of June 30, 2025 or when all of the construction and mining fleet have been fully financed. The remaining undrawn amount available under the MLA was $21.9 million as at December 31, 2024.

Market risk

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

i. Interest rate risk

Interest rate risk is the risk that the future cash flows from a financial instrument will fluctuate due to changes in market interest rates. The Company holds its cash in bank accounts that earn variable interest rates. The Company's other current financial assets and current financial liabilities are generally not exposed to interest rate risk because of their short-term nature. Drawdowns under the Company's PLF, Stand-by Facility and deliveries of leased equipment under the Company's MLA are currently at an interest rate benchmarked to CORRA which exposes the Company to interest rate risk. Based on amounts outstanding as at December 31, 2024, a 1% change in interest rates would result in a change of approximately $5.3 million in interest incurred on an annualized basis.

ii. Price risk

The Company has entered into Gold Forwards for 190,000 ounces of gold at a weighted average price of $2,851 per ounce, to be settled between March 2025 and December 2027 under the Mandatory Hedge Program. The Company has determined that the Gold Forwards meet the criteria for the 'own use' exemption under IFRS 9, and as such, they fall outside the scope of financial instrument accounting.

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

16. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (CONTINUED)

ii. Price risk (continued)

The Company has entered into Gold Collars to reduce the risk associated with future fluctuations of the price of gold. The Gold Collars represent European-style put and call options that are generally settled in cash as they expire at each settlement date. These Gold Collars are not designated as hedging instruments. Changes in the fair value of the Gold Collars are recorded in other income and expense. As at December 31, 2024, the Company had Gold Collars on 20,000 gold ounces with settlement dates spread between January 2025 and February 2025 at a weighted average put price of $2,600/ounce and weighted average call price of $3,353/ounce. In December 2024, 10,000 ounces of Gold Collars were rolled into gold forward sales contracts at an average price of $3,371/ounce and a maturity date of April 2025. Subsequent to year-end, the Company rolled an additional 20,000 Gold Collars with settlement dates in January and February 2025 into gold forward sales contracts at an average price of $3,355 per ounce with settlement dates in May and June 2025 (Note 19). The Gold Collars and gold forward sales contracts from previously rolled Gold Collars are derivative liabilities.

As at December 31, 2024, the Company recognized a derivative liability of $13.2 million in the statements of financial position and a fair value loss of $13.2 million in the statements of loss and comprehensive loss (December 31, 2023 – $nil).

iii. Currency risk

The functional currency of the Company is the Canadian dollar. Currency transaction risk and currency translation risk is the risk that fluctuations of the Canadian dollar in relation to other currencies may impact the fair value of financial assets or liabilities. As of December 31, 2024, the Company had US dollar denominated cash deposits of US$0.1 million. There were no other significant financial assets or liabilities that were subject to currency translation risk.

Fair value

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

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

As at December 31, 2024, the carrying value of the Company's cash and cash equivalents, restricted cash, receivables, as well as accounts payable approximate their fair values due to their short-term nature. The face value of the Company's long-term debt also approximates its fair value due to a floating interest rate that is linked to a market rate and is considered Level 2 in the hierarchy. The fair value of variable consideration payable is estimated to be $49.4 million, which was determined using a discounted cashflow approach with an estimated market interest rate applied. The fair value of the Company's equity investment in VLC is $7.9 million, which was determined using the period-end share price. The fair value of the Gold Collars and gold forward sales contracts from previously rolled Gold Collars is estimated to be a liability of $13.2 million and was determined based on forward price curves for gold denominated in Canadian dollars and is considered to be Level 2 in the hierarchy.

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

17. CAPITAL MANAGEMENT

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

18. CONTINGENCIES

The Company may become subject to legal proceedings, claims, regulatory investigations and other proceedings in the ordinary course of its business, including the action(s) described below.

On November 20, 2024, Sedgman Canada Ltd. ("**Sedgman**") filed a claim of lien pursuant to the Builders Lien Act (British Columbia) alleging unpaid amounts due from BWG, a subsidiary of Artemis Gold, in the amount of $88,967,137 (the "**Lien**") and on December 19, 2024, filed a Notice of Civil Claim in the Supreme Court of British Columbia ("**Sedgman Claim**") against BWG and Artemis Gold as guarantor, alleging, amongst other claims, breaches of the Engineering, Procurement and Construction Contract. On February 13, 2025, BWG and Artemis Gold filed a Response to Civil Claim and a Counterclaim, opposing all of the claims and allegations made within the Sedgman Claim and Lien, and seeking recovery of losses and damages (the "**Counterclaim**"), which is based on costs incurred by the Company in excess of $150 million. The losses and damages noted in the Counterclaim were incurred by BWG as a result of Sedgman's breach of Contract, negligence, and intentional and willful misconduct.

The Company believes the allegations made in the Sedgman Claim are without merit, and that the value of the Company's Counterclaim significantly exceeds the alleged Sedgman Claim and Lien. Although no assurance can be given with respect to the ultimate outcome of proceedings, the Company does not currently expect that the matter will result in a material net liability and has not raised any provisions in relation thereto. The Company will continually monitor and re-assess the likelihood and magnitude of any net liability associated with such proceedings.

19. SUBSEQUENT EVENTS

a) Subsequent to year-end, the Company entered into an agreement to extend the Stand-by Facility, securing an additional $40 million in subordinated and unsecured debt funding. The additional funding carries similar terms as the existing Stand-by Facility and is to be repaid by July 31, 2025. The extension to the Stand-by Facility was fully drawn during January 2025.

b) Subsequent to year-end, the Company rolled an additional 20,000 Gold Collars with settlement dates in January and February 2025 into gold forward sales contracts at an average price of $3,355 per ounce with settlement dates in May and June 2025.

c) Subsequent to year-end, the Company received a $4.4 million refund of cash collateral, previously classified as restricted cash on the statements of financial position. This refund was issued by the Company's surety providers in connection with previously issued reclamation and environmental security bonds, following the first gold and silver pour.

19. SUBSEQUENT EVENTS (CONTINUED)

d) Subsequent to year-end, the Company granted 1,110,200 stock options, 495,500 RSUs, and 20,400 DSUs pursuant to the Company's Omnibus Plan, to directors, officers and employees of the Company. The stock options are exercisable at a price of $15.81, expiring 5 years from the date of the grant.

e) Subsequent to year-end, the Company agreed to a simplification of its Silver Stream (Note 12) pursuant to which the streaming company provided an additional stream deposit of US$30 million (approximately $43 million).