ANGEL WING METALS INC

(FORMERLY HUNTINGTON EXPLORATION INC.)

CONSOLIDATED FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2022 AND 2021

(EXPRESSED IN CANADIAN DOLLARS)

Independent Auditors' Report

To: The Shareholders of **Angel Wing Metals Inc.**

Opinion

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

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

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 Auditors' Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period and not otherwise addressed in our report. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

We have determined the matter described below to be the key audit matters to be communicated in our auditors' report.

Accounting for the Lago de Oro Resources SA de CV acquisition

Description of the matter:

As reported in Note 5 of the consolidated financial statements, on March 30, 2022 the Company completed the acquisition of 100% of the issued and outstanding shares of Lago de Oro Resources SA de CV and its El Grande Gold Project in exchange for cash, common shares of the Company, a net smelter return and future share based milestone payments. The Company determined that the transaction constitutes an asset acquisition as the acquired assets did not meet the definition of a business.

Why the matter is a key audit matter:

We determined that auditing the acquisition transaction is a key audit matter due to the relative size of the acquisition, and as the transaction required management to exercise judgement to determine the appropriate accounting treatment including whether the acquisition should be accounted for as an asset acquisition or business combination, assessing the measurement basis for the net assets acquired and assessing the fair value of the consideration paid.

How the matter was addressed in the audit:

Our procedures for addressing the matter in our audit included obtaining an understanding of the transaction, reading the purchase agreement, agreeing the cash and share consideration paid to supporting documentation, evaluating management's assessment of the net smelter return and future share based milestone payments, evaluating management's assessment of the fair value of the net assets acquired and assessing the adequacy of the disclosures included in Note 5 of the consolidated financial statements.

Assessment of impairment indicators for mineral exploration and evaluation assets

Description of the matter:

As reported in Notes 2 and 3 of the consolidated financial statements, the Company's accounting policy for exploration and evaluation expenditures requires judgement in determining whether facts and circumstances suggest that the carrying amount of an exploration and evaluation asset may exceed its recoverable amount.

Why the matter is a key audit matter:

We determined that auditing the assessment of impairment indicators for mineral exploration and evaluation assets is a key audit matter due to the significance of the Company's mineral exploration and evaluation assets and significant auditor judgement in applying procedures to evaluate the evidence related to whether impairment indicators exist.

How the matter was addressed in the audit:

Our procedures for addressing the matter in our audit included reviewing the Company's assessment of facts and circumstances for completeness. We evaluated the assessment prepared by management by comparing facts and circumstances considered to documentation of the status of a sample of mining claims held by the Company and market data.

Information Other than the Consolidated Financial Statements and Auditors' Report Thereon

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

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

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

We obtained Management's Discussion and Analysis prior to the date of this auditors' report. If, based on the work we have performed on this other information, we conclude that there is a material misstatement of this other information, we are required to report that fact in this auditors' report. 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 these financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

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

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

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

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

The engagement partner on the audit resulting in this Independent Auditors' report is Roland A. Bishop, CPA, CA.

Kenway Mack Slusarchuk Stewart LLP

Chartered Professional Accountants

May 1, 2023
Calgary, Alberta

Angel Wing Metals Inc.
Formerly Huntington Exploration Inc.
Consolidated Statements of Financial Position
(Expressed in Canadian Dollars)

As at,	December 31, 2022	December 31, 2021
ASSETS		
Current		
Cash	**$ 269,484**	$ 5,758,720
Short-term investments (note 4)	**2,517,085**	3,009,127
Accounts receivable	**31,527**	61,763
Prepaid expenses and other	**686,012**	107,562
Assets held for sale (note 8)	**222,315**	-
Total current assets	**3,726,423**	8,937,172
Non-current assets		
Restricted cash	**-**	46,035
Value-added tax recoverable	**305,885**	-
Mineral exploration and evaluation assets (note 5)	**7,603,981**	1,585,236
Property, plant and equipment (note 6)	**6,613**	3,295
Total assets	**$ 11,642,902**	$ 10,571,738
LIABILITIES		
Current		
Accounts payable and accrued liabilities (notes 13 and 18)	**$ 331,645**	$ 262,840
Flow-through share premium (note 7)	**-**	323,275
Provision for abandonment	**-**	33,000
Liabilities held for sale related to assets (note 8)	**136,888**	-
Total current liabilities	**468,533**	619,115
Decommissioning liabilities (note 9)	**-**	89,935
Total liabilities	**468,533**	709,050
SHAREHOLDERS' EQUITY		
Share capital (note 10)	**23,592,949**	21,890,449
Contributed surplus	**3,941,858**	3,348,908
Deficit	**(16,452,997)**	(15,376,669)
Accumulated other comprehensive income	**92,559**	-
Total shareholders' equity	**11,174,369**	9,862,688
Total liabilities and shareholders' equity	**$ 11,642,902**	$ 10,571,738

Corporate information (note 1)
Commitments and contingencies (note 16)
Subsequent events (note 20)

Approved by the Board

"Mark Santarossa""
Mark Santarossa, Director

"Marc Sontrop""
Marc Sontrop, Director

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

Angel Wing Metals Inc.

Formerly Huntington Exploration Inc.
Consolidated Statements of Loss and Comprehensive Loss
(Expressed in Canadian Dollars)

Years Ended December 31,	2022	2021
Expenses (income)		
Administrative (note 19)	**$ 679,401**	$ 829,277
Share-based compensation (note 11)	**592,950**	1,141,850
Depreciation	**1,246**	222
Foreign exchange	**64,318**	321
Other income	**(27,715)**	(19,796)
Pre-exploration costs	**125,594**	-
Loss before income taxes	**(1,435,794)**	(1,951,874)
Deferred income tax recovery (note 14)	**323,275**	33,843
Net loss from continuing operations	**(1,112,519)**	(1,918,031)
Net income (loss) from discontinuing operations (note 8)	**36,190**	(12,364)
Net loss	**(1,076,328)**	(1,930,395)
Cumulative translation adjustment	**92,559**	-
Net loss and comprehensive loss	**$ (983,769)**	$ (1,930,395)
Net loss per share		
from continuing operations - basic and diluted	**$ (0.01)**	$ (0.03)
from discontinued operations - basic and diluted	**$ 0.00**	$ (0.00)
Total - basic and diluted	**$ (0.01)**	$ (0.03)
Weighted average number of common shares outstanding - basic and diluted (notes 11, 12)	**96,261,159**	68,284,458

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

Angel Wing Metals Inc.
Formerly Huntington Exploration Inc.
Consolidated Statements of Cash Flows
(Expressed in Canadian Dollars)

	Year ended December 31, 2022	Year ended December 31, 2021
Operating activities		
Net loss from continuing operations	**$ (1,112,519)**	$ (1,918,031)
Items not affecting cash:		
Depreciation	**1,246**	222
Share-based compensation	**592,950**	1,141,850
Deferred income tax recovery	**(323,275)**	(33,843)
Foreign exchange	**165,393**	-
Changes in non-cash working capital items:		
Accounts receivable	**18,613**	(25,363)
Prepaid expenses and other	**(562,354)**	78,646
Accounts payable and accrued liabilities	**41,420**	133,614
Value-added tax recoverable	**(278,738)**	-
Net cash used in operating activities of continuing operations	**(1,457,264)**	**(622,905)**
Operating activities		
Net income (loss) from discontinuing operations	**$ 36,190**	$ (12,364)
Items not affecting cash:		
Accretion on decommissioning liabilities	**2,816**	2,731
Changes in non-cash working capital items:		
Accounts receivable	**(74,921)**	3,435
Accounts payable and accrued liabilities	**(30,660)**	9,402
Net cash (used in) provided by operating activities of discontinued operations	**(66,575)**	**3,204**
Financing activities		
Change in restricted cash	**19,998**	(229)
Share issue (net of issue costs)	**-**	7,868,591
Exercise of warrants	**902,500**	670,000
Net cash provided by financing activities	**922,498**	**8,538,362**
Investing activities		
Change of short-term investments	**492,042**	(3,009,127)
Purchase of equipment	**(4,454)**	(3,385)
Acquisition of Lago de Oro	**(596,174)**	-
Mineral property expenditures	**(4,669,553)**	(291,579)
Net cash used in investing activities	**(4,778,139)**	**(3,304,091)**
(Decrease) increase in cash	**(5,379,480)**	4,614,570
Cash, held in assets held for sale	**(109,756)**	-
Cash, beginning of year	**5,758,720**	1,144,150
Cash, end of year	**$ 269,484**	$ 5,758,720

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

Angel Wing Metals Inc.

Formerly Huntington Exploration Inc.

Consolidated Statements of Changes in Shareholders' Equity

(Expressed in Canadian Dollars)

	Number of Common Shares	Share Capital	Contributed Surplus	Accumulated other comprehensive income	Deficit	Total
Balance, December 31, 2020	**42,649,431**	**$ 12,459,976**	**$ 2,207,058**	**$ -**	**$ (13,446,274)**	**$ 1,220,760**
Issued for cash	28,571,386	8,499,825	-	-	-	8,499,825
Shares issued as consideration	4,200,000	1,249,000	-	-	-	1,249,000
Flow-through share premium	-	(357,118)	-	-	-	(357,118)
Share issuance costs	-	(631,234)	-	-	-	(631,234)
Share based compensation	-	-	1,141,850	-	-	1,141,850
Exercise of warrants	13,400,000	670,000	-	-	-	670,000
Net loss for the period	-	-	-	-	(1,930,395)	(1,930,395)
Balance, December 31, 2021	**88,820,817**	**$ 21,890,449**	**$ 3,348,908**	**$ -**	**$ (15,376,669)**	**$ 9,862,688**
Shares issued as consideration	4,000,000	800,000	-	-	-	800,000
Share based compensation	-	-	592,950	-	-	592,950
Exercise of warrants	18,050,000	902,500	-	-	-	902,500
Cumulative translation adjustment	-	-	-	92,559	-	92,559
Net loss for the period	-	-	-	-	(1,076,328)	(1,076,328)
Balance, December 31, 2022	**110,870,817**	**$ 23,592,949**	**$ 3,941,858**	**$ 92,559**	**$ (16,452,997)**	**$ 11,174,369**

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

1. CORPORATE INFORMATION

Angel Wing Metals Inc. (formerly Huntington Exploration Inc.) (“Angel Wing” or the “Company”) is a junior mining company. The principal business of the Company is the identification, evaluation and acquisition of mineral properties, as well as exploration of mineral properties once acquired. The Company is an exploration stage company and is in the process of acquiring and exploring its mineral property interests. The Company’s shares trade on the TSX Venture Exchange under the symbol AWM.

Angel Wing was incorporated as 676182 Alberta Ltd. under the laws of the Province of Alberta on November 28, 1995. The Company’s principal operating address is 82 Richmond Street East, Suite 1000, Toronto, ON M5C 1P1 and the registered office is located at 215-10205 101 St NW, Edmonton, AB T5J 2Y9.

The Company has transferred its legacy oil and gas properties in Western Canada to Huntington Capital Inc. effective June 2022.

Angel Wing has a 100% interest in Huntington Capital Inc. and a 100% interest in Lago de Oro Resources SA de CV (“LOM”).

2. BASIS OF PREPARATION

Statement of compliance

The Company applies International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board (“IASB”) and interpretations issued by the International Financial Reporting Interpretations Committee (“IFRIC”).

The policies applied in these consolidated financial statements are based on IFRS, which have been applied consistently to all periods presented. These consolidated financial statements were issued and effective as of April 27, 2023, the date the Board of Directors approved the statements.

Going concern assumption

These consolidated financial statements have been prepared on a going concern basis. In making the assessment that the Company is a going concern management has taken into account available information about the future, which is at least, but not limited to, one year from December 31, 2022.

Coronavirus

The outbreak of the novel strain of coronavirus, specifically identified as “COVID-19” was declared a global pandemic by the World Health Organization on March 11, 2020. Governments worldwide enacted emergency measures to combat the spread of the virus. These measures have caused material disruption to businesses globally resulting in an economic slowdown.

Governments and central banks have reacted to the global pandemic with significant monetary and fiscal interventions designed to stabilize economic conditions. However, the duration and impact of the COVID-19 outbreak is unknown at this time, as is the efficacy of the governments and central bank interventions.

2. BASIS OF PREPARATION (continued)

Functional and presentation currency

The functional currency of Angel Wing Metals Inc. and Huntington Capital Inc. is the Canadian dollar and the Mexican Peso for Lago de Oro Resources SA de CV, as determined by management. All amounts in these consolidated financial statements are presented in Canadian dollars. Transactions in currencies other than the functional currency are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at the period end exchange rates are recognized in profit or loss. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

The results and financial position of all the entities that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

i. Assets and liabilities at each statement of financial position date presented are translated at the closing rate at the date of that statement of financial position;
ii. Income and expenses for each income statement are translated at average exchange rates; and
iii. All resulting exchange differences are recognized in other comprehensive income (loss).

Basis of measurement

These consolidated financial statements have been prepared under the historical cost basis, except for the revaluation of certain financial assets and financial liabilities to fair value.

Basis of consolidation

The consolidated financial statements comprise of the financial statements of Angel Wing Exploration Inc. (the parent Company) and its wholly owned subsidiaries Huntington Capital Inc. and Lago de Oro Resources SA de CV. All intercorporate transactions have been eliminated on consolidation.

On March 30, 2022 the Company acquired 100% of the common shares of Lago de Oro Resources SA de CV ("LOM"). The acquisition was completed by way of a definitive purchase agreement with an arm's length third party for 100% of the issued and outstanding shares of LOM (note 5). As a result, Lago de Oro Resources Sa CV is a wholly controlled subsidiary of the Company and is consolidated within these financial statements.

Subsidiaries are entities over which the Company has control, where control is defined to exist when the Company is exposed to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Subsidiaries are fully consolidated from the date control is transferred to the Company and cease to be consolidated from the date control ceases.

Use of Estimates

The preparation of financial statements requires management to make estimates and use judgment regarding the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities as at the date of the financial statements and the reported amounts of revenues and expenses during the period. By their nature, estimates are subject to measurement uncertainty and changes in such estimates in future periods could require a material change in the financial statements. Accordingly, actual results may differ from the estimated amounts as future confirming events occur. Significant estimates and judgments made by management in the preparation of these financial statements are as follows:

2. BASIS OF PREPARATION (continued)

Use of Estimates (continued)

Share-based compensation

The Company measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. Estimating fair value for share- based payment transactions requires determining the most appropriate valuation model, which is dependent on the terms and conditions of the grant. This estimate also requires determining the most appropriate inputs to the valuation model including the expected life of the share option, volatility and dividend yield and making assumptions about them.

Exploration and Evaluation Expenditure

The application of the Company's accounting policy for exploration and evaluation expenditure requires judgment in determining whether it is likely that future economic benefits will flow to the Company, which may be based on assumptions about future events or circumstances. Estimates and assumptions made may change if new information becomes available. If, after an expenditure is capitalized, information becomes available suggesting that the recovery of expenditure is unlikely, the amount capitalized is written off in the profit or loss in the period the new information become available.

Valuation of Accounts Receivable

The valuation of accounts receivable is based on management's best estimate of the provision for expected credit losses.

Deferred price premium on flow-through shares

The amounts recorded for the deferred price premium on flow-through shares and the related deferred income tax effect are based on management's estimates of the estimated market value of the Company's shares on the date of issuance of the flow-through common shares.

Decommissioning and Abandonment Provisions

Decommissioning and abandonment provisions have been created based on the Company's knowledge as at December 31, 2022 and 2021. Assumptions, based on the current economic environment, have been made which management believes are a reasonable basis upon which to estimate the future liability. These estimates take into account any material changes to the assumptions that occur when reviewed regularly by management. Estimates are reviewed annually and are based on current regulatory requirements. Significant changes in estimates of contamination, restoration standard and techniques will result in changes to provisions from period to period. Actual decommissioning costs will ultimately depend on future market prices from the decommissioning costs which will reflect the market conditions at the time of the decommissioning costs are actually incurred. The final cost of the currently recognized decommissioning provisions may be higher or lower than currently provided for.

Reserves

The estimate of reserves is used in forecasting the recoverability and economic viability of the Company's oil and gas properties, and in the depletion and impairment calculations. The process of estimating reserves is complex and requires significant interpretation and judgment. It is affected by economic conditions, production, operating and development activities, and is performed using available geological, geophysical, engineering, and economic data. As of December 31, 2020, the Company no longer carries any oil and gas assets that have been assigned economic reserves.

2. BASIS OF PREPARATION (continued)

Use of Estimates (continued)

Determination of functional currency

Under IFRS, each entity must determine its own functional currency, which becomes the currency that entity measures its results and financial position in. In determining the functional currencies of the Company and its subsidiaries, the Company considered many factors, including the currency that mainly influences sales prices for goods and services, the currency of the country whose competitive forces and regulations mainly determine the sales prices, and the currency that mainly influences labour material and other costs for each consolidated entity.

Value added tax recoverable

The Company incurs expenditures for the purchase of goods and services on which value added taxes are paid. Amounts paid are recoverable but are subject to review and assessment by the relevant tax authorities in Canada and Mexico. There are transactions and calculations for which the ultimate tax recoverable for these is a form of judgment. The Company reviews the collectability of the value added tax on an ongoing basis and makes judgment as to its ability to recover this tax. Where there is uncertainty around the recoverability of this tax, a judgment is made and the value added tax will be written off in the statement of loss and comprehensive loss.

Income Taxes

Significant judgment is required in determining the provision for income taxes. There are many transactions and calculations undertaken during the ordinary course of business for which the ultimate tax determination is uncertain. The Company recognizes liabilities and contingencies for anticipated tax audit issues based on the Company's current understanding of the tax law. For matters where it is probable that an adjustment will be made, the Company records its best estimate of the tax liability including the related interest and penalties in the current tax provision. Management believes they have adequately provided for the probable outcome of these matters; however, the final outcome may result in a materially different outcome than the amount included in the tax liabilities.

In addition, the Company recognizes deferred tax assets relating to tax losses carried forward to the extent there are sufficient taxable temporary differences (deferred tax liabilities) relating to the same taxation authority and the same taxable entity against which the unused tax losses can be utilized. However, utilization of the tax losses also depends on the ability of the taxable entity to satisfy certain tests at the time the losses are recouped.

3. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies set out below have been applied consistently to the years presented in these financial statements, unless otherwise indicated.

Acquisitions

Acquisitions that do not meet the definition of a business combination are accounted for as an asset acquisition. Consideration paid for an asset acquisition includes the purchase price, and those transaction costs direct and incremental to complete the asset acquisition, such as finders fees. The consideration is allocated to the individual identifiable assets acquired and liabilities assumed based on their relative fair values. Asset acquisitions do not give rise to goodwill.

Equipment

Equipment is recorded at cost less accumulated amortization less impairment losses. Amortization method, useful life and residual values are assessed annually and currently is recognized on the declining balance basis at 30% for equipment.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Jointly controlled operations and jointly controlled assets:

The Company's oil and natural gas activities involve jointly controlled assets. Under the joint arrangement the Company has rights to the assets and obligations for the liabilities. Accordingly, the financial statements include the Company's share of these jointly controlled assets and related liability and a proportional share of the relevant revenue and related costs.

Financial instruments:

Non-derivative financial instruments:

Non-derivative financial instruments comprise cash, short-term investments, accounts receivables, accounts payable and accrued liabilities. Non-derivative financial instruments are recognized initially at fair value net of any directly attributable transaction costs. Subsequent to initial recognition non-derivative financial instruments are measured as described below.

Financial assets at fair value through profit and loss:

An instrument is classified at fair value through profit and loss if the Company manages such investments and makes purchase and sale decisions based on their fair value in accordance with the Company's risk management or investment strategy. Upon initial recognition, attributable transaction costs are recognized in earnings when incurred. Financial instruments at fair value through profit and loss are measured at fair value, and changes therein are recognized in earnings.

Cash and short-term investments are classified as at fair value through profit and loss.

Other non-derivative financial assets, such as accounts receivable are measured at amortized cost using the effective interest method, less any impairment losses. Other non-derivative financial liabilities, such as accounts payable and accrued liabilities, are measured at amortized cost using the effective interest method.

Share capital

Common shares are classified as equity. Incremental costs directly attributable to the issue of common shares and share options are recognized as a deduction from equity, net of any tax effects.

On the issue of units consisting of two or more equity components the residual value approach is used, whereby the share component is measured at its fair value and the residual of the consideration proceeds received is allocated to the warrants.

Cash Equivalents:

The Company considers all investments that are readily convertible to cash and subject to an insignificant risk of changes in value to be cash equivalents.

Mineral exploration and evaluation expenditures:

Exploration and evaluation expenditures include the costs associated with the search for mineral resources, the determination of technical feasibility and the assessment of commercial viability of an identified resource. Expenditures incurred before the Company has obtained the legal rights to explore an area are expensed in the period in which they are incurred. The costs associated with acquiring an exploration and evaluation asset are capitalized on an individual prospect basis until such time as an economic ore body is defined or the prospect is abandoned. Option payments are considered acquisition costs if the Company has the intention of exercising the underlying option.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Impairment:

Financial assets:

The Company has elected to apply the simplified approach to providing for expected credit losses and measures loss allowances for trade accounts receivable at an amount equal to lifetime expected credit losses at the date of initial recognition of the trade account receivable. In estimating the lifetime expected credit losses the Company considered historical default rates, current conditions and forecasts of future economic conditions.

Individually significant financial assets are tested for impairment on an individual basis. The remaining financial assets are assessed collectively in groups that share similar credit risk characteristics. All impairment losses are recognized in the statement of income (loss) and comprehensive income (loss).

Non-financial assets:

The carrying amounts of the Company's non-financial assets, other than deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. For goodwill and other intangible assets that have indefinite lives or that are not yet available for use an impairment test is completed each year.

For the purpose of impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (CGU). The recoverable amount of an asset or a CGU is the greater of its value in use and its fair value less costs to sell. The Company has grouped its development and production assets into one CGU being Warwick.

Fair value less cost to sell is determined as the amount that would be obtained from the sale of a CGU in an arm's length transaction between knowledgeable and willing parties.

- Value in use is determined as the net present value of the estimated future cash flows expected to arise from the continued use of the asset or CGU in its present form and its eventual disposal. Value in use is determined by applying assumptions specific to the Company's continued use and can only take into account approved future development costs. Estimates of future cash flows used in the evaluation of impairment of assets are made using management's forecasts of commodity prices and expected production volumes. The latter takes into account assessments of future recoverable reserves and resources and includes expectations about proved and probable volumes, which are risk-weighted utilizing geological, production, recovery and economic projections.
- The goodwill acquired in a business combination, for the purpose of impairment testing, is allocated to the CGU's that are expected to benefit from the synergies of the combination.
- An impairment loss is recognized if the carrying amount of a CGU exceeds its estimated recoverable amount. Impairment losses recognized in respect of CGU's are allocated first to reduce the carrying amount of any goodwill allocated to the CGU and then to reduce the carrying amounts of the other assets in the CGU on a pro rata basis.
- Impairment losses recognized in prior years are assessed at each reporting date to determine if facts and circumstances indicate that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depletion and depreciation, if no impairment loss had been recognized.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Share based compensation:

The Company has established a share based compensation plan (the "Plan") (refer to note 11 for further details of the Plan). The Company uses the fair value method for valuing share based compensation. Under this method, the compensation cost attributed to stock options granted are measured at the fair value at the grant date and expensed over the vesting period with a corresponding increase to a category within equity referred to as contributed surplus. A forfeiture rate is estimated on the grant date and is adjusted to reflect the actual number of options or units that vest. Upon the settlement of the stock options the previously recognized value in contributed surplus is recorded as an increase to share capital.

Provisions:

A provision is recognized if, as a result of a past event, the Company has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax "risk-free" rate that reflects current market assessments of the time value of money and the risks specific to the liability. Provisions are not recognized for future operating losses.

Decommissioning obligations:

The Company's activities give rise to dismantling, decommissioning and site disturbance remediation activities. Provision is made for the estimated cost of abandonment and site restoration and capitalized in the relevant asset category.

Decommissioning obligations are measured at the present value of management's best estimate of the expenditure required to settle the present obligation as at the reporting date. Subsequent to the initial measurement, the obligation is adjusted at the end of each period 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 as accretion whereas increases/decreases due to changes in the estimated future cash flows or changes in the discount rate are capitalized. Actual costs incurred upon settlement of the decommissioning obligations are charged against the provision to the extent the provision was established.

Revenue:

Revenue from the sale of petroleum and natural gas is measured based on the consideration specified in contracts with customers. The Company recognizes revenue when it transfers control of the product to the buyer. This is generally at the time the customer obtains legal title to the product and when it is physically transferred to the custody transfer point agreed with the customer, often terminals, pipelines or other transportation methods. As a practical expedient the Company does not adjust the transaction price for the effects of a financing component when at contract inception the expected period between the transfer of goods to the customer and the expected payment will be one year or less.

Royalty income is recognized as it accrues in accordance with the terms of the overriding royalty agreements.

Finance:

Finance expense comprises interest expense on borrowings, accretion of the discount on decommissioning obligations and the issuance of penalty shares, if and when issued.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Income tax:

Income tax expense is comprised of current and deferred tax. Income tax expense is recognized in the statement of loss and comprehensive income (loss) except to the extent that it relates to items recognized directly in equity, in which case it is recognized in equity.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years. Deferred tax is recognized on the temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognized on the initial recognition of assets or liabilities in a transaction that is not a business combination. In addition, deferred tax is not recognized for taxable temporary differences arising on the initial recognition of goodwill.

Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date. Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realized simultaneously.

A deferred tax asset is recognized to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

Flow through share provisions:

Periodically, the Company finances a portion of its exploration and development activities through the issuance of flow-through shares. The resource expenditure deductions for income tax purposes related to exploratory development activities are renounced to investors in accordance with tax legislation. Flow- through shares issued are recorded in share capital at the fair value of common shares on the date of issue. The premium received on issuing flow-through shares is initially recorded as a liability. When the qualifying expenditures are incurred, the share premium liability is recognized in deferred tax expense along with the tax effect on the expenditures. The Company is subject to Part XII.6 tax in respect of flow- through share proceeds renounced if the expenditures are not made within the prescribed time permitted. Provisions are measured based on prevailing tax rates and expected penalties.

Changes in accounting policy:

During the year ended December 31, 2022, the Company adopted a number of new IFRS standards, interpretations, amendments and improvements of existing standards. These new standards and changes did not have any material impact on the Company’s consolidated financial statements.

(Expressed in Canadian Dollars)

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Future Changes in Accounting Policies:

Classification of Liabilities as Current or Non-Current (Amendments to IAS 1)

The IASB has published Classification of Liabilities as Current or Non-Current (Amendments to IAS 1) which clarifies the guidance on whether a liability should be classified as either current or non-current. The amendments:

- clarify that the classification of liabilities as current or non-current should only be based on rights that are in place "at the end of the reporting period"
- clarify that classification is unaffected by expectations about whether an entity will exercise its right to defer settlement of a liability
- make clear that settlement includes transfers to the counterparty of cash, equity instruments, other assets or services that result in extinguishment of the liability.

This amendment is effective for annual periods beginning on or after January 1, 2023. Earlier application is permitted. The extent of the impact of adoption of this amendment has not yet been determined.

4. SHORT-TERM INVESTMENTS

At December 31, 2021, short-term investments consisted of units in Scotia Mortgage Income Fund. The principal of $3,000,000 was guaranteed by Scotia Bank. During the second quarter of 2022 the investments were converted into GIC investments with interest rates ranging from 0.45% to 3.35%.

5. MINERAL EXPLORATION AND EVALUATION ASSETS

Mineral Exploration and Evaluation (E&E) assets consist of the Company's mineral property projects which are pending the exploration determination of proven or probable reserves.

The Company has taken steps to verify title to mining interests in which it has or is in the process of earning an interest in, including review of condition of title reports, vesting deeds, mining claim location notices and filings, and property tax and other public records and is not presently aware of any title defects. The procedures the Company has undertaken and may undertake in the future to verify title provide no assurance that the underlying properties are not subject to prior agreements or transfers of which the Company is unaware.

A summary of exploration costs is summarized below:

	Winora Property	Quartz Lake Property	El Grande Gold Property	Total
Balance, December 31, 2020	$ -	$ 33,634	$ -	$ 33,634
Acquisition costs	1,256,595	42,200	-	1,298,795
Consulting costs	142,424	6,450	-	148,874
Site costs	92,829	11,103	-	103,932
Balance, December 31, 2021	1,491,848	93,387	-	1,585,235
Acquisition costs	-	-	2,298,922	2,298,922
Geology and project drillings costs	2,058,519	206,963	1,116,694	3,382,176
Site costs	5,000	3,058	215,540	223,598
Exchange translation	-	-	114,050	114,050
Balance, December 31, 2022	$ 3,555,367	$ 303,408	$ 3,745,206	$ 7,603,981

5. MINERAL EXPLORATION AND EVAULATION ASSETS (continued)

Winora Property

On July 28, 2021, the Company completed the acquisition of the Winora Property from an arm's length third party. The Winora Project consists of 17 patented mining claims located in the District of Kenora, Northern Ontario. Under the terms of the agreements, the purchase price was satisfied by the issuance of 4,000,000 common shares at a deemed price of $0.304 per share and a 2.0% Net Smelter Return ("NSR") royalty, payable upon the commencement of commercial production from the property.

Quartz Lake Property

On December 1, 2020, the Company entered into two mineral property acquisition agreements with arm's length third parties with respect to the purchase of rights to mineral exploration properties that comprises the Quartz Lake Project in the Birch-Uchi region in Ontario bridging Treaty 3 and Treaty 9 Territories. Under the terms of the agreements, the purchase price was satisfied by aggregate cash payments of $30,000 and the issuance of 200,000 common shares at a deemed price of $0.165 per share. One of the vendors retains a 1.5% Net Smelter Return ("NSR") royalty, payable upon the commencement of commercial production from the Quartz Lake Project. The Company has the right at any time to purchase one-half of the NSR royalty from the vendor for $500,000. The Company has the right to terminate the agreements in their entirety at any time prior to the transfer date. The acquisition of the Quartz Lake Project was completed February 8, 2021.

El Grande Gold Project

On March 30, 2022 the Company completed the acquisition of Lago de Oro Resources SA de CV ("LOM") and its El Grande Gold Project (the "Project") covering a 550 square kilometer area in the southern extension of the Sierra Madre Occidental ("SMO") gold-silver belt in the state of Nayarit, Mexico.

The acquisition was completed by way of a definitive purchase agreement with an arm's length third party for 100% of the issued and outstanding shares of LOM in exchange for i) cash payment of US$500,000; ii) issuance of 4,000,000 common shares of the Company at a deemed price of $0.20 per share; iii) a capped 2% NSR to the vendor; and iv) future share-based "milestone payments" based on the incremental addition of gold-equivalent (gold-silver) NI 43-101 resource ounces above a base 500,000 ounces on any given deposit currently held by LOM, capped at 20,000,000 shares subject to TSXV approval at the time of issuance. The common shares issued in connection with the acquisition will be subject to a hold period of four months and a day from the date of closing.

The acquisition constitutes an asset acquisition as the acquired assets did not meet the definition of a business, as defined in IFRS3, Business Combinations.

(Expressed in Canadian Dollars)

5. MINERAL EXPLORATION AND EVAULATION ASSETS (continued)

El Grande Gold Project (continued)

The allocation of consideration transferred is summarized below:

Consideration	Preliminary	Adjustments	Final
Cash	$ 624,490	$ -	$ 624,490
4,000,000 Common Shares	800,000	-	800,000
Total	**$ 1,424,490**	**$ -**	**$ 1,424,490**

Identifiable assets and liabilities acquired	Preliminary	Adjustments	Final
Cash	$ -	$ 28,316	$ 28,316
Prepaid expenses	-	8,096	8,096
Accounts receivables	-	27,147	27,147
Mineral exploration and evaluation assets	-	128,049	128,049
Accounts payable and accrued liabilities	-	(69,112)	(69,112)
Total	**$ -**	**$ 122,496**	**$ 122,496**

Identifiable assets acquired	Preliminary	Adjustments	Final
Allocated to Mineral exploration and evaluation assets	1,424,490	(122,496)	1,301,994
Total net identifiable assets	**$ 1,424,490**	**$ (122,496)**	**$ 1,301,994**

6. PROPERTY, PLANT AND EQUIPMENT

Costs	Petroleum Properties	Office Equipment	Total
December 31, 2020	**$ 1,168,896**	**$ 7,599**	**$ 1,176,495**
Additions	-	3,385	3,385
December 31, 2021	**1,168,896**	**10,984**	**1,179,880**
Additions	-	4,454	4,454
Transferred to assets held for sale	(1,168,896)	-	(1,168,896)
Total	**$ -**	**$ 15,438**	**$ 15,438**

Depletion, depreciation and impairment losses:	Petroleum Properties	Office Equipment	Total
December 31, 2020	$ 1,168,896	$ 7,467	$ 1,176,363
Depreciation	-	222	222
December 31, 2021	1,168,896	7,689	1,176,585
Depreciation	-	1,246	1,246
Transferred to assets held for sale	(1,168,896)	-	(1,168,896)
Exchange translation	-	(110)	(110)
Total	**$ -**	**$ 8,825**	**$ 8,825**

Carrying amount:	Petroleum Properties	Office Equipment	Total
December 31, 2021	$ -	$ 3,295	$ 3,295
December 31, 2022	$ -	$ 6,613	$ 6,613

(Expressed in Canadian Dollars)

7. FLOW-THROUGH SHARE PROVISION

The following is a continuity schedule of the liability portion of the flow-through shares issuances.

		Amount
Balance, January 1, 2021	$	-
Liability incurred on flow-through shares issued		357,118
Settlement of flow-through share liability on incurred expenditures		(33,843)
Balance, December 31, 2021		323,275
Settlement of flow-through share liability on incurred expenditures		(323,275)
Balance, December 31, 2022	$	-

As at December 31, 2022, the Company has incurred $2,263,102 (December 2021 - $236,898) exploration expenditures in relation to flow-through share financing, and has fulfilled its flow-through commitment.

8. HELD FOR SALE

In November 2022, the Company entered into negotiations with an arm's length third party to sell 100% of the issued and outstanding shares of Huntington Capital Inc. ("Huntington"). Subsequent to year end the Company sold its subsidiary Huntington including all assets and liabilities. Pursuant to the plan to divest Huntington, the assets and liabilities have been classified as held for sale as of December 31, 2022 and its results operations were classified as a discontinued operations. As at December 31, 2022, the financial position of Huntington is as follows:

As at,		**December 31, 2022**
ASSETS		
Current		
Cash	$	**109,957**
Accounts receivable		**86,321**
Total current assets		**196,278**
Non-current assets		
Restricted cash (note 9)		**26,037**
Total assets	$	**222,315**
LIABILITIES		
Current		
Accounts payable and accrued liabilities	$	**11,137**
Provision for abandonment		**33,000**
Total current liabilities		**44,137**
Decommissioning liabilities (note 9)		**92,751**
Total liabilities	$	**136,888**

(Expressed in Canadian Dollars)

8. HELD FOR SALE (continued)

The financial performance information of Huntington is presented below:

Year ended December 31,		2022		2021
Revenue				
Production sales	**$**	**108,084**	$	93,270
Royalties		**(18,815)**		(15,975)
		89,269		77,295
Operating expenses				
Operating expense	**$**	**46,507**	$	76,750
Administrative		**3,756**		10,178
Accretion of decommissioning obligations		**2,816**		2,731
Total expenses		**53,079**		89,659
Net income (loss) from discontinuing operation	**$**	**36,190**	$	(12,364)

9. DECOMMISSIONING LIABILITIES

The following table presents the reconciliation of the beginning and ending aggregate carrying amount of the obligation associated with the decommissioning of oil and natural gas properties. As at December 31, 2022, the balance is classified as liabilities related to assets held for sale.

		December 31, 2022		December 31, 2021
Opening balance	**$**	**89,935**	**$**	**87,204**
Accretion expense		2,816		2,731
Closing balance	**$**	**92,751**	**$**	**89,935**

The undiscounted amount of cash flows, required over the estimated life of the underlying assets, to settle the obligation, adjusted for inflation, is estimated at $110,487. The obligation was calculated using a risk-free discount rate of 3.13% and an inflation rate of 2.5%. It is expected that the majority of costs are expected to occur between 2023 and 2029.

Pursuant to government regulations, the Company has on deposit cash of $26,037 (2021 - $46,035) restricted for the completion of future abandonments which is included in assets held for sale.

10. SHARE CAPITAL

Authorized share capital

Unlimited number of common shares without par value, preferred shares, assumable in series

Common shares issued

(i) On February 8, 2021 the Company completed its acquisition of rights to mineral exploration properties that comprises of the Quartz Lake Project and issued 200,000 common shares at a deemed price of $0.165 per share.

(Expressed in Canadian Dollars)

10. SHARE CAPITAL (continued)

Common shares issued (continued)

(ii) On June 16, 2021 the Company closed its private placement with Canaccord Genuity Corp. and Sprott Capital Partners for gross proceeds of $6,000,000 comprised of units ("Common Units") sold at a price of $0.28 per Common Unit. The Company also closed its contemporaneous non-brokered private placement of flow-through units ("FT Units") sold at a price of $0.35 per FT Unit for aggregate proceeds of $2,500,000. Each Common Unit and FT Unit consisted of one common share of the Company and one-half of one transferable common share purchase warrant (each whole common share purchase warrant, a "Warrant"). Each Warrant will entitle the holder thereof to purchase one common share of the Company at an exercise price of $0.40 for the period of 2 years following the closing of the Offering.

(iii) On July 28, 2021 the Company completed its acquisition of the Winora property for 4,000,000 shares at a price of $0.304 per share.

(iv) On March 30, 2022 the Company completed its acquisition of Lago de Oro Resources SA de CV for 4,000,000 shares at a price of $0.20 per share and a cash payment of US$500,000.

11. STOCK OPTIONS

The Company's stock option plan limits the number of common shares reserved under the plan from exceeding a "rolling maximum" of ten (10) percent of the Company's issued and outstanding common shares. Under the plan, the number of stock options for any one (1) individual may not exceed 5% of the issued and outstanding shares in any one twelve-month period. The stock options vest at the discretion of the Board of Directors upon grant to directors, officers, employees and consultants of the Company.

The following table reflects the continuity of stock options for the years presented:

	Number of stock options	Weighted average exercise price ($)
Balance, December 31, 2020	-	**-**
Granted	4,200,000	0.28
Balance, December 31, 2021	4,200,000	**0.28**
Granted	3,350,000	0.20
Expired and cancelled	(150,000)	0.31
Balance, December 31, 2022	**7,400,000**	**0.25**

The following table reflects the stock options issued and outstanding as of December 31, 2022:

Expiry Date	Weighted Exercise Price ($)	Remaining Contractual Life (years)	Number of Options Outstanding	Number of Options Vested (Exercisable)
August 27, 2027	0.25	4.66	700,000	700,000
April 7, 2031	0.25	8.27	1,300,000	1,300,000
June 29, 2031	0.31	8.50	2,100,000	2,100,000
October 8, 2031	0.31	8.78	150,000	150,000
May 6, 2032	0.20	9.35	3,150,000	3,150,000
	0.25	**8.46**	**7,400,000**	**7,400,000**

(Expressed in Canadian Dollars)

11. STOCK OPTIONS (continued)

The Company recorded $592,950 (December 31, 2021 - $1,141,850) in share-based compensation expense in the period and a corresponding amount was credited to share based payment reserve. Details of the fair value of options granted and the assumptions used in the Black-Scholes option pricing model are as follows:

	December 31, 2022	December 31, 2021
Fair value of options granted	$ 0.177	$0.203 to $0.265
Risk-free interest rate	2.76 %	1.39% to 1.6%
Estimated life	10 years	10 years
Expected volatility based on historic volatility	151.64 %	153.00 %
Expected dividend yield	nil	nil
Forfeiture rate	0 %	0 %

12. WARRANTS

Changes in the number of warrants, with their weighted average exercise prices, are summarized below:

	Number of warrants	Weighted average exercise price ($)
Balance, December 31, 2020	**32,750,000**	**0.05**
Granted (note 10(ii))	14,285,464	0.40
Exercised	(13,400,000)	0.05
Balance, December 31, 2021	**33,635,464**	**0.20**
Exercised	(18,050,000)	0.05
Expired	(1,300,000)	0.05
Balance, December 31, 2022	**14,285,464**	**0.40**

The following table reflects the warrants outstanding as of December 31, 2022:

Expiry Date	Exercise Price ($)	Remaining Contractual Life (years)	Number of Warrants Outstanding
June 16, 2023	0.40	0.46	14,285,464

13. RELATED PARTY BALANCES AND TRANSACTIONS

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Company. Key management personnel include the officers and vice-presidents. Executive officers are paid salaries or management fees and participate in the Company's stock option program. Key management personnel compensation is comprised of the following:

Except as disclosed elsewhere in these financial statements the Company had the following related party transactions during the year:

Year ended December 31,	2022	2021
Consulting and management fees	266,800	274,284
Stock based compensation	265,500	840,950
Termination benefits	-	51,000
	532,300	**1,166,234**

Included in accounts payables and accrued liabilities is $121,077 (December 31, 2021 - $5,000) owing to officers of the Company, or companies controlled by or directors and officers.

(Expressed in Canadian Dollars)

14. INCOME TAXES

The provision for income taxes varies from the amount that would be computed by applying the expected tax rate to loss before income taxes. The principal reasons for differences between such expected income tax expense and the amount actually recorded are as follows:

	2022	2021
Loss before income taxes from continuing operations	(1,435,794)	(1,951,874)
Income (loss) before income taxes from discontinued operations	36,190	(12,364)
Loss before income taxes	(1,399,604)	(1,964,238)
Combined income tax rate	26.50 %	23 %
Computed expected tax expense	(370,895)	(451,775)
Increase (decrease) in income taxes resulting from		
Flow-through share premium recovery	(323,275)	(33,843)
Share-based compensation and other non-deductible items	150,213	262,631
Increase in unrecognized losses	187,324	189,144
Utilization of previously unrecognized losses	33,358	-
Deferred income tax recovery	(323,275)	(33,843)

Deferred income taxes reflect the net tax effects of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts for income tax purposes. The components of the Company's deferred income tax assets and liabilities are as follows:

	2022	2021
Property and equipment/ E&E assets	1,686,862	1,945,875
Non-capital losses	2,337,331	2,099,555
Finance costs	104,932	122,313
Capital losses	13,027	13,027
	4,142,152	4,180,770
Deferred income tax assets not recognized	(4,142,152)	(4,180,770)
Deferred tax liability	-	-

The Company has non-capital losses of approximately $9,922,654 (2021 – $9,128,498), which are available to reduce taxable income in future years. If unutilized, these losses will expire as follows: 2029 - $50,606, 2030 - $111,982, 2031 - $612,783, 2032 $ 1,542,026, 2033 - $2,943,712, 2034 - $343,844, 2035 - $496,938, 2036 - $552,161, 2037 - $473,370, 2038 - $393,581, 2039 - $321,016, 2040 - $277,197, 2041 - $971,378, and 2042 - $832,060.

The following are the Company’s estimated Federal tax pools at December 31:

	2022	2021
Undepreciated capital cost	32,118	37,471
Canadian exploration expense	4,145,259	4,122,640
Mexican exploration expense	2,131,364	-
Canadian development expense	1,314,163	1,242,796
Canadian oil and gas property expense	879,097	879,097
	8,502,001	6,282,004

15. SEGMENTED INFORMATION

For the year ended December 31, 2022, the Company operates in one industry segment, namely exploration of mineral resources in two geographic regions, Canada and Mexico. For the year ended December 31, 2021, the Company operated in one geographic region, Canada. The companies discontinued operations related to oil & gas which were operated within Canada. Geographical segmentation of the Company's non-current assets for the year ended December 31, 2021, is as follows:

December 31, 2022	**Canada**	**Mexico**	**Total**
Mineral Properties	$ 3,858,775	$ 3,745,206	**$ 7,603,981**
Equipment	$ 2,298	$ 4,315	**$ 6,613**

Year ended December 31, 2022	**Canada**	**Mexico**	**Total**
Operating expenses			
Administrative	$ 627,489	$ 51,912	**$ 679,401**
Share-based compensation	592,950	-	**592,950**
Depreciation	996	250	**1,246**
Foreign exchange	15,700	48,618	**64,318**
Other income	(27,715)	-	**(27,715)**
Pre-exploration costs	-	125,594	**125,594**
Total expenses	(1,209,420)	(226,374)	**(1,435,794)**
Other items			
Deferred income tax recovery	323,275	-	**323,275**
Net loss from continuing operations	$ (886,145)	$ (226,374)	**$ (1,112,519)**

16. COMMITMENTS AND CONTINGENCIES

Flow-through indemnification

The flow-through agreements require the Company to renounce certain tax deductions for Canadian exploration expenditures incurred on the Company's mineral properties to flow-through participants. The Company indemnified the subscribers for any related tax amounts that become payable by the subscribers as a result of the Company not meeting its expenditure commitments. The Company has fully met all of its expenditure commitments for previous flow-through financings. If the Canadian Revenue Agency ("CRA") determined that the Company was not compliant with their flow-through expenditure commitments, the Company may be liable to indemnify subscribers for any related tax amounts. No provision has been recorded in these consolidated financial statements related to this contingency as various triggering events have not taken place.

Purchase commitments

At December 31, 2022, the Company had capital commitments of $550,000 in US dollars related to the El Grande Gold property.

Environmental and legal

The Company's operations are subject to government environmental protection legislation. Environmental consequences are difficult to identify in terms of results, timetable and impact. At this time, to management's best knowledge, the Company's operations are in compliance with current laws and regulations.

17. CAPITAL MANAGEMENT

The Company manages its capital with the objective to continue as a going concern, create investor confidence and to strengthen its working capital position. The capital structure of the Company is primarily composed of equity. The Company's strategy is to currently access capital, primarily through equity issuances, in order to maintain a strong capital base for the objectives of maintaining financial flexibility and to sustain the future development of the business. The Company manages its capital structure and makes adjustments relative to changes in economic conditions and the Company's risk profile.

In order to maintain the capital structure, the Company may from time-to-time issue shares and adjust its capital spending to manage current working capital levels. Bank debt may be added in future periods.
The Company is not currently subject to any externally imposed covenants.

The Company defines capital as equity which at December 31, 2022 was 11,174,369 (December 31, 2021 - 9,862,688).

18. FINANCIAL INSTRUMENTS

Foreign Exchange Risk

The Company is exposed to the currency risk related to the fluctuation of foreign exchange rates as some of the Company's operations are located in Mexico, and some expenditures are denominated in US Dollars. A significant change in the currency exchange rates between the Canadian dollar relative to the Mexican peso, and US dollar could have an effect on the Company's results of operations, financial position and/or cash flows. The Company has not hedged its exposure to currency fluctuations. As at December 31, 2022 and 2021, the Company did not hold significant amounts of US dollars or Mexican peso.

The Canadian dollar equivalent carrying amounts of the Company's foreign currency denominated monetary assets and monetary liabilities as at December 31 was as follows:

	2022	2021
US dollar denominated		
Cash	$ 49,316	$ -
Accounts payable	(102,137)	-
Net exposure	$ (52,821)	$ -

	2022	2021
Mexican peso denominated		
Cash	$ 10,784	$ -
Accounts payable	(72,350)	-
Net exposure	$ (61,566)	$ -

(Expressed in Canadian Dollars)

18. FINANCIAL INSTRUMENTS (continued)

Fair value of Financial Instruments

The Company classifies the fair value of the financial instruments measured at fair value subsequent to initial recognition according to the following hierarchy based on the amount of observable inputs used to value the instrument.

- Level 1 – Quoted prices are available in active markets for identical assets or liabilities as of the reporting date. Active markets are those in which transactions occur in sufficient frequency and volume to provide pricing information on an ongoing basis.
- Level 2 – Pricing inputs are other than quoted prices in active markets included in Level 1. Prices in Level 2 are either directly or indirectly observable as of the reporting date. Level 2 valuations are based on inputs, including quoted forward prices for commodities, time value and volatility factors, which can be substantially observed or corroborated in the marketplace.
- Level 3 – Valuations in this level are those with inputs for the asset or liability that are not based on observable market data.

Cash, restricted cash and short term investments have been classified as Level 1.

Liquidity Risk

Liquidity risk includes the risk that, as a result of the Company's operational liquidity requirements:

- The Company will not have sufficient funds to settle a transaction on the due date;
- The Company will be forced to sell financial assets at a value which is less than what they are worth; or
- The Company may be unable to settle or recover a financial asset.
- The Company is engaged in the mineral exploration field and its expected source of cash flow in the upcoming years will be through equity financing.

To manage cash flow requirements, the Company maintains a significant portion of its assets in cash and marketable securities.

The Company's accounts payable and accrued liabilities as at December 31, 2022 and December 31, 2021 is comprised of the following:

		2022		**2021**
Trade accounts payable	$	295,645	$	194,543
Accruals (1)		36,000		26,500
Joint Venture (2)		-		41,797
Total	$	331,645	$	262,840

(1) Relates to professional fees
(2) Relates to gas production costs owed to the operator.

The Company's trade accounts payable and accrued liabilities as at December 31, 2022 are aged as follows:

		0 to 30 Days		**31 to 60 Days**		**61 to 90 Days**		**Greater than 90 Days**		**Total**
Trade Accounts Payable	$	101,552	$	106,191	$	-	$	87,902	$	295,645

(Expressed in Canadian Dollars)

18. FINANCIAL INSTRUMENTS (continued)

Price Risk

The Company is at risk to changes in commodity prices which may affect financing options available to the Company.

Interest Rate Risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The observable impacts on the fair value and future cash flows of financial instruments that can be directly attributable to interest rate risk include changes in profit or loss from financial instruments whose cash flows are determined with reference to floating interest rates and potential changes in value of financial instruments whose cash flows are fixed in nature. The Company does not have any financial liabilities with floating interest rates but it does hold GIC investments. The GIC's are cashable and investment terms are 1 year or less to minimize cash flow and interest rate risk. Overall, the Company is exposed to minimal cash flow risk.

19. GENERAL AND ADMINISTRATIVE

Year ended December 31,	**2022**	**2021**
Professional fees	**$ 279,118**	$ 299,258
Management and consulting fees	**139,850**	339,650
Shareholder communication	**111,373**	62,677
Insurance	**22,556**	18,641
Fees and licenses	**40,085**	52,150
Rent	**9,360**	5,871
Software lease	**1,426**	8,503
Other	**75,633**	42,527
	$ 679,401	$ 829,277

20. SUBSEQUENT EVENTS

In February 2023, the Company sold its subsidiary Huntington Exploration Inc. for proceeds of $96,000.

On February 24, 2023 the Company announced that it has granted 500,000 stock options at an exercise price of $0.15 to the certain directors of the Company. The stock options granted vest immediately and are exercisable for a period of ten years from date of grant.

On March 30, 2023 the Company announced Mr. Marc Prefontaine as the Company's new President and CEO, effective April 15, 2023. Mr. Prefontaine succeeds Mr. Bryan Wilson, who will be retiring from his role as President, CEO, effective April 15, 2023. Mr. Prefontaine has also been appointed to the Board of Directors effective immediately. Mr. Wilson has stepped down as Director, effective immediately, but will continue as an active and engaged advisor to the Board of Directors, upon the transition of Mr. Prefontaine in the President and CEO role.

Mr. Cal Everett has been appointed to the Board and will assume the role of Chairman of the Board of directors, replacing Mr. Frank Busch, who will be stepping down from the Board of Directors effective immediately.

20. SUBSEQUENT EVENTS (continued)

Angel Wing Metals also announced a private placement financing with a lead order from Mr. Prefontaine and select close associates. The financing will be on a non-brokered private-placement basis of between 20,000,000 and 23,636,363 common share units of the Company ("Units") at a price of $0.11 per Unit, for total gross proceeds of between $2,200,000 and $2,600,000. Each Unit will consist of one common share of the Company and one-half warrant. Each full warrant will be exercisable for a period of two years from issuance at a price per common share of $0.25. Proceeds from the private placement will be used by the Company for exploration at its Mexico properties and for general and corporate purposes.

The private placement is subject to a statutory 4-month hold from the date of issuance. The private placement is subject to the receipt of all necessary approvals including the approval of the TSXV and applicable securities regulatory authorities. No fees are payable on this financing.

On April 11, 2023 the Company announced that that it has granted 1,500,000 stock options at an exercise price of $0.20 to its incoming President & CEO, Mr. Marc Prefontaine. The stock options granted will vest in three equal instalments over two years and are exercisable for a period of ten years from date of grant.