Bonterra Resources Inc.

Financial Statements

For the Years Ended December 31, 2023 and 2022

(Expressed in Canadian Dollars)

BONTERRA

Bonterra Resources Inc.

For the Years Ended December 31, 2023 and 2022

INDEX **Page**

Financial Statements

**MANAGEMENT'S RESPONSIBILITY FOR
FINANCIAL REPORTING**

The accompanying financial statements of Bonterra Resources Inc. (the "Company") are the responsibility of the management and Board of Directors of the Company.

The financial statements have been prepared by management, on behalf of the Board of Directors, in accordance with IFRS Accounting Standards ("IFRS"). When alternative accounting methods exist, management has chosen those it deems most appropriate in the circumstances. Financial statements are not precise since they include certain amounts based on estimates and judgments. Management has determined such amounts on a reasonable basis in order to ensure that the financial statements are presented fairly, in all material respects.

The Company maintains systems of internal control that are designed by management to provide reasonable assurance that assets are safeguarded from loss or unauthorized use and to produce reliable accounting records for financial reporting purposes.

The Board of Directors is responsible for reviewing and approving the financial statements together with other financial information of the Company and for ensuring that management fulfills its financial reporting responsibilities. An Audit Committee assists the Board of Directors in fulfilling this responsibility. The Audit Committee meets with management to review the financial reporting process and the financial statements together with other financial information of the Company. The Audit Committee reports its findings to the Board of Directors for its consideration in approving the financial statements together with other financial information of the Company for issuance to the shareholders.

Management recognizes its responsibility for conducting the Company's affairs in compliance with established financial standards, and applicable laws and regulations, and for maintaining proper standards of conduct for its activities.

"Marc-Andre Pelletier" (signed)
Chief Executive Officer

"Pier-Elise Hebert-Tremblay" (signed)
Chief Financial Officer

Crowe

Crowe MacKay LLP

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Independent Auditor's Report

To the Shareholders of Bonterra Resources Inc.

Opinion

We have audited the financial statements of Bonterra Resources Inc. (the "Company"), which comprise the statements of financial position as at December 31, 2023 and December 31, 2022 and the statements of comprehensive loss, changes in equity and cash flows for the years then ended, and notes to the financial statements, including a summary of material accounting policies.

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

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Material Uncertainty Related to Going Concern

We draw attention to Note 2 to the financial statements which describes the material uncertainty that may cast significant doubt on the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the year ended December 31, 2023. In addition to the matter described in the Material uncertainty related to going concern section, we have determined the matters described below to be a key audit matter to be communicated 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.

Asset retirement obligations

The Company recognizes asset retirement obligations (“ARO”) for future reclamation efforts related to current and past sites. The Company's related accounting policy is included in Note 4 and the related estimation uncertainty in Note 5 to the financial statements. As described in Note 16 to the financial statements, the ARO totaled $11.1 million at December 31, 2023. We identified the Company’s ARO estimate as a key audit matter.

Why the Matter is a Key Audit Matter
We considered the Company's ARO a key audit matter due to high professional judgment by management when assessing this obligation, including the assessment of the nature and extent of future work to be performed, the future cost of performing the rehabilitation work, the timing of when the rehabilitation will take place and economic assumptions such as the discount rate and inflation rates applicable to future cash outflows associated with rehabilitation activities to bring them to their present value. Auditing these assumptions involved especially challenging and subjective audit judgment due to the nature and extent of audit effort required to address these matters.

How the Key Audit Matter was Addressed in the Audit
In responding to the key audit matter, we performed the following audit procedures, amongst others:

- We obtained an understanding of management's process to develop its ARO estimate;

- We engaged a subject matter expert to assist us in the evaluation of the assumptions, methodology and data used by the Company;

- We evaluated the methodology used, and tested the significant assumptions in the ARO calculations;

- We have reviewed quotations from a few vendors to support the key cost inputs used in the ARO calculations;

- We compared assumptions including the risk-free rate and inflation rate to current market data;

- We performed recalculations to verify the accuracy of the estimate; and

- We evaluated the adequacy of the Company's disclosures relating to ARO.

Other Information

Management is responsible for the other information. The other information comprises:

- 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 the other information prior to the date of this auditor's 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 auditor's report. We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

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

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current 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 Pejman Mahlooji.

Crowe Mackay LLP

Chartered Professional Accountants
Vancouver, Canada
April 24, 2024

Bonterra Resources Inc.

Statements of Financial Position
(Expressed in Canadian Dollars)

As at,		December 31, 2023		December 31, 2022
Assets				
Current				
Cash	**$**	**2,793,796**	$	7,394,113
Marketable securities (note 7)		**60,000**		60,000
Receivables (note 8)		**1,519,704**		2,974,285
Prepaids		**120,963**		-
		4,494,463		10,428,398
Security and contract deposits (note 9)		**3,000,431**		1,689,252
Property, plant and equipment (note 10)		**19,358,525**		20,445,090
	$	**26,853,419**	$	32,562,740
Liabilities				
Current				
Trade and other payables (notes 12 and 13)	**$**	**6,987,620**	$	6,576,871
Current portion of long-term debt (note 14)		**-**		51,740
Flow-through premium liability (note 15)		**-**		3,940,144
		6,987,620		10,568,755
Asset retirement obligations (note 16)		**11,100,000**		6,534,000
Long-term debt (note 14)		**-**		645
		18,087,620		17,103,400
Shareholders' Equity				
Share Capital (note 17)		**277,530,901**		277,330,901
Share-based Payments Reserve (note 17)		**20,962,388**		20,252,388
Deficit		**(289,727,490)**		(282,123,949)
		8,765,799		15,459,340
	$	**26,853,419**	$	32,562,740

Going Concern (note 2)
Commitments and Contingent Liabilities (note 20)
Subsequent Events (note 8, 17 and 22)

Approved on behalf of the Board:

"Peter O'Malley"
……………………………… Director
Peter O'Malley

"Matthew Happyjack"
……………………………… Director
Matthew Happyjack

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

Bonterra Resources Inc.
Statements of Comprehensive Loss
(Expressed in Canadian Dollars)

For the year ended December 31,	**2023**	2022
Expenses		
Exploration and evaluation (notes 10, 11 and 16)	**$ 11,475,363**	$ 12,104,075
Mill and mine care and maintenance (note 10)	**1,520,774**	6,922,600
Salaries, management and director fees (note 13)	**1,777,949**	2,617,747
Office, general and other	**563,369**	351,017
Professional fees (note 13)	**349,492**	654,910
Rent	**70,421**	66,100
Share-based payments (notes 13 and 17)	**710,000**	1,657,000
Shareholder communications and investor relations	**223,072**	329,072
Transfer agent and filings fees	**67,686**	102,110
Travel	**57,934**	41,239
Loss Before Other Items	**(16,816,060)**	(24,845,870)
Other Items		
Impairment of property, plant and equipment (note 10)	**-**	(16,544,757)
Gain on sale of property, plant and equipment (note 10)	**28,635**	-
Bad debt expense (Note 8)	**(150,000)**	-
Gold sales, net (note 11)	**3,021,120**	-
Miscellaneous income (note 11)	**2,209,493**	270,747
Recovery of flow-through premium liability (note 15)	**3,940,144**	6,183,856
Net interest income	**163,127**	299,319
Net Loss and Comprehensive Loss for the year	**$ (7,603,541)**	$ (34,636,705)
Basic and Diluted Loss Per Share	**$ (0.06)**	$ (0.28)
Weighted Average Number of Common Shares Outstanding – Basic and Diluted (000's)	**126,301**	123,382

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

Bonterra Resources Inc.
Statements of Changes in Equity
(Expressed in Canadian Dollars)

	Share Capital								
	Number of Shares		**Share Capital**		**Share-based Payments Reserve**		**Deficit**		**Total**
Balance, December 31, 2021	111,257,000	$	260,730,776	$	18,681,388	$	(247,487,244)	$	31,924,920
Private placements	14,788,500		25,020,060		-		-		25,020,060
Flow-through premium liability	-		(7,126,000)		-		-		(7,126,000)
Share issue costs	-		(1,553,935)		-		-		(1,553,935)
Exercise of options	150,000		174,000		-		-		174,000
Transfer of reserve on exercise of options	-		86,000		(86,000)		-		-
Share-based payments	-		-		1,657,000		-		1,657,000
Net loss and comprehensive loss for the year	-		-		-		(34,636,705)		(34,636,705)
Balance, December 31, 2022	126,195,500		277,330,901		20,252,388		(282,123,949)		15,459,340
Shares issued for services	**1,162,115**		**200,000**		**-**		**-**		**200,000**
Share-based payments	**-**		**-**		**710,000**		**-**		**710,000**
Net loss and comprehensive loss for the year	**-**		**-**		**-**		**(7,603,541)**		**(7,603,541)**
Balance, December 31, 2023	**127,357,615**	**$**	**277,530,901**	**$**	**20,962,388**	**$**	**(289,727,490)**	**$**	**8,765,799**

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

Bonterra Resources Inc.
Statements of Cash Flows
(Expressed in Canadian Dollars)

For the year ended December 31,		2023		2022
Operating Activities				
Net loss for the year	$	**(7,603,541)**	$	(34,636,705)
Items not involving cash				
Bad debt expense		**150,000**		-
Depreciation		**915,000**		1,072,000
Impairment of property, plant and equipment		**-**		16,544,757
Gain on sale of property, plant and equipment		**(28,635)**		-
Share-based payments		**710,000**		1,657,000
Recovery of flow-through premium liability		**(3,940,144)**		(6,183,856)
Accretion expense		**214,000**		147,000
Change in estimate for asset retirement obligations		**4,352,000**		400,000
Vehicle exchanged for services		**-**		88,127
Shares issued for services		**200,000**		-
Changes in non-cash working capital				
Receivables		**1,304,581**		(863,738)
Prepaids		**(120,963)**		-
Security and contract deposits		**(1,311,179)**		1,300
Trade and other payables		**410,749**		1,241,650
Cash Used in Operating Activities		**(4,748,132)**		(20,532,465)
Investing Activities				
Disposal (Purchase) of property, plant and equipment, net		**200,200**		(128,525)
Cash Provided by (Used in) Investing Activities		**200,200**		(128,525)
Financing Activities				
Shares issued for cash		**-**		25,020,060
Shares issuance costs		**-**		(1,553,935)
Proceeds received on exercise of options		**-**		174,000
Repayment of long-term debt		**(52,385)**		(64,243)
Cash (Used in) Provided by Financing Activities		**(52,385)**		23,575,882
Inflows (outflow) of Cash		**(4,600,317)**		2,914,892
Cash, Beginning of Year		**7,394,113**		4,479,221
Cash, End of Year	$	**2,793,796**	$	7,394,113

Supplemental Disclosure with Respect to Cash Flows (note 18)

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

1. NATURE OF OPERATIONS AND CONTINUANCE OF OPERATIONS

Bonterra Resources Inc. (the "Company") is an exploration stage company incorporated on May 1, 2007, under the laws of the province of British Columbia, Canada. Its principal business activity is the acquisition, exploration and evaluation of mineral properties in the province of Québec, Canada. The Company's common shares are traded on the TSX Venture Exchange ("TSX-V") under the symbol "BTR". The Company's shares also trade on the OTC Exchange in the United States under the symbol "BONXF" and on the Frankfurt Stock Exchange under the symbol "9BR2". The Company's head office and principal business address is 2872 Sullivan Rd, Suite 2 Val-d'Or, Quebec, Canada, J9P 0B9.

2. GOING CONCERN

These financial statements have been prepared on the basis of accounting principles applicable to a going concern, which assumes that the Company will continue in operation for the foreseeable future and will be able to realize its assets and discharge its liabilities in the normal course of operations.

The Company incurred a comprehensive loss of $7,603,541 for the year ended December 31, 2023 (Year ended December 31, 2022 - $34,636,705) and has an accumulated deficit of $289,727,490 at December 31, 2023 (December 31, 2022 - $282,123,949). As at December 31, 2023, the Company had working capital deficiency of $2,493,157 (December 31, 2022 - deficiency of $140,357). These factors indicate the existence of a material uncertainty that may cast significant doubt about the Company's ability to continue as a going concern.

The Company's ability to continue its operations and to realize assets at their carrying values is dependent upon the existence of economically recoverable mineral resources, the ability to fund its existing acquisition and exploration commitments on its exploration and evaluation properties when they come due, which would cease to exist if the Company decides to terminate its commitments, and to cover its operating costs. The Company may be able to generate working capital to fund its operations by the sale of its exploration and evaluation properties or raising additional capital through equity markets. However, there is no assurance it will be able to raise funds in the future. These financial statements do not give effect to any adjustments required to realize its assets and discharge its liabilities in other than the normal course of business and at amounts different from those reflected in the accompanying financial statements.

The Company's business may be affected by changes in political and market conditions, such as interest rates, availability of credit, inflation rates, changes in laws, and national and international circumstances. Recent geopolitical events and potential economic global challenges such as the risk of higher inflation and energy crises, may create further uncertainty and risk with respect to the prospects of the Company's business.

3. BASIS OF PREPARATION

a) Statement of compliance

These financial statements are prepared in accordance with IFRS Accounting Standards ("IFRS"), as issued by the International Accounting Standards Board ("IASB"). These financial statements were reviewed by the Audit Committee and approved and authorized for issue by the Board of Directors on April 24, 2024.

b) Basis of measurement

These financial statements have been prepared under the historical cost basis, except for financial instruments classified as fair value through profit or loss ("FVTPL"). These financial statements have been prepared under the accrual basis of accounting, except for cash flow information.

The financial statements are presented in Canadian dollars which is the Company's functional and presentation currency.

4. MATERIAL ACCOUNTING POLICIES

The accounting policies have been applied consistently throughout by the Company for purposes of these financial statements.

a) Cash and cash equivalents

Cash and cash equivalents includes cash on hand, demand deposits with financial institutions, and other short-term, highly liquid investments that are readily convertible to known amounts of cash and subject to an insignificant risk of change in value. The Company does not hold any cash equivalents as at December 31, 2023 (December 31, 2022 - $nil).

b) Exploration and evaluation expenditures

Exploration and evaluation expenditures, including acquisition costs, are expensed in the year in which they are incurred. Mining exploration tax credits for certain exploration expenditures incurred are recorded against exploration and evaluation expenditures when there is reasonable assurance that the Company will comply with the conditions attached to it and that the credit will be received.

Mineral property acquisition costs and exploration and evaluation expenditures are recorded at cost. When shares are issued as part of mineral property acquisition costs, they are valued at the closing share price on the date of issuance. Payments related to a property acquired under an option or joint venture agreement, where payments are made at the sole discretion of the Company, are recorded upon payment.

Once the technical feasibility and commercial viability of extracting the mineral resources has been determined, the property is considered to be a mine under development and development costs are capitalized to "mines under construction" on the statement of financial position.

Exploration and evaluation assets under a farm-out arrangement (where a farmee incurs certain expenditures in a property to earn an interest in that property) are accounted as follows:

- the Company uses the carrying value of the interest before the farm-out arrangement as the carrying value for the portion of the interest retained;
- the Company credits any cash consideration received against the carrying amount of the portion of the interest retained, with an excess netted against exploration and evaluation expenditures; and
- in the situation where a royalty interest is retained by the Company as a result of an interest earned by the farmee, the Company records the royalty interest received at an amount corresponding to the carrying value of the exploration and evaluation property at the time of the transfer in ownership; and the Company does not record exploration expenditures made by the farmee on the property.

c) Asset retirement obligations

An obligation to incur decommissioning and site rehabilitation costs ("Asset retirement obligations") occurs when environmental disturbance is caused by exploration, evaluation, development or ongoing production.

Asset retirement obligations are recorded as liabilities when those obligations are incurred and are measured as the present value, if a reasonable estimate of the expected costs to settle the liability can be determined, discounted at a current pre-tax rate specific to the liability. In subsequent years, the liability is adjusted for changes resulting from the passage of time and revisions to either the timing or the amount of the original estimate of the undiscounted cash flows. The accretion of the liability to its fair value as a result of the passage of time is charged to earnings while changes resulting from the revisions to either the timing or the amount of the original estimate of the undiscounted cash flows are accounted for as part of the carrying amount of the related long-lived asset. The carrying amount of the asset retirement obligations is reviewed to reflect current estimates and changes in the discount rate.

4. MATERIAL ACCOUNTING POLICIES (Continued)

d) Property, plant and equipment

Plant and equipment

The initial cost of an asset is comprised of its purchase price or construction cost, any costs directly attributable to bringing the asset into operation, and the borrowing costs incurred during its construction for the asset. The purchase price or construction cost is the aggregate amount paid and the fair value of any other consideration given to acquire the asset.

Repairs and maintenance of plant and equipment are expensed as incurred. Costs incurred to enhance the service potential of plant and equipment are capitalized and depreciated over the remaining useful life of the improved asset.

Depreciation and depletion

Management determines the appropriate method to depreciate mining assets over their estimated useful life taking into account the nature of a particular deposit and the method of mining that deposit. To achieve this, the following calculation method is used:

The major categories of property, plant and equipment are depreciated on a units-of-production, straight-line basis or declining balance as follows:

Mill infrastructure and related equipment	5 – 15 years straight line and unit-of-production
Underground infrastructure and related equipment	5 – 15 years straight line and unit-of-production
Exploration and related equipment	10% declining balance

The residual value, depreciation method and the useful life of each asset are reviewed at least at each reporting period.

The carrying amount of an item of property, plant and equipment is derecognized on disposal or when no future economic benefits are expected from its use or disposal. The gain or loss arising from the derecognition of an item of property, plant and equipment is included in profit or loss when the item is derecognized.

e) Royalties payable

Royalties payable are recognized initially at fair value in accordance with the terms of each royalty agreement.

4. MATERIAL ACCOUNTING POLICIES (Continued)

f) Revenue recognition

Income recognition from metal sales:
Income earned during the year from sale of metals is considered incidental income, and recorded within Other Items in the statements of comprehensive loss. Income relate to sale of metals is recognized when control of the metal is transferred to the customer in an amount that reflects the consideration the Company expects to receive in exchange for the metal sales. In determining whether the Company has satisfied its performance obligation, it considered 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 position of the metal to the customer; and the customer has the significant risk and rewards of ownership of the metal. Income is presented net of direct cost for refining, shipping and related royalty payable as a result of earning the income from metal sales.

Miscellaneous income:
Rental income under operating leases is recognized over the terms of the relevant leases as the rent is earned.

g) Share capital

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

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

The Company has adopted a pro rata method with respect to the measurement of shares and warrants issued as private placement units. The pro rata method requires each component to be valued at fair value and an allocation of the total proceeds received based on the pro rata relative values of the components.

The fair value of the common shares is based on the closing quoted bid price on the announcement date and the fair value of the common share purchase warrants is determined at the announcement date using the Black-Scholes option pricing model. The fair value attributed to the warrants is recorded in equity reserves.

h) Flow-through shares

The Company will from time to time issue flow-through common shares to finance a significant portion of its exploration program. Pursuant to the terms of the flow-through share agreements, these shares transfer the tax deductibility of qualifying resource expenditures to investors. On issuance, the Company bifurcates the flow-through share into i) a flow-through share premium, equal to the estimated premium, if any, investors pay for the flow-through feature, which is recognized as a liability, and ii) share capital. Upon expenditures being incurred, the Company derecognizes the liability and recognizes a deferred tax liability for the amount of tax reduction renounced to the shareholders. The premium is recognized as recovery of flow-through premium liability and the related deferred tax is recognized as a tax provision.

Proceeds received from the issuance of flow-through shares are required to be used only for Canadian resource property exploration expenditures within a two-year period. The Company may also be subject to a Part XII.6 tax on flow-through proceeds renounced under the Look-back Rule, in accordance with the Government of Canada flow-through regulations. When applicable, this tax is accrued as an expense until paid.

4. MATERIAL ACCOUNTING POLICIES (Continued)

i) Share-based payments

The Company grants share options to acquire common shares of the Company to directors, officers, employees and consultants. The fair value of share-based payments to employees is measured at grant date, using the Black-Scholes option pricing model, and is recognized over the vesting period for employees using the graded method. Fair value of share-based payments for non-employees is recognized and measured at the date the goods or services are received based on the fair value of the goods or services received. If it is determined that the fair value of goods and services received cannot be reliably measured, the share-based payment is measured at the fair value of the equity instruments issued using the Black-Scholes option pricing model.

For both employees and non-employees, the fair value of share-based payments is recognized as either an expense or as mineral property interests with a corresponding increase in share-based payments reserve. The amount recognized as expense is adjusted to reflect the number of share options expected to vest. Consideration received on the exercise of stock options is recorded in share capital and the related share-based payment in share-based payments reserve is transferred to share capital.

Where the terms and conditions of options are modified before they vest, the increase in the fair value of the options, measured immediately before and after the modification, is also charged to profit or loss over the remaining vesting period.

Where a grant of options is cancelled and settled during the vesting period, excluding forfeitures when vesting conditions are not satisfied, the Company immediately accounts for the cancellation as an acceleration of vesting and recognizes the amount that otherwise would have been recognized for services received over the remainder of the vesting period. Any payment made to the employee on the cancellation is accounted for as the repurchase of an equity interest except to the extent the payment exceeds the fair value of the equity instrument granted, measured at the repurchase date. Any such excess is recognized as an expense. The amounts recorded in reserve for unexercised share options remain in share-based payments reserve upon their expiry or cancellation.

j) Impairment of non-financial assets

Impairment tests on intangible assets with indefinite useful economic lives are undertaken annually at every reporting period. Other non-financial assets are subject to impairment tests whenever events or changes in circumstances indicate that their carrying amount may not be recoverable and at least annually. Where the carrying value of an asset exceeds its recoverable amount, which is the higher of value in use and fair value less costs to sell, the asset is written down accordingly.

Where it is not possible to estimate the recoverable amount of an individual asset, the impairment test is carried out on the asset's cash-generating unit, which is the lowest group of assets in which the asset belongs for which there are separately identifiable cash inflows that are largely independent of the cash inflows from other assets. The Company has one cash-generating unit for which impairment testing is performed.

An impairment loss is charged to profit or loss, except to the extent they reverse gains previously recognized in accumulated other comprehensive income/loss.

4. MATERIAL ACCOUNTING POLICIES (Continued)

k) Financial instruments

i) Classification

The Company classifies its financial instruments in the following categories: at FVTPL, at fair value through other comprehensive income (loss) ("FVTOCI") or at amortized cost. The Company determines the classification of financial assets at initial recognition. The classification of debt instruments is driven by the Company's business model for managing the financial assets and their contractual cash flow characteristics. Equity instruments that are held for trading are classified as FVTPL. For other equity instruments, on the day of acquisition the Company can make an irrevocable election (on an instrument-by-instrument basis) to designate them as at FVTOCI. Financial liabilities are measured at amortized cost, unless they are required to be measured at FVTPL (such as instruments held for trading or derivatives) or if the Company has opted to measure them at FVTPL.

Cash and marketable securities are classified as FVTPL, and are initially measured at fair value less transaction costs. They are subsequently measured at fair value and net gains/losses are recognized in profit or loss in the statement of comprehensive loss.

Receivables, security and contract deposits, trade and other payables, and long-term debt are classified as amortized cost, and are initially measured at fair value. They are subsequently measured at amortized cost.

There are no financial assets classified as "FVOCI".

ii) Measurement

Financial assets and liabilities at amortized cost
Financial assets and liabilities at amortized cost are initially recognized at fair value plus or minus transaction costs, respectively, and subsequently carried at amortized cost less any impairment.

Financial assets and liabilities at FVTPL
Financial assets and liabilities carried at FVTPL are initially recorded at fair value and transaction costs are expensed in the statements of comprehensive loss. Realized and unrealized gains and losses arising from changes in the fair value of the financial assets and liabilities held at FVTPL are included in profit or loss in the statement of comprehensive loss in the period in which they arise.

Impairment of financial assets at amortized cost
The Company recognizes a loss allowance for expected credit losses on financial assets that are measured at amortized cost. At each reporting date, the Company measures the loss allowance for the financial asset at an amount equal to the lifetime expected credit losses if the credit risk on the financial asset has increased significantly since initial recognition. If at the reporting date, the financial asset has not increased significantly since initial recognition, the Company measures the loss allowance for the financial asset at an amount equal to the twelve month expected credit losses. The Company shall recognize in profit or loss in the statement of comprehensive loss, as an impairment gain or loss, the amount of expected credit losses (or reversal) that is required to adjust the loss allowance at the reporting date to the amount that is required to be recognized.

iii) Derecognition

Financial assets
The Company derecognizes financial assets only when the contractual rights to cash flows from the financial assets expire, or when it transfers the financial assets and substantially all of the associated risks and rewards of ownership to another entity. Gains and losses on derecognition are generally recognized in the statements of comprehensive loss.

4. MATERIAL ACCOUNTING POLICIES (Continued)

l) Future accounting policies and policies adopted

New accounting standard adopted during the period

IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors—Definition of Accounting Estimates (effective January 1, 2023). The amendments replace the definition of a change in accounting estimates with a definition of accounting estimates. Under the new definition, accounting estimates are "monetary amounts in financial statements that are subject to measurement uncertainty". The definition of a change in accounting estimates was deleted. However, the IASB retained the concept of changes in accounting estimates in the Standard with the following clarifications:

•A change in accounting estimate that results from new information or new developments is not the correction of an error; and
•The effects of a change in an input or a measurement technique used to develop an accounting estimate are changes in accounting estimates if they do not result from the correction of prior period errors.

This amendment did not have a material impact on the Company's financial statements.

Statements and IFRS Practice Statement 2 Making Materiality Judgements—Disclosure of Accounting Policies (effective January 1, 2023)

The amendments change the requirements in IAS 1 with regard to disclosure of accounting policies. The amendments replace all instances of the term 'significant accounting policies' with 'material accounting policy information'. Accounting policy information is material if, when considered together with other information included in an entity's financial statements, it can reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements. The supporting paragraphs in IAS 1 are also amended to clarify that accounting policy information that relates to immaterial transactions, other events or conditions is immaterial and need not be disclosed. Accounting policy information may be material because of the nature of the related transactions, other events or conditions, even if the amounts are immaterial. However, not all accounting policy information relating to material transactions, other events or conditions is itself material. The IASB has also developed guidance and examples to explain and demonstrate the application of the 'four-step materiality process' described in IFRS Practice Statement 2. The amendments to IAS 1 are effective for annual periods beginning on or after 1 January 2023, with earlier application permitted and are applied prospectively. This amendment did not have a material impact on the Company's financial statements.

Accounting standards issued but not yet effective

Standards and interpretations issued but not yet effective up to the date of issuance of the financial statements are listed below. The company has evaluated the implications of these standards and concluded that the adoption of these standards on January 1, 2024 will not have a material impact on the company.

IAS 1 was amended in January 2020 to provide a more general approach to the classification of liabilities under IAS 1 based on the contractual arrangements in place at the reporting date. The amendments clarify that the classification of liabilities as current or noncurrent is based solely on a company's right to defer settlement at the reporting date. The right needs to be unconditional and must have substance. The amendments also clarify that the transfer of a company's own equity instruments is regarded as settlement of a liability, unless it results from the exercise of a conversion option meeting the definition of an equity instrument. The amendments are effective for annual periods beginning on January 1, 2024. This amendment did not have a material impact on the Company's financial statements.

4. MATERIAL ACCOUNTING POLICIES (Continued)

l) Future accounting policies and policies adopted (continued)

Amendments to IAS 1 – Non-current Liabilities with Covenants (Amendments to IAS 1)

- Effective on January 1, 2024, the amendments clarify how conditions with which an entity must comply within twelve months after the reporting period affect the classification of a liability. The amendment is not expected to have a significant impact on the financial statements.

Amendments to IFRS 16 – Lease Liability in a Sale and Leaseback (Amendments to IFRS 16)

- Effective on January 1, 2024, the amendment clarifies how a seller-lessee subsequently measures sale and leaseback transactions that satisfy the requirements in IFRS 15 to be accounted for as a sale. The amendment is not expected to have a significant impact on the financial statements.

Amendments to IAS 7 and IFRS 7 - Supplier Finance Arrangements (Amendments to IAS 7 and IFRS 7)

- Effective on January 1, 2024, the amendment clarifies to add disclosure requirements, and 'signposts' within existing disclosure requirements, that ask entities to provide qualitative and quantitative information about supplier finance arrangements. The amendment is not expected to have a significant impact on the financial statements.

5. CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

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

The effect of a change in an accounting estimate is recognized prospectively by including it in comprehensive income/loss in the year of the change, if the change affects that year only, or in the year of the change and future years, if the change affects both.

Critical judgments in applying accounting policies

Information about critical judgments in applying accounting policies that have the most significant risk of causing material adjustment to the carrying amounts of assets and liabilities recognized in the financial statements within the next fiscal year are discussed below.

a) Title to mineral property interests

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

5. CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS (Continued)

b) Going concern risk assessment

The Company's ability to continue its operations and to realize its assets at their carrying values is dependent upon its ability to fund its existing acquisition and exploration commitments on its exploration and evaluation properties when they come due, which would cease to exist if the Company decides to terminate its commitments, and to cover its operating costs. The Company may be able to generate working capital to fund its operations by the sale of its exploration and evaluation assets or raising additional capital through equity markets. However, there is no assurance it will be able to raise funds in the future. These financial statements do not give effect to any adjustments required to realize its assets and discharge its liabilities in other than the normal course of business and at amounts different from those reflected in the accompanying financial statements.

c) Impairment of long-term assets

The evaluation if an impairment test in accordance with IAS 36 needs to be performed on its long-term assets requires judgement in determining whether it is likely that future economic benefits will be achieved at certain mining properties, which may be based on assumptions about future events or circumstances. If, after expenditure is capitalized, information becomes available suggesting that the recovery of the expenditure is unlikely, the amount capitalized is written down in the statement of comprehensive loss in the period when the new information becomes available. In 2022, the Bachelor mine was flooded and an impairment test was performed according to IAS 36.

Key sources of estimation uncertainty

The following are key assumptions concerning the future and other key sources of estimation uncertainty that have a significant risk of resulting in material adjustments to the financial statements.

a) Asset retirement obligations

The Company assesses its asset retirement obligations annually. Determining these obligations requires significant estimates and assumptions due to the numerous factors that affect the amount ultimately payable. Such factors include estimates of the scope and cost of restoration activities, legislative amendments, known environmental impacts, the effectiveness of maintenance and restoration measures and changes in the discount rate. This uncertainty may lead to differences between the actual expense and the allowance. At the date of the statement of financial position, asset retirement obligations represent management's best estimate of the charge that will result when the actual obligations are terminated.

(Expressed in Canadian Dollars)

6. FINANCIAL INSTRUMENTS

Financial instruments are agreements between two parties that result in promises to pay or receive cash or equity instruments. The Company classifies its financial instruments as follows: cash and marketable securities are classified as FVTPL; receivables and security and contract deposits as amortized cost; and trade and other payables, and long-term debt as amortized cost.

The Company classifies its fair value measurements in accordance with an established hierarchy that prioritizes the inputs in valuation techniques used to measure fair value as follows:

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 or indirectly; and
Level 3 - Inputs that are not based on observable market data.

The following table sets forth the Company's financial assets measured at fair value by levels within the fair value hierarchy as at December 31, 2023 and 2022:

December 31, 2023	Level 1	Level 2	Level 3	Total
Cash	**$ 2,793,796**	**$ -**	**$ -**	**$ 2,793,796**
Marketable securities	**$ 50,000**	**$ -**	**$ 10,000**	**$ 60,000**

December 31, 2022	Level 1	Level 2	Level 3	Total
Cash	$ 7,394,113	$ -	$ -	$ 7,394,113
Marketable securities	$ 50,000	$ -	$ 10,000	$ 60,000

The Company has exposure to the following risks from its use of financial instruments:

- Credit risk;
- Liquidity risk; and
- Market risk.

a) Credit risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The Company manages credit risk, in respect of cash, by placing it at major Canadian financial institutions. Included in receivables is $1,237,160 (December 31, 2022 - $2,634,857) owing from the Canada Revenue Agency and Revenu Québec. Management of the Company believes it has minimal credit risk. Remaining receivables are due from third party customers.

b) Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquid funds to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation. The current financial liabilities of the Company as of December 31, 2023 equal $6,987,620 (December 31, 2022 - $10,568,755).

6. FINANCIAL INSTRUMENTS (Continued)

c) Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates and interest rates, will affect the Company's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return on capital.

i) Currency risk – The Company has no funds held in a foreign currency, and as a result, is not exposed to significant currency risk on its financial instruments at period-end.

ii) Interest rate risk – Interest rate risk is the risk that future cash flows will fluctuate as a result of changes in market interest rates. Interest earned on cash is at nominal interest rates. Long-term debt bears interest at fixed rates, the Company is not exposed to the risk of changes in fair value arising from interest rate fluctuations.

iii) Other price risk – Other price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in market prices, other than those arising from interest rate risk. The Company is exposed to other price risk on its marketable securities and the gold price.

d) Capital management

The Company's objectives when managing capital are to identify, pursue and complete the exploration and development of mineral properties, to maintain financial strength, to protect its ability to meet its ongoing liabilities, to continue as a going concern, to maintain creditworthiness and to maximize returns for shareholders over the long term. The Company manages the capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust the capital structure, the Company may attempt to issue new shares. Although the Company has been successful at raising funds in the past through the issuance of share capital, it is uncertain whether it will continue this method of financing due to the current difficult market conditions.

The Company considers its capital to be equity, which is comprised of share capital, share based payments reserve and deficit, which as at December 31, 2023 totalled $8,765,799 (December 31, 2022 – $15,459,340).

In order to facilitate the management of its capital requirements, the Company prepares expenditure budgets that are updated as necessary depending on various factors, including successful capital deployment and general industry conditions.

The Company is not subject to any capital requirements imposed by a lending institution or regulatory body, other than of the TSX-V which requires adequate working capital or financial resources of the greater of (i) $50,000 and (ii) an amount required in order to maintain operations and cover general and administrative expenses for a period of 6 months.

Management reviews the capital structure on a regular basis to ensure that the above objectives are met. There have been no changes to the Company's approach to capital management during the years ended December 31, 2023, and 2022.

7. MARKETABLE SECURITIES

As at December 31, 2023, marketable securities consisted of shares in publicly-traded or reporting issuer companies with a cost of $60,000 (December 31, 2022 - $60,000) and a fair value of $60,000 (December 31, 2022 - $60,000).

(Expressed in Canadian Dollars)

8. RECEIVABLES

As at,	December 31, 2023	December 31, 2022
Sales tax receivable	**$ 810,362**	$ 1,162,689
Exploration tax credits receivable	**426,798**	1,472,168
Other receivables	**282,544**	339,428
Total receivables	**$ 1,519,704**	$ 2,974,285

Below is an aged analysis of the Company's other receivables:

As at,	December 31, 2023	December 31, 2022
1 - 90 days	**$ 263,057**	$ 339,428
Over 90 days	**19,487**	-
Total other receivables	**$ 282,544**	$ 339,428

At December 31, 2023, an allowance has been recorded against these receivables in the amount of $150,000 in unpaid rent related to the Bachelor Camp. The tenant did not pay rent for the month of June 2023 as forest fires prevented access to the property. The tenant submitted a claim to its insurance company and Bonterra has recorded an allowance for bad debt pending resolution.

The credit risk on the receivables has been further discussed in note 6(a). The Company holds no collateral for any receivable amounts outstanding as at December 31, 2023 and 2022. Subsequent to December 31, 2023, the Company has received $859,916 of sales taxes receivable at December 31, 2023.

9. SECURITY AND CONTRACT DEPOSITS

As at December 31, 2023, the Company had $3,000,431 (December 31, 2022 - $1,689,252) in deposits with the Government of Quebec for the settlement of asset retirement obligations and security deposits, comprised of $142,301 (December 31, 2022 - $143,300) in deposits with Hydro Quebec and $2,858,130 (December 31, 2022 - $1,545,952) to a third party insurance provider to cover the Company's bonds with the Government of Quebec. During the year ended December 31, 2020, the Company engaged an insurance provider to cover the Company's bonds with the Government of Quebec. Under this arrangement, the Company was required to put 40% of the bonds value up as collateral to the insurance provider being $1,758,000. In return, the Company received the deposits with the Government of Quebec of $4,395,001. During the year ended December 31, 2021, the insurance provider agreed to reduce the collateral required from 40% of the bonds value to 30%. During the year ended December 31, 2023, the insurance provider requested additional collateral required and the Company increased the bonding by $915,093 and increased the collateral required to approximately 40%.

During the year ended December 31, 2021, the Company's closure plan related to its Barry property was reviewed and approved and as a result, the Company was required to increase its bonding requirements as follows: $758,173 by September 2021 (completed during the year ended December 31, 2021 through a third party insurance provider using 30% collateral), $379,085 by September 2022 (completed during the year ended December 31, 2022 with no additional collateral required) and $397,085 by September 2023 (completed during the year ended December 31, 2023 with no additional collateral required).

(Expressed in Canadian Dollars)

10. PROPERTY, PLANT AND EQUIPMENT

Cost		Mill infrastructure and related equipment		Underground infrastructure and related equipment		Exploration and related equipment		Total
Balance, December 31, 2021	$	11,863,770	$	22,195,400	$	9,122,779	$	43,181,949
Additions		-		-		128,525		128,525
Transfer		-		(200,000)		200,000		-
Disposals		-		-		(93,127)		(93,127)
Impairment		(115,000)		(16,313,900)		(287,000)		(16,715,900)
Balance, December 31, 2022		11,748,770		5,681,500		9,071,177		26,501,447
Additions		**-**		**-**		**-**		**-**
Disposals		**(125,000)**		**(1,089,200)**		**(144,500)**		**(1,358,700)**
Balance, December 31, 2023	**$**	**11,623,770**	**$**	**4,592,300**	**$**	**8,926,677**	**$**	**25,142,747**
Depreciation								
Balance, December 31, 2021	$	728,600	$	1,780,300	$	2,651,600	$	5,160,500
Depreciation		157,000		290,000		625,000		1,072,000
Transfer		-		(64,700)		64,700		-
Disposals		-		-		(5,000)		(5,000)
Impairment		(41,285)		(98,700)		(31,158)		(171,143)
Balance, December 31, 2022		844,315		1,906,900		3,305,142		6,056,357
Depreciation		**148,000**		**195,000**		**572,000**		**915,000**
Disposals		**(104,154)**		**(971,184)**		**(111,797)**		**(1,187,135)**
Balance, December 31, 2023	**$**	**888,161**	**$**	**1,130,716**	**$**	**3,765,345**	**$**	**5,784,222**
Net book value, December 31, 2022	$	10,904,455	$	3,774,600	$	5,766,035	$	20,445,090
Net book value, December 31, 2023	**$**	**10,735,609**	**$**	**3,461,584**	**$**	**5,161,332**	**$**	**19,358,525**

During the year ended December 31, 2022, the Company elected to put the underground infrastructure at the Bachelor-Moroy deposit under long-term care and maintenance. As part of this process, the Company salvaged all the underground infrastructure and related equipment that still had future value for the Company. As a result of this process, the Company recorded an impairment of property, plant and equipment of $16,544,757 during the year ended December 31, 2022.

Depreciation for the year ended December 31, 2023 is reflected as $478,665 (2022 - $526,000) recorded in exploration and evaluation expenditures and $436,335 (2022 - $546,000) recorded in mill and mine care and maintenance costs on the statements of comprehensive loss.

11. EXPLORATION AND EVALUATION PROPERTIES

a) Gladiator Property

(i) Coliseum Property

During the year ended May 31, 2010, the Company acquired a 100% interest in claim blocks in Québec near the Windfall Lake gold project. The property is subject to a 2% net smelter returns royalty ("NSR") of which 0.5% can be purchased by the Company for $1,000,000.

11. EXPLORATION AND EVALUATION PROPERTIES (Continued)

a) Gladiator Property (Continued)

(ii) West Arena Property

The Company entered into an option agreement on September 15, 2010, and as amended on February 8, 2011 and March 19, 2012, to acquire a 100% interest in additional mineral claims adjacent to the Coliseum property in Québec.

The agreement is subject to a 2% NSR of which 1% can be purchased for $500,000.

On November 7, 2013, the Company sold an additional 1% NSR.

(iii) East Arena Property

On December 30, 2010, the Company closed a property purchase agreement entered into on December 10, 2010 to acquire a 100% interest in mineral claims east of the Urban-Barry Township in Québec. The agreement is subject to a 2% NSR of which 1% may be purchased for $1,000,000.

(iv) St-Cyr Property

On February 23, 2016, the Company entered into an agreement to acquire a 100% interest in the St-Cyr property, located in Québec. The vendor retains a 2% NSR, of which 1% can be purchased by the Company for $1,000,000.

(v) West Lacroix Lake Property

On February 23, 2016, the Company entered into an agreement to acquire a 100% interest in the West Lacroix Lake property, located in Québec. The vendor retains a 2% NSR, of which 1% can be purchased by the Company for $1,000,000.

(vi) Lac Barry Property

On March 10, 2016, and as amended March 30, 2017, the Company entered into an option agreement with Golden Valley Mines Ltd. ("Golden Valley") (acquired by Gold Royalty Corp. in November 2021) to acquire an 85% interest in Golden Valley's Lac Barry property, located in Québec.

Golden Valley retains a 15% interest in the property and a 3% NSR, of which 1% can be purchased by the Company for $1,000,000.

(vii) Macho South Property

On March 11, 2016, the Company entered into an agreement to acquire a 100% interest in the Macho South property, located in Québec. The vendor retains a 2% NSR, of which 1% can be purchased by the Company for $1,000,000.

(viii) Barry Property

On March 11, 2016, the Company entered into an agreement to acquire a 100% interest in the Barry property, located in Québec. The vendor retains a 2% NSR, of which 1% can be purchased by the Company for $1,000,000.

11. EXPLORATION AND EVALUATION PROPERTIES (Continued)

a) Gladiator Property (Continued)

(ix) Bailly Property

On March 11, 2016, the Company entered into an agreement to acquire a 100% interest in the Bailly property, located in Québec. The vendor retains a 2% NSR, of which 1% can be purchased by the Company for $1,000,000.

(x) Thubière Property

On March 10, 2017, the Company entered into an agreement to acquire a 100% interest in the Thubière property, located in Québec.

(xi) Lac Mista Property

On March 14, 2017, the Company entered into an agreement to acquire a 100% interest in the Lac Mista property, located in Québec. The vendors retain a 2% gross overriding royalty reserve on the property, of which 1% may be repurchased by the Company for $1,000,000.

(xii) Duke Property

On July 6, 2018, the Company entered into an agreement with Beaufield Resources Inc., which subsequently amalgamated with Osisko Mining Inc. ("Osisko"), to acquire a 70% interest in the Duke property, located in Québec. In consideration, the Company made the payments as follows:

- Cash payment of $250,000 (paid) and issue 400,000 common shares of the Company (issued on July 12, 2018 and valued at $1,600,000) upon acceptance by the TSX-V;
- An additional $250,000 on or before July 6, 2019 (paid); and
- An additional $250,000 on or before July 6, 2020 (paid).

The Company also completed work commitments totalling at least $4,500,000, as follows:

i. a minimum of $1,500,000 on or before the first anniversary of this Agreement (completed);
ii. a further $1,500,000 on or before the second anniversary of this Agreement (completed); and
iii. a further $1,500,000 on or before the third anniversary of this Agreement (completed).

The Duke property is subject to an underlying 2.3% NSR, of which 1% can be purchased for $1,000,000.

During the year ended December 31, 2021, the Company completed the earn in and Osisko and the Company (each a "Party") formed a joint venture (the "JV") in which Bonterra was deemed to have contributed $7,000,000 and Osisko $3,000,000 respectively, to represent a 70/30 % working interest (the "Working Interest"). Pursuant to the JV, if the Working Interest of any Party is reduced to at or below a 5% Working Interest, the JV will terminate and a termination payment is owed to the party below 5% by either (i) a cash payment of the sum of $1,500,000; or (ii) such number of shares in the capital of the other Party that is equal in value to $1,500,000, based upon the current market price on the termination date. During the year ended 2022, no participation was incurred by Osisko. During the year ended December 31, 2023, the Company received $250,965 from Osisko to maintain relative working interest based on expenditures incurred by the Company.

11. EXPLORATION AND EVALUATION PROPERTIES (Continued)

a) Gladiator Property (Continued)

(xiii) Panache Property

On March 25, 2019, the Company entered into an option agreement to acquire a right to a new property called Panache, consisting of one mining claim covering an area of 56 ha, located 20 km north of the Barry property. The Company acquired the property by making a cash payment of $25,000 (paid on March 28, 2019) and issued 10,000 common shares (issued on March 28, 2019 and valued at $19,500) on closing, to the arm's length vendors and an additional cash payment of $50,000 (paid on March 19, 2020) and 15,000 common shares (issued on March 19, 2020 and valued at $11,400) before the one-year anniversary of the agreement.

(xiv) Lapointe Property

On March 9, 2020, the Company entered into a purchase agreement and acquired a new property called the Lapointe property consisting of nine new claims covering an area of 508 ha, contiguous with the Company's Urban-Barry properties located approximately 10 km southwest of the Barry gold deposit. To acquire the property, the Company made a cash payment of $10,000.

b) Barry Property

(i) Barry

The Company holds a 100% interest in mining lease and titles of the Barry gold deposit. It is subject to a 3% NSR.

(ii) Barry United

The Company holds a 100% interest in mining titles located near the Barry gold deposit. It is subject to NSRs of 1% to 4%.

(iii) Barry Extension

The Company holds a 100% interest in mining titles located near the Barry gold deposit. It is subject to a 2% NSR, half of which may be repurchased by the Company for $1,000,000, and the other half at conditions to be agreed upon by the parties.

(iv) Barry Souart

The Company holds a 100% interest in mining titles located near the Barry gold deposit. It is subject to a 2% NSR, half of which may be repurchased by the Company for $500,000, payable in cash or by the issuance of shares at the option of the seller.

11. EXPLORATION AND EVALUATION PROPERTIES (Continued)

c) Bachelor Camp Property

(i) Moroy

The Company holds a 100% interest in mining titles located near the Bachelor Mill. The whole area is subject to a 1.25% NSR. In addition, certain mining titles are subject to an additional 2% NSR, half of which may be repurchased for $1,000,000.

(ii) Nelligan

The Company holds a 70% interest in mining titles located near the Bachelor Mill. It is subject to a 2% NSR, half of which may be repurchased for $1,000,000.

(iii) Coniagas

The Company holds a 100% interest in a mining lease located near the Bachelor Mill.

(iv) Waswanipi

During the year ended December 31, 2020, the Company staked 231 claims north and west of the Bachelor Mill.

d) Other Properties

(i) Wahnapitei

The Company holds a 90% interest in a property comprised of mining leases and concessions located in Sudbury, Ontario. The remaining 10% can be purchased for $1,000,000.

Joint Venture with Osisko related to exploration properties on the Gladiator-Barry and Duke and Lac Barry properties:

On November 28, 2023, the Company executed a definitive earn-in and joint venture agreement with Osisko. Under the agreement, Osisko has the right to acquire up to a 70-per-cent interest in the Company's Gladiator and Barry projects, in addition to the adjoining Duke and Lac Barry properties held through joint venture agreements with Osisko and Gold Royalty Corp., respectively, are being split according to the proration of the JV.

Pursuant to the terms of the agreement, Osisko has paid the Company initial upfront payments totalling $5,000,000 (received).

Specific terms of the agreement include:

- Osisko can earn a 70-per-cent interest in the properties, reducing the Company's interest in the Gladiator, Barry and Duke properties to 30-per-cent and its interest in the Lac Barry joint venture to 15-per-cent by incurring $30 million in work expenditures on the properties, with a minimum spending commitment of $10-million per year over the three-year period following the execution of the agreement;
- Osisko will have the right to carry over work expenditures from year to year, and to pay cash in lieu of expenditures in the event of a shortfall;
- Osisko will be the operator for the properties during the exploration earn-in period;
- Once a 70-per-cent interest in the properties is earned by Osisko, the properties will be operated as a joint venture, with Osisko as the operator, and each party required to contribute to future work expenditures in accordance with the proportional interests in the joint venture;

(Expressed in Canadian Dollars)

11. EXPLORATION AND EVALUATION PROPERTIES (Continued)

- Subsequent to the year end, the Company incorporated a subsidiary called UB Phoenix Corp. ("Subco"). As part of the deal, Osisko will own 70-per-cent interest of certain assets including existing surface infrastructure, surface mining assets, plants and equipment once the earn-in is completed. These assets along with the properties are being transferred to the Subco and will be 100% owned by Bonterra until the earn-in is completed.
- Dilution of a party to less than 10 percent of the joint venture will result in the conversion of their respective joint venture interest to a 1-per-cent net smelter return royalty, 50-per-cent of which is subject to a buyback right of $1-million; and
- In its sole discretion, Osisko may accelerate its exercise of the earn-in right.

As payment for its role as the Company's financial adviser in connection with the joint venture, Cormark Securities Inc. received an advisory fee of $200,000 in cash and 1,162,115 shares with value of $200,000 in common shares of the Company.

NSR's related to exploration properties on the Barry and Bachelor Camp properties:

On September 29, 2017, Metanor Resources Inc. ("Metanor"), a predecessor company, entered into an amending agreement with Sandstorm Gold Royalties, effectively reducing the then existing gold stream on the Bachelor mine (which required Metanor to sell 20% of its gold production at the fixed price of US $500 per ounce) and replacing it with a 3.9% NSR on all minerals produced from the Bachelor and Barry properties (including the surrounding exploration properties held by Metanor at September 29, 2017). 2.1% of the NSR can be repurchased upon payment of US $2M for each property, thereby reducing the NSR to 1.8%.

Exploration and evaluation expenditures:

A summary of exploration and evaluation expenditures for the years ended December 31, 2023 and 2022 is as follows:

Year ended December 31, 2023

	Gladiator	Duke	Barry	Moroy	Desmaraisville	Bachelor	Urban	Other properties	Total
Drilling and assays	80 433	431 443	1 748 476	-	3 627 503	8 124	689 505	-	**6 585 484**
Depreciation	385 332	-	93 333	-	-	-	-	-	**478 665**
Geological, consultingand wages	223 468	58 572	2 029 268	60 461	1 663 237	14 399	219 571	20 269	**4 289 245**
Camp costs, travel and other	26 673	172 908	1 753 141	197 827	681 676	52 452	52 258	22 613	**2 959 548**
Environmental	3 085	-	15 627	-	-	54 043	-	-	**72 755**
Joint venture payments	-	(250 965)	(4 371 741)	-	-	-	-	-	**(4 622 706)**
Quebec mining taxes	-	-	(2 646 429)	-	(231 222)	-	-	-	**(2 877 651)**
Technical studies	-	-	24 023	-	-	-	-	-	**24 023**
Change in estimate of asset retirement obligation	-	-	1 123 000	-	-	3 443 000	-	-	**4 566 000**
Total exploration and evaluation expenditures	718 991	411 958	(231 302)	258 288	5 741 194	3 572 018	961 334	42 882	**11 475 363**

Year ended December 31, 2022

	Gladiator	Duke	Barry	Moroy	Desmaraisville	Bachelor	Urban	Other properties	Total
Drilling and assays	2 413 456	300	8 426 265	-	347 813	12 600	1 034 804	160 709	**12 395 947**
Depreciation	425 000	-	101 000	-	-	-	-	-	**526 000**
Geological, consultingand wages	777 751	-	2 197 311	14 484	238 291	78 051	159 815	64 676	**3 530 379**
Camp costs, travel and other	1 297 854	4 662	3 270 582	30 871	141 578	12 325	94 648	32 862	**4 885 382**
Environmental	48 745	-	250 746	-	-	-	-	-	**299 491**
Quebec mining taxes	(5 824 977)	-	(5 936 222)	-	-	-	-	-	**(11 761 199)**
Technical studies	69 095	-	1 585 511	-	-	26 469	-	-	**1 681 075**
Change in estimate of asset retirement obligation	-	-	1 261 000	-	-	(714 000)		-	**547 000**
Total exploration and evaluation expenditures	(793 076)	4 962	11 156 193	45 355	727 682	(584 555)	1 289 267	258 247	**12 104 075**

(Expressed in Canadian Dollars)

11. EXPLORATION AND EVALUATION PROPERTIES (Continued)

Joint Venture Payments
The Company incurred $628,259 of fees in connection of the closing of the JV transaction.

Miscellaneous income
The company has earned income as a result of renting certain of its camps during the year to third parties. The rental income earned during the year has been recognized as miscellaneous income in the statements of comprehensive loss.

Included in exploration and evaluation expenditures for the year ended December 31, 2023 is depreciation of $478,665 (2022 - $526,000). The Company has applied for exploration tax credits for exploration work done between 2020 to 2023. In the event that the Company receives any additional exploration tax credits it has claimed, these amounts will likely increase the amount the Company's flow-through expenditure requirements. The exploration and evaluation expenditures for the year ended December 31, 2023 are net of $2,877,651 (2022 - $11,761,199) in exploration tax credits receivable from Revenu Québec of which $2,450,853 has been received and $426,798 is receivable as at December 31, 2023.

During the year ended December 31, 2023 the Company recognized income from gold sales from precious metals sold from the Company's Bachelor Mill cleanup process of $3,522,135 (2022 - $nil) from 1,372 (2022 - nil) ounces of gold. After deducting costs related to the sale, the Company recorded net income of $3,021,120 under other income in the statement of comprehensive loss for the year ended December 31, 2023.

12. TRADE AND OTHER PAYABLES

Trade and other payables of the Company are principally comprised of amounts outstanding for trade purchases relating to exploration activities and amounts payable for operating and financing activities. The usual credit period taken for trade purchases is between 30 to 90 days.

The following is a breakdown of the trade and other payables:

	As at,			
	December 31, 2023		December 31, 2022	
Trade payables	**$**	**6,073,717**	$	5,211,896
Accrued liabilities and other payables		**913,903**		1,364,975
Total trade and other payables	**$**	**6,987,620**	$	6,576,871

13. RELATED PARTY TRANSACTIONS

These amounts of key management compensation are included in the amounts shown on the statements of comprehensive loss:

For the year ended December 31,		**2023**		2022
Short-term compensation				
Salaries, management and director fees	**$**	**1,301,000**	$	847,752
Professional fees		**-**		180,000
Termination fees paid or accrued in professional fees (Note 20)		**-**		240,000
Termination fees paid or accrued in salaries, management and director fees (Note 20)		**-**		353,127
		1,301,000		1,620,879
Share-based payments		**683,000**		1,660,000
	$	**1,984,000**	$	3,280,879

(Expressed in Canadian Dollars)

13. RELATED PARTY TRANSACTIONS (Continued)

Included in trade and other payables at December 31, 2023 was $220,096 (December 31, 2022 - $55,731) due to officers and or directors for expense reimbursements, unpaid fees and termination payments. The amounts payable are non-interest-bearing, uncollateralized and are repayable on demand.

14. LONG-TERM DEBT

As at,	December 31, 2023	December 31, 2022
Loans payable, secured by rolling stock and mining equipment, 0.00%, payable in monthly instalments, during 2023	$ -	$ 52,385
	-	52,385
Current portion of long-term debt	-	(51,740)
	$ -	$ 645

15. FLOW-THROUGH PREMIUM LIABILITY

Flow-through premium liability consists of the liability portion of the flow-through shares issued. The following is a continuity schedule of the liability portion of the flow-through share issuances.

Balance, December 31, 2021	**$ 2,998,000**
Liability incurred on flow through shares issued March 2022	**7,126,000**
Settlement of flow-through premium liability by incurring expenditures	**(8,664,856)**
Liability due to receipt of exploration tax credits	**2,481,000**
Balance, December 31, 2022	**3,940,144**
Settlement of flow-through premium liability by incurring expenditures	**(3,940,144)**
Balance, December 31, 2023	**$ -**

At December 31, 2023, the Company had a remaining commitment to incur exploration expenditures of approximately $nil (December 31, 2022 - $9,549,000) in relation to its flow-through share financing.

Details of recent flow-through shares issued is below:

For the year ended December 31, 2022

On March 10, 2022, the Company issued 8,383,500 flow-through shares of the Company at a price of $2.06 per share. The premium paid by investors was calculated as $0.85 per share. Accordingly, $7,126,000 was recorded as flow-through premium liability.

16. ASSET RETIREMENT OBLIGATIONS

The Company's past production and current exploration activities are subject to various federal and provincial laws and regulations governing the protection of the environment. These laws and regulations are continually changing and are generally becoming more restrictive. The Company conducts its operations so as to protect public health and the environment. The Company has recorded the asset retirement obligations on the basis of management's best estimates of future costs, based on information available on the reporting date.

Best estimates of future cost are the amount the Company would reasonably pay to settle its obligation on the closing date of the project.

(Expressed in Canadian Dollars)

16. ASSET RETIREMENT OBLIGATIONS (Continued)

The future costs are discounted using the risk-free interest rate of the Company and are recorded as liabilities. The asset retirement obligations are adjusted for accumulated accretion in accordance with the expected timing of payment of the cash flows required to settle these obligations. Revisions made to the reclamation obligation were primarily a result of an increase in expected costs of reclamation activities relative to the quotations received in the prior year.

a) Changes in obligations

The following table sets forth the changes in the asset retirement obligations:

As at,	**December 31, 2023**	December 31, 2022
Balance, beginning of year	**$ 6,534,000**	$ 5,987,000
Accretion expense	**214,000**	147,000
Change in estimate for asset retirement obligations	**4,352,000**	400,000
Balance, end of year	**$ 11,100,000**	$ 6,534,000

b) Information used in the calculation of obligations

The total inflated and undiscounted amount of estimated cash flows required to settle the Company's estimated future closure and decommissioning costs is $13,300,922 (December 31, 2022 - $8,660,000), which has been inflated using inflation rates of 2.18% (December 31, 2022 – 2.05%). The total provision is calculated using discount rates of 3.02% (December 31, 2022 – 3.28%). The schedule of payments was determined by taking into account the resources that the Company considers highly likely to be able to convert into reserves of related mining properties and the estimated annual production level. The Company plans to settle these obligations during the financial year ending in 2038 for the Barry site and 2048 for the Bachelor Mill Complex.

c) Distribution of asset retirement obligations

The following table sets forth the break down in the asset retirement obligations between the sites:

As at,	**December 31, 2023**	December 31, 2022
Barry site	**$ 2,904,000**	$ 1,781,000
Bachelor mill complex	**8,196,000**	4,753,000
	$ 11,100,000	$ 6,534,000

17. SHARE CAPITAL

a) Authorized

Unlimited number of common voting shares without par value.

b) Issued and outstanding

During the year ended December 31, 2023

As payment for its role as the Company's financial adviser in connection with the joint venture as described in note 11, Cormark Securities Inc. received 1,162,115 shares of the Company with a value of $200,000.

During the year ended December 31, 2022

On March 10, 2022, the Company closed a brokered private placement, issuing: (a) 6,405,000 common shares of the company at a price of $1.21 per common share for gross proceeds of $7,750,050; and (b) 8,383,500 common shares of the company that qualify as flow-through at a price of $2.06 per flow-through

(Expressed in Canadian Dollars)

17. SHARE CAPITAL (Continued)

b) Issued and outstanding (Continued)

share for gross proceeds of $17,270,010, representing total aggregate gross proceeds of the offering of $25,020,060. In connection with the offering, the agents received a cash fee equal to $1,356,719. Other share issue costs of $197,216 were incurred.

c) Warrants

There are no warrants outstanding as at December 31, 2023.

d) Stock options

The Company has an incentive compensation plan to grant securities to directors, officers, employees and consultants. Under the plan, the aggregate number of common shares that may be subject to securities at any one time may not exceed 10% of the issued common shares of the Company as of that date, including securities granted prior to the adoption of the plan. Options granted may not exceed a term of 10 years, and the term will be reduced to one year following the date of death of the optionee. All options vest when granted unless they are otherwise specified by the Board of Directors or if they are granted for investor relations activities. Options granted for investor relations activities vest over a twelve-month period with no more than 25% of the options vesting in any three-month period. As at December 31, 2023, the Company had 4,980,762 (December 31, 2022 - 3,509,550) options remaining available for issuance under the plan.

The following is a summary of option transactions under the Company's stock option plan for the years ended December 31, 2023 and 2022:

For the,	**Year Ended December 31, 2023**		Year Ended December 31, 2022	
	Number of Options	**Weighted Average Exercise Price**	Number of Options	Weighted Average Exercise Price
Outstanding and exercisable, beginning of year	**9,110,000**	**$ 1.33**	8,255,000	$ 1.39
Transactions during the year:				
Granted	**1,770,000**	**0.345**	1,800,000	1.09
Exercised [(1)]	**-**	**-**	(150,000)	1.16
Expired/Cancelled/Forfeited	**(3,125,000)**	**1.38**	(795,000)	1.40
Outstanding, end of year	**7,755,000**	**$ 1.09**	9,110,000	$ 1.33
Exercisable, end of year	**6,255,000**	**$ 1.07**	6,860,000	$ 1.39

[1] The weighted average trading price on date of exercise for the stock options exercised during year ended December 31, 2022 was $1.25.

The following table provides additional information about outstanding stock options at December 31, 2023:

Range of Exercise Prices ($)	**No. of Options Outstanding**	**Weighted Average Exercise Price ($)**	**Weighted Average Remaining Life (Years)**	**No. of Options Exercisable**	**Weighted Average Exercise Price of Exercisable ($)**
0.345 – 1.27	5,480,000	0.91	3.30	3,980,000	0.82
1.32 – 2.00	2,275,000	1.52	1.82	2,275,000	1.52
0.345 – 2.00	**7,755,000**	**1.09**	**2.87**	**6,255,000**	**1.07**

(Expressed in Canadian Dollars)

17. SHARE CAPITAL (Continued)

d) Stock options (Continued)

On May 5, 2023, the Company granted 1,770,000 stock options to various employees, officers and directors of the Company at an exercise price of $0.345. These stock options have a 5-year life and vested immediately.

On October 3, 2022, the Company granted 500,000 stock options to an officer of the Company at an exercise price of $0.50. These stock options have a 5 year life and vested ¼ immediately, and ¼ thereafter on each of the first three anniversaries.

On January 17, 2022, 1,300,000 stock options were granted with an exercise price of $1.32 that vest immediately and expire on January 17, 2027 to various officers and directors.

During the year ended December 30, 2023, 3,125,000 (Year ended December 31, 2022 – 795,000) options expired unexercised with a weighted average exercise price of $1.38 (Year ended December 31, 2022 – $1.40).

Subsequent to December 31, 2023, 200,000 options expired unexercised and 75,000 options were forfeited.

The Company applies the fair value method using the Black-Scholes option pricing model in accounting for its stock options granted. The fair value of each option grant was calculated using the following weighted average assumptions:

Year Ended December 31,	**2023**	2022
Expected life (years)	**5**	5
Risk-free interest rate	**3.02%**	2.09%
Expected annualized volatility	**61%**	57%
Dividend yield	**N/A**	N/A
Stock price at grant date	**0.345**	$1.09
Exercise price	**0.345**	$1.09
Weighted average grant date fair value	**$0.187**	$0.55

Option pricing models require the input of highly subjective assumptions regarding volatility. The Company has used historical volatility to estimate the volatility of the share price.

18. SUPPLEMENTAL DISCLOSURE WITH RESPECT TO CASH FLOWS

Year ended December 31,		**2023**		2022
Interest received	**$**	**172,679**	$	302,921
Interest paid	**$**	**(9,552)**	$	(3,609)

					Non-cash changes		
	December 31, 2022		**Cash Flows**		**Loan Additions**		**December 31, 2023**
Long-term debt	**$**	**52,385**	**$**	**(52,385)**	**$ -**	**$**	**-**

					Non-cash changes		
	December 31, 2021		Cash Flows		Loan Additions		December 31, 2022
Long-term debt	$	116,628	$	(64,243)	$ -	$	52,385

(Expressed in Canadian Dollars)

19. SEGMENTED DISCLOSURE

The Company operates several exploration and evaluation properties in Quebec, as well as a past producing gold mine and mill that has been put on care and maintenance. These operating sites are managed separately given their different locations. The Company assesses the performance of each segment. Accounting policies for each segment are the same as those used for the preparation of the financial statements.

For the years ended December 31, 2023 and 2022, the Company's two operating segment were mining site care and maintenance and mineral exploration. All other costs are considered corporate administration costs.

Year ended December 31, 2023	**Mining Site**	**Exploration**	**Corporate**	**Total**
Mill and mine care and maintenance	**$ 1,520,774**	**$ -**	**$ -**	**$ 1,520,774**
Exploration and evaluation	**-**	**11,475,363**	**-**	**11,475,363**
Gold sales, net	**(3,021,120)**	**-**	**-**	**(3,021,120)**
Miscellaneous income	**-**	**(2,209,493)**	**-**	**(2,209,493)**
Recovery of flow-through premium liability	**-**	**(3,940,144)**	**-**	**(3,940,144)**
Administration*	**-**	**-**	**3,778,161**	**3,778,161**
Net loss	**$ (1,500,346)**	**$ 5,325,726**	**$ 3,778,161**	**$ 7,603,541**

Year ended December 31, 2022	Mining Site	Exploration	Corporate	Total
Mill and mine care and maintenance	$ 6,922,600	$ -	$ -	$ 6,922,600
Exploration and evaluation	-	12,104,075	-	12,104,075
Miscellaneous income	-	(270,747)	-	(270,747)
Recovery of flow-through premium liability	-	(6,183,856)	-	(6,183,856)
Impairment of property, plant and equipment	-	16,544,757	-	16,544,757
Administration*	-	-	5,519,876	5,519,876
Net loss	$ 6,922,600	$ 22,194,229	$ 5,519,876	$ 34,636,705

* Administration costs include salaries, management and director fees, office, general and other, professional fees, rent, share-based payments, shareholder communication and investor relations, transfer agent and filing fees, travel, interest income and accretion expense.

20. COMMITMENTS AND CONTINGENT LIABILITIES

a) The Company had entered into agreements with officers and consultants that include termination and change of control clauses. In the case of termination and change of control, the officers and consultants are entitled to certain amounts payable.

As at December 31, 2023, the Company had three (December 31, 2022 – three) of these types of agreements with officers of the Company that totaled annual base fees of $695,000 and US$150,000 (December 31, 2022 – $690,000 and US$150,000). In the case of termination, the officers are entitled to an amount equal to $593,000 (December 31, 2022 – $570,000 and US$150,000) and in the case of a change of control of the Company, the officers under certain circumstances are entitled to an amount equal to $1,145,000 and US $150,000 (December 31, 2022 – $1,140,000 and US$150,000).

b) On September 9, 2013, the Ministry of Natural Resources and Forests of Quebec approved the update of the restoration plan of the Bachelor mine. The financial guarantee covering the restoration costs amount to $4,000,104 which has been covered by insurance bonds as at December 31, 2023 and 2022 (note 9). On May 2, 2023 the Ministry of Natural Resources and Forests of Quebec approved the updated restauration plan of the Bachelor Mine. The insurance bond will be determined during 2024.

(Expressed in Canadian Dollars)

21. INCOME TAXES

A reconciliation of income taxes at statutory rates with reported taxes is as follows:

Year ended December 31,		2023		2022
Loss before income taxes	$	**(7,603,541)**	$	(34,636,705)
Statutory income tax rate		**26.50%**		26.50%
Income tax benefit computed at statutory tax rate		**(2,014,938)**		(9,178,727)
Items not deductible (taxable) for income tax purposes		**(853,938)**		(1,415,910)
Renunciation of eligible expenditures		**3,221,230**		5,326,643
Adjustment with respect to prior period		**(199,910)**		(61,120)
Change in unrecognized benefit of deferred income tax assets		**(152,443)**		5,329,114
Deferred income tax expense	$	**-**	$	-

The significant components of the Company's deductible temporary differences, unused tax credits and unused tax losses that have not been included on the statements of financial position are as follows:

As at December 31,		2023		2022
Non-capital losses carried forward	$	**159,368,000**	$	158,305,000
Net capital losses carried forward	$	**1,604,000**	$	1,604,000
Canadian development expense carried forward	$	**32,858,000**	$	38,217,000
Asset retirement obligations	$	**11,100,000**	$	6,534,000
Share issue costs	$	**1,990,000**	$	10,309,000
Property, plant and equipment	$	**25,427,000**	$	24,536,000

The significant components of the Company's deductible temporary differences, unused tax credits and unused tax losses that have not been included on the statements of financial position expire as follows:

As at December 31,	2023	2022
Non-capital losses carried forward	**2029 – 2043**	2029 – 2042
Net capital losses carried forward	**None**	None
Canadian development expense carried forward	**None**	None
Asset retirement obligations	**None**	None
Share issue costs	**2024 – 2026**	2023 – 2026
Property, plant and equipment	**None**	None

As at December 31, 2023, the Company has capital losses of $3,227,000 (2022 - $3,227,000) available for carry-forward to reduce future years' capital gains.

(Expressed in Canadian Dollars)

21. INCOME TAXES (Continued)

As at December 31, 2023, the Company has federal non-capital losses of $159,368,000 (2022 - $158,305,000) and Quebec non-capital losses of $166,112,000 (2022 - $165,049,000) available for carry-forward to reduce future years' income for income tax purposes. These losses expire as follows:

	Federal	Quebec
2029	**8,021,000**	**12,994,000**
2030	**10,717,000**	**10,896,000**
2031	**8,822,000**	**9,454,000**
2032	**6,604,000**	**5,988,000**
2033	**1,370,000**	**1,365,000**
2034	**2,213,000**	**2,199,000**
2035	**3,836,000**	**3,819,000**
2036	**6,272,000**	**5,830,000**
2037	**47,379,000**	**49,080,000**
2038	**7,715,000**	**8,214,000**
2039	**21,407,000**	**19,847,000**
2040	**9,864,000**	**11,283,000**
2041	**10,472,000**	**10,467,000**
2042	**13,613,000**	**13,613,000**
2043	**1,063,000**	**1,063,000**
	$ **159,368,000**	$ **166,112,000**

22. SUBSEQUENT EVENTS

On January 2, 2024, the Company granted to certain officers of the Company an aggregate of 750,000 restricted share units ("RSUs") of the Company pursuant to the Company's omnibus compensation plan. The RSUs are subject to a one-year vesting period from the date of grant.

On January 18, 2024 a subsidiary fully owned by Bonterra was created under the name of UB Phoenix Corp according to the JV signed with Osisko on the Urban-Barry properties in November 2023.

On February 1, 2024, in conjunction with two new appointments to the board of directors, the Company granted incentive stock options to acquire a total of 600,000 common shares of the Company pursuant to the Company's stock option plan. Each stock option vests immediately and is exercisable at a price of $0.20 per share for a period of five years from the grant date.

On March 18, 2024, the Company entered into an agreement with Machai Capital Inc. (“Machai”) to provide digital marketing services. The engagement has an initial term of three months, pursuant to which Machai received 120,000 in common shares of the Company, plus applicable taxes.

The Company also granted incentive stock options to acquire a total of 1,970,000 common shares of the Company to various employees, officers, and directors. Each stock option vests immediately and is exercisable at a price of $0.24 per share for a period of five years from the date of the grant.

On April 18, 2024 the Company announced that it has entered into an agreement with Eight Capital as lead agent in connection with a private placement of up to 16,000,000 units of the Company at a price of $0.25 per Unit for aggregate gross proceeds of up to $4,000,000, pursuant to the listed issuer financing. Each Unit will consist of one common share of the Company and one common share purchase warrant. Each Warrant will entitle the holder thereof to acquire one Share at an exercise price of $0.31 for a period of four years from the date of issuance. The transaction is subject to the approval of the TSX-Venture Exchange.

22. SUBSEQUENT EVENTS (Continued)

The Company also announced that it has reached an agreement to settle approximately $1.5 million in outstanding indebtedness owed to an arms length creditor through the issue of 6,000,000 Shares at a deemed price of $0.25 per Share. Shares issued pursuant to the debt settlement will be subject to a hold period in Canada of four months. The transaction is subject to the approval of the TSX-Venture Exchange.

On April 22, 2024 entered into an amending agreement with Eight Capital, as lead agent, to upsize the previously announced private placement. In connection with the upsized offering, the Company will issue up to (i) 21,750,000 units of the Company and (ii) 5,250,000 Quebec premium flow-through (FT) units of the Company at a price of $0.25 per Unit and $0.445 per FT Unit for aggregate gross proceeds of up to $7,773,750. Each Unit will consist of one common share of the Company and one common share purchase warrant. Each Warrant will entitle the holder thereof to acquire one Share at an exercise price of $0.31 for a period of four years from the date of issuance.