CENTENARIO GOLD CORP.
(formerly AADirection Capital Corp.)

Consolidated Financial Statements
(Expressed in Canadian dollars)

For the Years Ended December 31, 2023 and December 31, 2022

DeVISSER GRAY LLP
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INDEPENDENT AUDITOR'S REPORT

To the Shareholders of Centenario Gold Corp. (formerly AADirection Capital Corp.)

Report on the Audit of the Consolidated Financial Statements

Opinion

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

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2023 and 2022 and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards ("IFRS").

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Canada, and we have fulfilled our 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 1 in the consolidated financial statements, which indicates that the Company has not generated any revenue and has incurred losses since inception. As stated in Note 1, the Company's ability to continue as a going concern is dependent upon its ability to obtain additional capital. These matters, along with other matters as set forth in Note 1, indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Key Audit Matters

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

In addition to the matter described in the *Material Uncertainty Related to Going Concern* section, we have determined that there are the following key audit matters to communicate in our auditor's report.

Key audit matter:	**How our audit addressed the key audit matter:**
Assessment of impairment indicators of Exploration and evaluation assets.	Our approach to addressing the matter included the following procedures, among others:
Refer to Note 2 – Use of judgements and estimates, Note 3 – Accounting policy Exploration and evaluation assets and Note 8 – Exploration and evaluation assets Management assesses at each reporting period whether there is an indication that the carrying value of exploration	Evaluated the reasonableness of management's assessment of impairment indicators, which included the following: • Assessed the Company's market capitalization in comparison to the Company's net assets, which may be an indication of impairment.

and evaluation assets may not be recoverable. Management applies significant judgement in assessing whether indicators of impairment exist that necessitate impairment testing. Internal and external factors, such as (i) a significant decline in the market value of the Company's share price; (ii) changes in the Company's assessment of whether commercially viable quantities of mineral resources exist within the property; and (iii) changes in metal prices, capital and operating costs, are evaluated by management in determining whether there are any indicators of impairment. We considered this a key audit matter due to (i) the significance of the exploration and evaluation asset balance and (ii) the significant audit effort and subjectivity in applying audit procedures to assess the factors evaluated by management in its assessment of impairment indicators, which required significant management judgement.	• Assessed the completeness of the factors that could be considered indicators of impairment, including consideration of evidence obtained in other areas of the audit. • Confirmed that the Company's right to explore the property had not expired. • Obtained management's written representations regarding the Company's future plans for the exploration and evaluation assets. • Assessed the reasonability of the Company's financial statement disclosure regarding their exploration and evaluation assets.

Key audit matter:	**How our audit addressed the key audit matter:**
Valuation of common shares given up pursuant to the reverse takeover transaction ("RTO")	Our approach to addressing the matter included the following procedures, among others:
Refer to Note 2 – Use of judgements and estimates, and Note 4 Reverse Takeover Management was required to assess the valuation of the common shares considered to be issued to existing AADirection Capital Corp. shareholders on completion of the RTO. The common shares considered to be issued consisted of those shares of AADirection Capital Corp. that were outstanding immediately prior to the completion of the RTO. At the time of the RTO, the common shares of AADirection Capital Corp. were halt-traded and therefore did not have a readily available fair market value. We considered this a key audit matter due to (i) the significance of the RTO costs recorded on the statement of comprehensive loss, and (ii) the significant audit effort and subjectivity in applying audit procedures to assess the factors evaluated by management in its valuation of these common shares, which required significant management judgement.	Evaluated the accuracy of management's valuation of the common shares given up pursuant to the RTO, which included the following: • Assessing the basis for the valuation of the common shares, being the concurrent private placement financing of subscription receipts by the Company. • Assessing the alternative approaches that could be considered when estimating the fair value of the common shares given up. • Assessing the fairness and completeness of the Company's financial statement disclosure regarding the RTO.

Other Information

Management is responsible for the other information. The other information comprises the information included in "Management's Discussion and Analysis" but does not include the consolidated financial statements and our auditor's report thereon.

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

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information, and in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

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

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

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

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

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

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

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

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

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

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

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

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

- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the Company as a basis for forming an opinion on the group financial statements. We are responsible for the direction, supervision and review of the audit work performed for purposes of the group audit. We remain solely responsible for our audit opinion.

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

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

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

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

De Visser Gray LLP

Chartered Professional Accountants

Vancouver, BC, Canada
April 26, 2024

CENTENARIO GOLD CORP.
(formerly AADIRECTION CAPITAL CORP.)
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
(Expressed in Canadian Dollars)

		As at		
		December 31, 2023		**December 31, 2022**
ASSETS				
Current				
Cash and cash equivalents	$	407,565	$	115,033
Prepaid expenses (Note 5)		554,149		3,834
Amounts receivable		9,602		2,864
Total Current Assets		971,316		121,731
Non-Current Assets				
Equipment (Note 6)		3,109		4,395
Exploration and evaluation assets (Note 8)		234,663		131,899
Right-of-Use Asset (Note 9)		-		7,086
Value added tax receivable (Note 7)		-		70,702
Total Non-Current Assets		237,772		214,082
TOTAL ASSETS	$	1,209,088	$	335,813
LIABILITIES				
Current liabilities				
Accounts payable and accrued liabilities (Note 11)	$	30,172	$	379,313
Lease liability (Note 9)		-		7,852
TOTAL LIABILITIES		30,172		387,165
SHAREHOLDERS' EQUITY (DEFICIENCY)				
Share subscriptions received (Note 10)		-		189,500
Share capital (Note 10)		4,543,810		1,347,999
Share-based payments reserve (Note 10)		351,724		-
Deficit		(3,716,618)		(1,588,851)
TOTAL SHAREHOLDERS' EQUITY (DEFICIENCY)		1,178,916		(51,352)
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	$	1,209,088	$	335,813

Nature and continuance of operations (Note 1)
Subsequent event (Note 17)

On behalf of the Board:

"Douglas Fulcher"	"Alain Charest"
Douglas Fulcher, director	Alain Charest, director

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

CENTENARIO GOLD CORP.
(formerly AADIRECTION CAPITAL CORP.)
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
(Expressed in Canadian Dollars)

	Number of Shares	Share Capital	Share Subscriptions Received	Share-Based Payments Reserve	Deficit	Total Equity (Deficiency)
Balance, December 31, 2021	17,074,992	$ 1,103,749	$ -	$ -	$ (733,639)	$ 370,110
Share purchase warrants exercised	2,212,500	244,250	-	-	-	244,250
Share subscriptions received	-	-	189,500	-	-	189,500
Loss and comprehensive loss for the year	-	-	-	-	(855,212)	(855,212)
Balance, December 31, 2022	19,287,492	$ 1,347,999	$ 189,500	$ -	$ (1,588,851)	$ (51,352)

	Number of Shares	Share Capital	Share Subscriptions Received	Share-Based Payments Reserve	Deficit	Total Equity (Deficiency)
Balance, December 31, 2022	19,287,492	$ 1,347,999	$ 189,500	$ -	$ (1,588,851)	$ (51,352)
Reverse takeover ("RTO")	6,000,000	900,000	-	-	-	900,000
Private placement financings, net of share issuance costs	15,554,998	2,164,478	(189,500)	51,024	-	2,026,002
Share purchase warrants exercised	656,666	131,333	-	-	-	131,333
Stock-based compensation expense	-	-	-	300,700	-	300,700
Loss and comprehensive loss for the year	-	-	-	-	(2,127,767)	(2,127,767)
Balance, December 31, 2023	41,499,156	$ 4,543,810	$ -	$ 351,724	$ (3,716,618)	$ 1,178,916

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

CENTENARIO GOLD CORP.
(formerly AADIRECTION CAPITAL CORP.)
CONSOLIDATED STATEMENTS OF COMPREHENSIVE LOSS
(Expressed in Canadian Dollars)

	For the Year Ended December 31, 2023	2022
Operating expenses		
Exploration and evaluation	$ 708,367	$ 475,400
Depreciation (Notes 6 and 9)	9,368	46,570
Investor relations and marketing	87,558	-
Management fees and consulting fees (Note 11)	203,048	185,375
Office and administration (Note 11)	54,520	25,446
Professional fees	66,136	85,510
Project generation	13,596	17,171
Stock-based compensation expense (Note 10)	300,700	-
Transfer agent and filing fees	27,103	18,372
Travel and business development	10,055	11,316
Foreign exchange (gain) loss	4,626	(8,266)
Loss from operations	(1,485,077)	(856,894)
Other items		
Gain on sale of equipment	-	1,682
RTO transaction costs (Note 4)	(642,690)	-
	(642,690)	1,682
Loss and Comprehensive Loss for the Year	$ (2,127,767)	$ (855,212)
Basic And Diluted Loss Per Share Outstanding	$ (0.08)	$ (0.05)
Weighted Average Number Of Shares Outstanding	26,186,797	18,681,585

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

CENTENARIO GOLD CORP.
(formerly AADIRECTION CAPITAL CORP.)
CONSOLIDATED STATEMENTS OF CASH FLOWS
(Expressed in Canadian Dollars)

	For the Year Ended December 31, 2023	2022
Cash and cash equivalents provided by (used in):		
Operating Activities		
Net loss for the year	$ (2,127,767)	$ (855,212)
Items not affecting cash:		
Depreciation	9,368	46,570
Stock-based compensation expense	300,700	-
Gain on sale of equipment	-	(1,682)
RTO transaction costs	642,690	-
Changes in non-cash operating working capital items:		
(Increase) decrease in prepaid expenses	(550,315)	13,304
(Increase) decrease in accounts receivable	(2,364)	145
(Increase) decrease in value added tax receivable	70,702	(28,006)
Increase (decrease) in accounts payable and accrued liabilities	(349,141)	366,064
Cash used in operating activities	(2,006,127)	(458,817)
Investing Activities		
Cash acquired upon RTO	252,936	-
Exploration and evaluation assets	(102,764)	(66,403)
Proceeds on disposition of equipment	-	9,689
Purchase of equipment	(996)	-
Cash used in investing activities	149,176	(56,714)
Financing Activities		
Share capital issued, net of issuance costs	2,157,335	244,250
Share subscriptions received	-	189,500
Principal portion of office lease	(7,852)	(43,230)
Cash provided by financing activities	2,149,483	390,520
Increase (decrease) in cash and cash equivalents during the year	292,532	(125,011)
Cash and cash equivalents - beginning of the year	115,033	240,044
Cash and cash equivalents - end of the year	$ 407,565	$ 115,033

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

1. NATURE AND CONTINUANCE OF OPERATIONS

Centenario Gold Corp. (formerly AADirection Capital Corp.) (the "Company" or “CTG”) was incorporated under the Business Corporations Act of British Columbia on December 1, 2020 and was a capital pool company as defined by TSX Venture Exchange (“TSXV”) Policy 2.4 (the “Policy”). The Company completed its initial public offering (“IPO”) on August 17, 2021 and its shares commenced trading on the TSXV under the symbol AAD.P.

On October 26, 2023, the Company completed its qualifying transaction (the “Transaction”) under TSXV Policy 2.4 – Capital Pool Companies, and it concurrently changed its name from AADirection Capital Corp. to Centenario Gold Corp. Prior to the Transaction, the Company was a Capital Pool Company (CPC) as defined pursuant to Policy 2.4 of the TSXV that performed no significant business activities other than the identification and evaluation of assets or businesses with the view of completing a qualifying transaction.

Following completion of the Transaction, the Company now operates as a Tier 2 exploration issuer listed on the TSXV under the trading symbol CTG. Its principal business is to acquire, explore, and develop interests in mineral projects in Mexico.

The Company’s head office, principal address and registered and records office is Suite 615 – 800 West Pender Street, Vancouver, BC, V6C 2V6.

Going concern of operations

These financial statements have been prepared in accordance with International Financial Reporting Standards (“IFRS”) with the assumption that the Company will be able to realize its assets and discharge its liabilities in the normal course of business rather than through a process of forced liquidation. The financial statements do not include adjustments to amounts and classifications of assets and liabilities that might be necessary should the Company be unable to continue operations.

As of December 31, 2023, the Company has not generated any revenues and has incurred losses of $3,716,618 (December 31, 2022 - $1,588,851) since inception. The Company’s continued existence and plans for future growth depend on its ability to obtain additional capital. 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 the higher inflation and energy crises, may create further uncertainty and risk with respect to the prospects of the Company’s business.

1. NATURE AND CONTINUANCE OF OPERATIONS (cont'd…)

The above material uncertainties raise significant doubt about the Company's ability to continue as a going concern. Although these financial statements have been prepared on a going concern basis, the Company's continuing operations are dependent upon its ability to obtain adequate financing through debt or equity issuance.

2. BASIS OF PREPARATION

(a) Statement of compliance

These consolidated financial statements of the Company for the years ended December 31, 2023 and December 31, 2022 have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB").

These consolidated financial statements were approved and authorized to be issued by the Board of Directors on April 26, 2024.

(b) Financial Statement Presentation

These financial statements include the accounts of the Company, its 100% owned Canadian subsidiary, 1403285 B.C. Ltd. and its 99% owned Mexican subsidiary, Durango Gold Corp S.A. de C.V. whose principal business is the exploration of the Eden project in Mexico. All significant inter-company transactions and balances have been eliminated on consolidation. All amounts are stated in Canadian dollars unless otherwise indicated.

(c) Use of judgments and estimates

The preparation of financial statements in conformity with IFRS requires management to make certain estimates, judgments and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported revenues and expenses during the period.

Although management uses historical experience and its best knowledge of the amount, events or actions to form the basis for judgments and estimates, actual results may differ from these estimates.

Significant areas requiring the use of management judgements and estimates include:

- impairment of exploration and evaluation assets;
- provision of reclamation and environmental obligations, if any;
- the determination of the value of the common shares issued pursuant to the RTO; and
- inputs used in accounting for stock-based compensation expense in profit or loss.

2. BASIS OF PREPARATION (cont'd…)

(c) Use of judgments and estimates (cont'd…)

The management of the Company has considered the Company's current activities, funding position and projected funding requirements for the period of at least twelve months from the date these financial statements, in determining the ability of the Company to adopt the going concern basis in preparing the financial statements for the year ended December 31, 2023. The assessment of the Company's ability to execute its strategy to meet its future funding requirements involves judgment.

3. MATERIAL ACCOUNTING POLICIES

(a) Cash and cash equivalents

Cash includes deposits held at call with financial institutions.

(b) Equipment

Equipment is recorded at cost less accumulated depreciation and impairment losses, if any. Depreciation is recognized as follows:

- Motor vehicles – over 4 years.
- Computer equipment – over 2 years.

(c) Exploration and evaluation assets ("E&E")

Costs relating to the acquisition and claim maintenance of exploration and evaluation assets (including option payments and annual fees to maintain the property in good standing) are capitalized and deferred by property until the project to which they relate is sold, abandoned, impaired or placed into production.

The Company expenses all exploration, evaluation and development expenditures until management concludes that a future economic benefit is more likely than not to be realized.

Once the Company considers that a future economic benefit is more likely than not of being realized, all subsequent costs directly relating to the advancement of the related area of interest are capitalized.

Capitalized exploration and evaluation costs are tested for impairment when events or changes in circumstances indicate that the carrying amount may not be recoverable. If an indicator is identified, the asset's recoverable amount is calculated and compared to the carrying amount. For the purpose of measuring recoverable amounts, assets are grouped into CGUs. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount.

3. MATERIAL ACCOUNTING POLICIES (cont'd…)

(c) Exploration and evaluation assets ("E&E") (cont'd…)

As the Company currently has no operational income, any incidental revenues earned in connection with exploration activities are applied as a reduction to exploration costs. Exploration and evaluation acquisition costs that are capitalized are included as part of cash flows from investing activities whereas exploration and evaluation expenditures that are expensed are included as part of cash flows from operating activities.

(d) Leases

At inception of a contract, the Company must assess whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset over a period of time in exchange for consideration. The Company must assess whether the contract involves the use of an identified asset, whether it has the right to obtain substantially all of the economic benefits from the use of the asset during the term of the contract and if it has the right to direct the use of the asset.

As a lessee, the Company recognizes a right-of-use asset and a lease liability at the commencement date of the lease.

Right-of-use asset

The right-of-use asset is initially measured at cost, which is comprised of the initial amount of the lease liability adjusted for any lease payments made and any initial direct costs incurred at or before the commencement date, plus any decommissioning and restoration costs, less any lease incentives received. The right-of-use asset is subsequently depreciated from the commencement date to the earlier of the end of the lease term, or the end of the useful life of the asset. In addition, the right-of-use asset may be reduced due to impairment losses, if any, and adjusted for certain re-measurements of the lease liability.

Lease liability

A lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date discounted by the interest rate implicit in the lease or, if that rate cannot be readily determined, the incremental borrowing rate. The lease liability is subsequently measured at amortized cost using the effective interest method.

3. MATERIAL ACCOUNTING POLICIES (cont'd…)

(d) Leases (cont'd…)

Lease payments included in the measurement of the lease liability comprise: fixed payments; variable lease payments that depend on an index or a rate; amounts expected to be payable under any residual value guarantee; the exercise price under any purchase option that the Company would be reasonably certain to exercise; lease payments in any optional renewal period if the Company is reasonably certain to exercise an extension option; and penalties for any early termination of a lease unless the Company is reasonably certain not to terminate early. The Company has not included non-lease components related to premises leases in the determination of the lease liability.

The Company has elected not to recognize right-of-use assets and lease liabilities for short-term leases that have a lease term of twelve months or less and leases of low-value assets. The lease payments associated with these leases are charged directly to income on a straight-line basis over the lease term.

(e) Decommissioning liabilities

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

Decommissioning and site rehabilitation costs arising from the installation of plant and other site preparation work, discounted to their net present value, are provided when the obligation to incur such costs arises and are capitalized into the cost of the related asset. These costs are charged against operations through amortization of the asset and unwinding of the discount on the provision.

Amortization is included in operating costs while the unwinding of the discount is included as a financing cost. Changes in the measurement of a liability relating to the decommissioning or site rehabilitation of plant and other site preparation work are added to, or deducted from, the cost of the related asset and charged against operating profit or loss. The discount rate used to measure the net present value of the obligations is the pre-tax rate that reflects the current market assessment of the time value of money and the risks specific to the obligation.

The costs for the restoration of site damage, which arises during production, are provided at their net present values and charged against operations as extraction progresses.

3. MATERIAL ACCOUNTING POLICIES (cont'd…)

(f) Share capital

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

The Company has adopted a residual value method with respect to the measurement of shares and warrants issued as private placement units. The residual value method first allocates value to the more easily measurable component based on fair value and then the residual value, if any, to the less easily measurable component. The Company considers the fair value of common shares issued in private placements to be the more easily measurable component of unit offerings and the common shares are valued at their fair value, as determined by the closing quoted bid price on the announcement date. The balance, if any, is allocated to any attached warrants or other features. Any fair value attributed to warrants is recorded as share-based payments reserve.

When unit warrants are exercised, the amounts previously recognized in share-based payments reserve are transferred to share capital.

(g) Foreign currency translation

The Company's functional and reporting currency is the Canadian dollar. The functional currency of the Company's subsidiaries is the Canadian dollar.

Transactions in currencies other than the functional currency are recorded at the rates of exchange prevailing on dates of transactions. Monetary assets and liabilities that are denominated in foreign currencies are translated at the rates prevailing at each reporting date. Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are retranslated to the functional currency at the exchange rate at the date the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated. Foreign currency translation differences are recognized in profit or loss, except for differences on the retranslation of fair value through other comprehensive income instruments which are recognized in other comprehensive income.

For the purposes of presenting consolidated financial statements, the assets and liabilities of the Company's subsidiaries are translated into the Canadian dollar using exchange rates prevailing at the end of the period. Income and expense items are translated at the average rate for the period. Exchange differences are recognized in the statement of comprehensive loss.

3. MATERIAL ACCOUNTING POLICIES (cont'd…)

(h) Share-based payments

The Company grants stock options to acquire common shares of the Company to directors, officers, employees and consultants. An individual is classified as an employee when the individual is an employee for legal or tax purposes, or provides services similar to those performed by an employee.

The fair value of stock options is measured on the date of grant, using the Black-Scholes option pricing model, and is expensed over the vesting terms. The Company estimates a forfeiture rate and adjusts the corresponding expense each period based on an updated forfeiture estimate.

In situations where equity instruments are issued to non-employees and some or all of the goods or services received by the Company as consideration cannot be specifically identified, they are measured at the fair value of the share-based payment. Otherwise, share-based payments to non-employees are measured at the fair value of goods or services received.

When stock options are exercised, the amounts previously recognized in share-based payments reserve are transferred to share capital.

(i) Warrants

The Company accounts for warrants including warrants issued to brokers in connection with the issuance of shares ("broker warrants") using the fair value method. Under this method, the fair value of broker warrants is first determined based on the value of goods or services received. In situations where some or all of the goods or services received by the Company as consideration cannot be specifically identified, the fair value of broker warrants is then determined using the Black-Scholes valuation model.

When broker warrants are exercised, the amounts previously recognized in share-based payments reserve are transferred to share capital.

(j) Income taxes

Income tax is recognized in profit or loss except to the extent that it relates to items recognized directly in equity, in which case it is recognized in equity. Current tax expense is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at period end, adjusted for amendments to tax payable with regards to previous years.

3. MATERIAL ACCOUNTING POLICIES (cont'd…)

(j) Income taxes (cont'd…)

Deferred tax is recorded using the liability method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The following temporary differences are not provided for: goodwill not deductible for tax purposes; the initial recognition of assets or liabilities that affect neither accounting or taxable loss; and differences relating to investments in subsidiaries to the extent that they will probably not reverse in the foreseeable future. The amount of deferred tax provided is based on the expected manner of realization or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the reporting date.

A deferred tax asset is recognized only to the extent that it is probable that future taxable profits will be available against which the asset can be utilized.

Additional income taxes that arise from the distribution of dividends are recognized at the same time as the liability to pay the related dividend. Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Company intends to settle its current tax assets and liabilities on a net basis.

(k) Financial instruments

The following is the Company's accounting policy for financial instruments:

(i) Classification

The Company classifies its financial instruments in the following categories: at fair value through profit or loss ("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.

3. MATERIAL ACCOUNTING POLICIES (cont'd…)

(k) Financial instruments (cont'd…)

The Company classifies its financial instruments as follows:

Financials Assets	Classification
Cash and cash equivalents	Amortized cost
Amounts receivables (excluding sales tax receivable)	Amortized cost
Financial Liabilities	
Accounts payable and accrued liabilities	Amortized cost
Lease liability	Amortized cost

(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 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 the statement of loss in the period in which they arise.

(iii) 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 the statements of 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.

(iv) Derecognition

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 loss.

3. MATERIAL ACCOUNTING POLICIES (cont'd…)

(l) Loss per share

The Company presents basic loss per share for its common shares, calculated by dividing the loss attributable to common shareholders of the Company by the weighted average number of common shares outstanding during the period. Diluted loss per share does not adjust the loss attributable to common shareholders or the weighted average number of common shares outstanding when the effect is anti-dilutive.

(m) Related Party Transactions

Parties are considered to be related if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions. Parties are also considered to be related if they are subject to common control, related parties may be individuals or corporate entities. A transaction is considered to be a related party transaction when there is a transfer of resources or obligations between related parties.

(n) New accounting standards and interpretations issued but not yet effective

Certain new standards, interpretations and amendments to existing standards have been issued by the IASB or IFRIC that are mandatory for accounting periods noted below. Some updates that are not applicable or are not consequential to the Company may have been excluded from the list below.

<u>IAS 1 Presentation of Financial Statements</u>

IAS 1 has been amended to clarify classification of liabilities as current or non-current. The amendments are effective for the years beginning on or after January 1, 2024. The amendment is expected to have no impact on the Company.

3. MATERIAL ACCOUNTING POLICIES (cont'd…)

(n) New accounting standards and interpretations issued but not yet effective (cont'd…)

Accounting standards adopted in the current year

Amendments to IAS 1 and IFRS Practice Statement 2 – Disclosure of Accounting Policies

These amendments continue the IASB's clarifications on applying the concept of materiality. These amendments help companies provide useful accounting policy disclosures, and they include: requiring companies to disclose their material accounting policies instead of their significant accounting policies; clarifying that accounting policies related to immaterial transactions, other events or conditions are themselves immaterial and do not need to be disclosed; and clarifying that not all accounting policies that relate to material transactions, other events or conditions are themselves material. The IASB also amended IFRS Practice Statement 2 to include guidance and examples on applying materiality to accounting policy disclosures. The adoption of these amendments had minimal impact on the disclosures in these financial statements.

4. REVERSE TAKEOVER

The Transaction (see Note 1) was completed pursuant to a plan of arrangement (the "Arrangement") dated October 26, 2023 between AADirection Capital Corp. (the "CPC") and Centenario Gold Corp. (the "Legal Acquiree" or "CGC") whereby the former issued 35,499,156 of its common shares for 100% of the issued and outstanding common shares of the latter on a one-for-one basis. The Transaction resulted in a reverse takeover ("RTO") of the CPC by the Legal Acquiree as, immediately after the completion of the Transaction, the shareholders of the Legal Acquiree owned 86% of the Company.

Pursuant to the Arrangement, the Legal Acquiree and a wholly-owned subsidiary of the CPC amalgamated to form a new company under the corporate name 1403285 B.C. Ltd. which will carry on the business previously carried on by the Legal Acquiree.

4. REVERSE TAKEOVER (cont'd…)

Pursuant to the term of the Arrangement, prior to the completion of the Transaction, in October 2023, the Legal Acquiree completed a private placement financing of 11,703,672 subscription receipts (the "Subscription Receipts") at $0.15 per subscription receipt. Immediately prior to the closing of the Transaction, each Subscription Receipt automatically converted, without payment of additional consideration or further action by the holder thereof, into one unit (each, a "Unit") of the Legal Acquiree just prior to the amalgamation. Each Unit was comprised of one common share (each, a "Common Share") in the capital of the Legal Acquiree and one half of one common share purchase warrant (each whole warrant, a "Warrant"), exercisable at $0.30 per Warrant share for a period of two (2) years from issuance which securities were immediately exchanged 1:1 for securities of the CPC. Immediately prior to the RTO, the capital structure of the legal acquiree comprised the following: (i) 35,499,156 issued and outstanding common shares; (ii) warrants exercisable for 1,268,992 common shares at $0.20 per share; (iii) warrants exercisable for 5,851,834 common shares at $0.30 per share; and (iv) finders' warrants exercisable for 784,986 common shares at $0.15 per share.

Upon completion of the Transaction, the shareholders of the Legal Acquiree owned approximately 86% of the issued and outstanding common shares of the Company. For accounting purposes, the Transaction is considered as a "reverse takeover". A reverse takeover transaction involving a non-public operating entity and non-operating public company is in substance a capital transaction, rather than a business combination. These financial statements are presented as a continuation of the Legal Acquiree but are issued in the name of the Company as a legal parent. The Transaction has been measured at the fair value of the shares and warrants that are deemed to have been issued to the Company's historical shareholders. Accordingly, the transaction has been recorded in these financial statements using a basis of accounting as summarized below:

a) The historical equity of the CPC has been eliminated and the excess of the fair value of deemed issuance of the equity instruments over the fair value of the net assets acquired has been recorded as listing expense in comprehensive loss for the period;
b) The retained earnings (deficit) and other equity balances presented in these financial statements are those of the Legal Acquiree;
c) The assets and liabilities of the Legal Acquiree are included in these Financial Statements on pre-transaction basis of accounting;
d) The net assets of the CPC were measured at their estimated fair value on the date of the Transaction; and
e) Comparative information presented in these financial statements is that the Legal Acquiree.

Pursuant to the terms of the QT, the CPC advanced $150,000 to the Legal Acquiree to pay the annual Eden property option payment (See Note 8) and towards other expenses in connection with the closing of the Transaction.

(Expressed in Canadian Dollars)

4. REVERSE TAKEOVER (cont'd…)

The total purchase price has been allocated as follows:

Consideration given up:		
6,000,000 common shares - $0.15/share	$	900,000
		900,000
Net Assets Acquired:		
Cash		252,936
GST receivable		4,374
		257,310
Listing expense	$	642,690

5. PREPAID EXPENSES

As at December 31, 2023, prepaid expenses are comprised of $168,400 (2022 - $Nil) paid to the drill contractor for drilling completed on the Eden property in January 2024, $200,000 (2022 - $Nil) for a social media and marketing campaign that extends until October 2024, $184,816 (2022 - $Nil) paid for advertising and promotion through October 2024 and $933 (2022 - $3,834) in exploration advances.

(Expressed in Canadian Dollars)

6. EQUIPMENT

	Computer equipment	Motor Vehicles	Total
COST			
Balance, December 31, 2021	$ -	$ 18,374	$ 18,374
Disposals	-	(8,007)	(8,007)
Balance, December 31, 2022	-	10,367	10,367
Additions	996	-	996
Balance, December 31, 2023	$ 996	$ 10,367	$ 11,363
AMORTIZATION			
Balance, December 31, 2021	$ -	$ 1,914	$ 1,914
Amortization	-	4,058	4,058
Balance, December 31, 2022	$ -	$ 5,972	$ 5,972
Amortization	-	2,282	2,282
Balance, December 31, 2023	$ -	$ 8,254	$ 8,254
CARRYING AMOUNTS			
As at December 31, 2022	$ -	$ 4,395	$ 4,395
As at December 31, 2023	$ 996	$ 2,113	$ 3,109

7. VALUE ADDED TAX RECEIVABLE

Value added tax ("VAT") receivable represents tax payments paid by the Company in Mexico which are refundable from the Mexican government. During the year ended December 31, 2023, the Company incurred VAT of $34,583 (2022 - $28,006) paid on Eden Project expenditures charged to exploration and evaluation expense (see Note 8) and project generation expenses.

The recoverability of the balance of VAT incurred in Mexico is subject to the Company qualifying to offset these VAT credits against VAT charged and collected when the Eden Property commences production. As the commencement of production at the Eden Property is uncertain at this time, the Company has elected to expense the VAT amounts paid in respect of exploration and evaluation expenditures during the year ended December 31, 2023 and going forward. Any amounts received in the future will be recorded as recovery against exploration and evaluation expenses on the statement of comprehensive loss.

(Expressed in Canadian Dollars)

8. EXPLORATION AND EVALUATION ASSETS

Title to exploration and evaluation assets involves certain inherent risks due to the difficulties of determining the validity of certain claims as well as the potential for problems arising from the frequently ambiguous conveyancing history characteristic of many exploration and evaluation assets. The Company has investigated title to all of its exploration and evaluation assets and, to the best of its knowledge, titles to all of its properties are in good standing.

A summary of the changes in cumulative exploration and evaluation asset costs for the years ended December 31, 2023 and December 31, 2022 is as follows:

	Eden Property
Balance, December 31, 2021	$ 65,496
Additions	66,403
Balance, at December 31, 2022	131,899
Additions	102,764
Balance, at December 31, 2023	$ 234,663

Exploration expenditures for the years ended December 31, 2023 and December 31, 2022 were as follows:

	For the Year Ended December 31,	
	2023	2022
	Eden	Eden
Geological costs	$ 283,370	$ 296,983
Geophysics	-	57,575
Drilling	251,190	-
Mineral property tenure	38,164	28,202
General and administrative	30,358	92,640
VAT incurred	105,285	-
Total	$ 708,367	$ 475,400

Eden Property, Sinaloa, Mexico

On March 24, 2021, and subsequently amended on January 26, 2023 and March 22, 2024, the Company entered into an option agreement (the “Eden Agreement”) with Dr. Eduardo Alfonso Navarro Contreras, Ing. Antonio Bonaficio Flores Martinez and Ing. Ignacio Martinez Dominguez (the “Optionors”) pursuant to which the Company has the sole and exclusive option to acquire 100% of the rights and interests in the Eden Property in Sinaloa, Mexico subject to a 1.0% net smelter return (“NSR”). The Eden Property consists of two (2) contiguous and titled mineral concessions named El Eden and El Eden 1 covering approximately 2,489 hectares.

8. EXPLORATION AND EVALUATION ASSETS (cont'd…)

The Company's option to acquire the rights and interests in the Eden Property is exercisable by making aggregate cash payments of US $710,000 over five years and by incurring minimum exploration expenditures totaling US $3,000,000 over four years.

The cash payments and minimum exploration expenditures (the "expenditures") schedule is as follows:

i. US $50,000 upon signing the Eden Agreement (paid);
ii. US $50,000 on or before March 24, 2022 (paid);
iii. US $75,000 on or before March 24, 2023 (paid);
iv. US $50,000 (paid) and US $1,000,000 cumulative expenditures (incurred) on or before March 24, 2024;
v. US $60,000 on or before December 24, 2024; and
vi. US $425,000 and US $3,000,000 cumulative expenditures on or before March 24, 2025.

If the Company defines a proven and probable resource in excess of 500,000 oz of gold equivalent on the property on or before March 24, 2027, the Company will make a one-time payment of US $1,000,000 to the Optionors. The Company also has the right at any time to purchase the 1.0% NSR from the Optionors for US $1,000,000.

(Expressed in Canadian Dollars)

9. RIGHT-OF-USE ASSET/LEASE LIABILITY

Right-of-Use Asset

The following tables summarize the Company's right-of-use asset as at December 31, 2023 and December 31, 2022:

		ROU Asset
COST		
Balance, December 31, 2021 and December 31, 2022	$	74,397
Additions		-
Balance, December 31, 2023	$	74,397
AMORTIZATION		
Balance, December 31, 2021	$	24,799
Amortization		42,512
Balance, December 31, 2022	$	67,311
Amortization		7,086
Balance, December 31, 2023	$	74,397
CARRYING AMOUNTS		
As at December 31, 2022	$	7,086
As at December 31, 2023	$	-

Lease liability

Effective June 1, 2021, the Company entered into an office sublease agreement (the "rental agreement") with Pamicon Developments Ltd. ("Pamicon"), a private company partially controlled by the President of the Company. The Company paid Pamicon $4,000 per month, with the sublease expiring on February 28, 2023.

(Expressed in Canadian Dollars)

9. RIGHT-OF-USE ASSET/LEASE LIABILITY (cont'd…)

Minimum lease payments in respect of lease liabilities and the effect of discounting are as follows:

	December 31, 2023	December 31, 2022
Undiscounted minimum lease payments		
Less than one year	$ -	$ 8,000
	-	8,000
Effect of discounting	-	(148)
Present value of minimum lease payments	-	7,852
Current portion	-	(7,852)
Non-current portion	$ -	$ -

The net changes in the lease liability were as follows:

	December 31, 2023	December 31, 2022
Balance, beginning of the year	$ 7,852	$ 51,082
Cash flows:		
Principal repayments	(7,852)	(43,230)
Balance, end of the year	$ -	$ 7,852

During the year ended December 31, 2023, interest of $148 (2022 - $4,770) is included in Office and administration expense in the statement of comprehensive loss.

10. SHARE CAPITAL

a) Authorized share capital

As at December 31, 2023, the authorized share capital of the Company is an unlimited number of common shares without par value.

10. SHARE CAPITAL (cont'd…)

b) Issued share capital

During the year ended December 31, 2023:

i. In February 2023, the Company issued 3,851,326 units at a price of $0.15 per unit for gross proceeds of $577,699. Each unit consisted of one common share and one half of one common share purchase warrant. Each whole warrant is exercisable at a price of $0.20 per warrant share until January 30, 2025. Of the total proceeds raised, $189,500 was recorded in share subscriptions received as at December 31, 2022;

ii. In September 2023, the Company issued, by way of share purchase warrants exercised, an aggregate of 656,666 common shares for gross proceeds of $131,333;

iii. In October 2023, the Company issued 11,703,672 units pursuant to the conversion of the Subscription Receipts (see Note 4). Upon conversion of the Subscription Receipts, the Company paid to certain finders (the "Finders") cash commissions of $117,748, being 8% of the aggregate gross proceeds raised by such Finders, and issued 784,986 Finder's Warrants (the "Finder's Warrants"), being 8% of the aggregate number of Subscription Receipts issued under the offering to subscribers introduced by the Finders. Each Finder's Warrant is exercisable at $0.15 per warrant share until October 26, 2025; and

iv. Pursuant to the terms of the Transaction and upon closing of the RTO, the Legal Acquiree was deemed to have issued 6,000,000 common shares at $0.15 per share to acquire the net identifiable assets of the CPC.

During the year ended December 31, 2022:

v. The Company issued, by way of share purchase warrants exercised, an aggregate of 2,212,500 common shares for gross proceeds of $244,250; and

vi. The Company received $189,500 in subscription receipts which were converted into units upon closing of a private placement financing. (see Note 10(b(i)).

(Expressed in Canadian Dollars)

10. SHARE CAPITAL (cont'd…)

c) Escrow shares

At December 31, 2023, 10,562,249 common shares (December 31, 2022 – Nil) and 80,249 warrants with an exercise price of $0.20 (December 31, 2022 – Nil) are being held in escrow with Odyssey Trust Company pursuant to a Tier 2 value security escrow agreement. These shares and warrants will be released from escrow every six months in six equal instalments commencing on April 27, 2024. An additional 1,500,000 Common Shares remain subject to a capital pool company escrow agreement. These shares will be released from escrow every six months in three equal instalments commencing on April 27, 2024.

d) Stock options

A summary of the status of stock options as of December 31, 2023 and December 31, 2022 and changes during the years then ended is presented below:

	Number of Options		Weighted Average Exercise Price
Outstanding at December 31, 2022 and 2021	600,000	$	0.10
Granted	3,100,000		0.15
Outstanding at December 31, 2023	3,700,000	$	0.14

The weighted-average remaining life of the stock options as at December 31, 2023 was 4.48 years.

During the year ended December 31, 2023, the Company recorded stock-based compensation expense of $300,700 (2022 – $Nil) related to the issuance of stock options. The following weighted average assumptions were used for the Black-Scholes pricing model valuation of the incentive stock options granted during the year ended December 31, 2023:

	For the Year Ended December 31, 2023
Risk-free interest rate	4.67%
Expected life of options (years)	5.00
Annualized volatility	75.73%
Dividend rate	0.00%

(Expressed in Canadian Dollars)

10. SHARE CAPITAL (cont'd…)

d) Stock options (cont'd…)

Stock options outstanding at December 31, 2023 are as follows:

Number of Options	Exercise Price	Expiry Date
600,000	$0.10	August 16, 2026
3,100,000	$0.15	October 30, 2028
3,700,000		

e) Warrants

A summary of the status of warrants as of December 31, 2023 and December 31, 2022 and changes during the years then ended is presented below:

	Number of Warrants	Weighted Average Exercise Price
Outstanding at December 31, 2021	2,938,750	$ 0.12
Exercised	(2,212,500)	0.11
Expired	(140,000)	0.10
Outstanding at December 31, 2022	586,250	$ 0.15
Issued	7,777,492	0.28
Expired	(586,250)	0.15
Exercised	(656,666)	0.20
Outstanding at December 31, 2023	7,120,826	$ 0.28

The weighted-average remaining life of the warrants as at December 31, 2023 was 1.69 years.

Share purchase warrants outstanding at December 31, 2023 are as follows:

Number of Warrants	Exercise Price	Expiry Date
1,268,992	$0.20	January 30, 2025
5,851,834	$0.30	October 26, 2025
7,120,826		

(Expressed in Canadian Dollars)

10. SHARE CAPITAL (cont'd…)

f) Agent's and finder's warrants

A summary of the status of agent's and finder's warrants as of December 31, 2023 and December 31, 2022 and changes during the years then ended is presented below:

	Number of Warrants	Weighted Average Exercise Price
Outstanding at December 31, 2022 and 2021	400,000	$ 0.10
Granted	784,986	0.15
Outstanding at December 31, 2023	1,184,986	$ 0.13

The weighted-average remaining life of the agent's and finder's warrants as at December 31, 2023 was 2.09 years.

The following weighted average assumptions were used for the Black-Scholes pricing model valuation of the finder's warrants granted during the year ended December 31, 2023:

	For the Year Ended December 31, 2023
Risk-free interest rate	4.64%
Expected life of warrants (years)	2.00
Annualized volatility	75.79%
Dividend rate	0.00%

Agent's and finder's warrants outstanding at December 31, 2023 are as follows:

Number of Warrants	Exercise Price	Expiry Date
400,000	$0.10	August 16, 2026
784,986	$0.15	October 26, 2025
1,184,986		

(Expressed in Canadian Dollars)

11. RELATED PARTY TRANSACTIONS

The Company considers its key management personnel to be its officers, directors and companies controlled by officers and directors of the Company. Key management personnel compensation consisted of the following:

	For the Year Ended December 31,			
		2023		2022
Management fees paid to a company controlled by the President of the Company	$	60,000	$	60,000
Management fees paid to a company controlled by the CFO of the Company		45,000		30,000
Exploration costs paid to the CEO of the Company		90,000		116,364
Office rent and expenses** (Note 6)		54,893		52,836
Management stock-based compensation		130,950		-
	$	380,843	$	259,200

** *Office rent and expenses consists of cash payments to a related party in the aggregate of $54,893 during the year ended December 31, 2023 (2022 - $52,836). Of this total, $49,920 (2022 - $43,230) was rent and/or principal repayments (Note 9) paid to a company controlled by the President of the Company, and the remainder of $4,973 (2022 – $9,606) was paid to companies controlled by the officers of the Company and has been included in Office and administration expense in the statement of comprehensive loss.*

These transactions were measured at the exchange amount, being the amount that was agreed upon by the transacting parties.

There was $21,890 owing to related parties as at December 31, 2023 (December 31, 2022 - $233,430). These amounts are unsecured, non-interest bearing, and due on demand.

12. FINANCIAL INSTRUMENTS

Fair value

The carrying value of cash and cash equivalents, accounts payable and accrued liabilities and lease liability approximate their fair value because of the short-term nature of these instruments. These financial instruments are carried at amortized cost. The Company does not have any financial instruments carried at fair value.

Financial risk factors

The Company's risk exposures and the impact on the Company's financial statements are summarized below:

Credit risk

Credit risk is the risk that a counter party will be unable to pay any amounts owed to the Company. The Company is not exposed to any credit risk at this time.

Liquidity risk

Liquidity risk is the risk that the Company is not able to meet its financial obligations as they fall due. As at December 31, 2023, the Company's working capital is $941,144. The Company will have to seek additional financing through equity offerings, but there can be no assurance that such financing will be available on terms acceptable to the Company or at all. Any equity offering will result in dilution to the ownership interests of the Company's shareholders and may result in dilution to the value of such interests. The Company's approach to managing liquidity risk is to ensure that it will have sufficient liquidity to meet liabilities when due. As at December 31, 2023, the Company had cash of $407,565 and total liabilities of $30,172.

Contractual undiscounted cash flow requirements for financial liabilities as at December 31, 2023 are as follows:

i. Accounts payable and accrued liabilities are due within 90 days.

Foreign currency risk

The Company is exposed to foreign currency risk on fluctuations related to cash that is denominated in Mexican Pesos. As at December 31, 2023, the Company has cash of $50,357 (December 31, 2022 - $3,120) that is denominated in Mexican Pesos.

13. CAPITAL MANAGEMENT

The Company's objectives when managing capital are to safeguard its ability to continue as a going concern, such that it can explore and develop its projects for the benefit of its shareholders and other stakeholders. The Company manages its capital structure and makes adjustments to it based upon changes in economic conditions and the risk characteristics of its assets. The Company may issue new shares through private placements and public offerings in order to maintain or adjust its capital structure. The Company is not subject to any externally-imposed capital requirements.

14. COMMITMENTS

i. On April 1, 2021, the Company entered into a consulting agreement (the "CEO agreement") with the CEO of the Company which will pay the CEO $7,500 per month. The term of the CEO agreement is indeterminate. The CEO agreement may be terminated by the Company by giving the CEO three (3) months' notice;

ii. On April 1, 2021, the Company entered into a consulting agreement (the "executive agreement") with Digga Holdings Ltd. ("Digga"), a private company controlled by the President of the Company, which will pay Digga $5,000 per month. The term of the executive agreement is indeterminate. The executive agreement may be terminated by the Company by giving the Digga three (3) months' notice; and

iii. On April 1, 2021, the Company entered into a consulting agreement (the "CFO agreement") with Copsewood Capital Corp. ("Copsewood"), a private company controlled by the former CFO of the Company, which will pay Copsewood $2,500 per month to provide Chief Financial Officer and administration services. The term of the CFO agreement is indeterminate. The CFO agreement may be terminated by the Company by giving the Copsewood three (3) months' notice.

(Expressed in Canadian Dollars)

15. INCOME TAXES

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

		2023		2022
Net loss before income taxes	$	(2,127,767)	$	(855,212)
Statutory tax rate		28.44%		28.77%
Expected income tax recovery		(605,000)		(246,000)
Effect of current items		233,000		45,000
Tax asset not recognized		372,000		201,000
Income tax recovery	$	-	$	-

The significant component of the Company's deferred income tax asset is as follows:

		2023		2022
Deferred tax assets:				
Non-capital loss carryforwards	$	743,000	$	397,000
Share issue costs		26,000		-
Equipment		1,000		1,000
		770,000		398,000
Valuation allowance		(770,000)		(398,000)
Net deferred income tax assets	$	-	$	-

The Company's Canadian non-capital losses will expire as follows:

2040	$	21,000
2041		199,000
2042		368,000
2043		737,000
	$	1,325,000

The Company also has Mexican non-capital losses of approximately $1,241,000 that may be applied against future taxable income in Mexico.

(Expressed in Canadian Dollars)

16. SEGMENTED FINANCIAL INFORMATION

The Company operates in one industry segment, being the acquisition and exploration of mineral properties in Mexico. Geographic information is as follows:

	For the Year Ended December 31,	
	2023	**2022**
Non-current assets:		
Canada	$ -	$ 7,086
Mexico	237,772	206,996
	$ 237,772	$ 214,082

	For the Year Ended December 31,	
	2023	**2022**
Comprehensive loss:		
Canada	$ (1,758,465)	$ (526,106)
Mexico	(469,602)	(329,106)
	$ (2,228,067)	$ (855,212)

17. SUBSEQUENT EVENT

In January 2024, the Company issued 333,333 units at a price of $0.15 per unit for gross proceeds of $50,000. Each unit consisted of one common share and one half of one common share purchase warrant. Each whole warrant is exercisable at a price of $0.30 per warrant share for a period of two years from the date of issuance. All securities issued are subject to a four month hold period expiring on May 12, 2024. No finder’s fees were paid in connection with the private placement.

CENTENARIO GOLD CORP.

(formerly AADIRECTION CAPITAL CORP.)

(the "**Company**")

MANAGEMENT DISCUSSION AND ANALYSIS

For the Year Ended December 31, 2023

This management's discussion and analysis ("MD&A") focuses on significant factors that affected Centenario Gold Corp. (formerly AADirection Capital Corp.) and its subsidiaries (collectively, "Centenario" or the "Company") during the relevant reporting period and to the date of this report. The MD&A supplements, but does not form part of, the audited consolidated financial statements of the Company and the notes thereto for the year ended December 31, 2023. Consequently, the following discussion and analysis should be read in conjunction with the audited consolidated financial statements, and the notes thereto, for the year ended December 31, 2023. All amounts presented in this MD&A are in Canadian dollars unless otherwise indicated.

The information contained within this MD&A is current to April 26, 2024.

Company Overview

Centenario Gold Corp. (formerly AADirection Capital Corp.) (the "Company" or "CTG") was incorporated under the Business Corporations Act of British Columbia on December 1, 2020 and was a capital pool company as defined by TSX Venture Exchange ("TSXV") Policy 2.4 (the "Policy"). The Company completed its initial public offering ("IPO") on August 17, 2021 and its shares commenced trading on the TSXV under the symbol AAD.P.

On October 26, 2023, the Company completed its qualifying transaction (the "Transaction") under TSXV Policy 2.4 – Capital Pool Companies, and it concurrently changed its name from AADirection Capital Corp. to Centenario Gold Corp. Following completion of the Transaction, the Company now operates as a Tier 2 exploration issuer listed on the TSXV under the trading symbol CTG. Its principal business is to acquire, explore, and develop interests in mineral projects in Mexico.

The Company's head office address and registered office address is Suite 615 – 800 West Pender Street, Vancouver, BC, V6C 2V6.

Reverse Takeover

The Transaction was completed pursuant to a plan of arrangement (the "Arrangement") dated October 26, 2023 between AADirection Capital Corp. (the "CPC") and Centenario Gold Corp. (the "Legal Acquiree" or "CGC") whereby the former issued 35,499,156 of its common shares for 100% of the issued and outstanding common shares of the latter on a one-for-one basis. The Transaction resulted in a reverse takeover ("RTO") of the CPC by the Legal Acquiree as, immediately after the completion of the Transaction, the shareholders of the Legal Acquiree owned 86% of the Company.

Pursuant to the Arrangement, the Legal Acquiree and a wholly-owned subsidiary of the CPC amalgamated to form a new company under the corporate name 1403285 B.C. Ltd. which will carry on the business previously carried on by the Legal Acquiree.

Pursuant to the term of the Arrangement, prior to the completion of the Transaction, in October 2023, the Legal Acquiree completed a private placement financing of 11,703,672 subscription receipts (the “Subscription Receipts”) at $0.15 per subscription receipt. Immediately prior to the closing of the Transaction, each Subscription Receipt automatically converted, without payment of additional consideration or further action by the holder thereof, into one unit (each, a "Unit") of the Legal Acquiree just prior to the amalgamation. Each Unit was comprised of one common share (each, a "Common Share") in the capital of the Legal Acquiree and one half of one common share purchase warrant (each whole warrant, a "Warrant"), exercisable at $0.30 per Warrant share for a period of two (2) years from issuance which securities were immediately exchanged 1:1 for securities of the CPC. Immediately prior to the RTO, the capital structure of the legal acquiree comprised the following: (i) 35,499,156 issued and outstanding common shares; (ii) warrants exercisable for 1,268,992 common shares at $0.20 per share; (iii) warrants exercisable for 5,851,834 common shares at $0.30 per share; and (iv) finders’ warrants exercisable for 784,986 common shares at $0.15 per share.

Upon completion of the Transaction, the shareholders of the Legal Acquiree owned approximately 86% of the issued and outstanding common shares of the Company. For accounting purposes, the Transaction is considered as a “reverse takeover”. A reverse takeover transaction involving a non-public operating entity and non-operating public company is in substance a capital transaction, rather than a business combination. These financial statements are presented as a continuation of the Legal Acquiree but are issued in the name of the Company as a legal parent. The Transaction has been measured at the fair value of the shares and warrants that are deemed to have been issued to the Company’s historical shareholders. Accordingly, the transaction has been recorded in these financial statements using a basis of accounting as summarized below:

a) The historical equity of the CPC has been eliminated and the excess of the fair value of deemed issuance of the equity instruments over the fair value of the net assets acquired has been recorded as listing expense in comprehensive loss for the period;

b) The retained earnings (deficit) and other equity balances presented in these financial statements are those of the Legal Acquiree;

c) The assets and liabilities of the Legal Acquiree are included in these Financial Statements on pre-transaction basis of accounting;

d) The net assets of the CPC were measured at their estimated fair value on the date of the Transaction; and

e) Comparative information presented in these financial statements is that the Legal Acquiree.

Pursuant to the terms of the QT, the CPC advanced $150,000 to the Legal Acquiree to pay the annual Eden property option payment and towards other expenses in connection with the closing of the Transaction.

The total purchase price has been allocated as follows:

Consideration given up:		
6,000,000 common shares - $0.15/share	$	900,000
		900,000
Net Assets Acquired:		
Cash		252,936
GST receivable		4,374
		257,310
Listing expense	$	642,690

In connection with the Qualifying Transaction, certain members of the board of directors have resigned from the Company. The board of directors and management is now comprised of:

Douglas Fulcher (President, Corporate Secretary and Director)
Alain Charest (Chief Executive Officer, VP Exploration and Director)
Jonathan Younie (Chief Financial Officer)
Kevin Milledge (Director)
Pablo Mendez (Director)
Xiao Qin (Mary) Ma (Director)

Mineral Property

Eden Property, Durango/Sinaloa, Mexico

On March 24, 2021, and subsequently amended on January 26, 2023 and March 22, 2024, the Company entered into an option agreement (the "Eden Agreement") with Dr. Eduardo Alfonso Navarro Contreras, Ing. Antonio Bonaficio Flores Martinez and Ing. Ignacio Martinez Dominguez (the "Optionors") pursuant to which the Company has the sole and exclusive option to acquire 100% of the rights and interests in the Eden Property on the border of Durango and Sinaloa states, Mexico subject to a 1.0% net smelter return ("NSR"). The Eden Property consists of two (2) contiguous and titled mineral concessions named El Eden and El Eden 1 covering approximately 2,489 hectares.

The Company's option to acquire the rights and interests in the Eden Property is exercisable by making aggregate cash payments of US $700,000 over five years and by incurring minimum exploration expenditures totaling US $3,000,000 over four years.

The cash payments and minimum exploration expenditures (the "expenditures") schedule is as follows:

i. US $50,000 upon signing the Eden Agreement (paid);
ii. US $50,000 on or before March 24, 2022 (paid);
iii. US $75,000 on or before March 24, 2023 (paid);
iv. US $50,000 and US $1,000,000 cumulative expenditures (incurred) on or before March 24, 2024;
v. US $60,000 on or before December 24, 2024; and
vi. US $425,000 and US $3,000,000 cumulative expenditures on or before March 24, 2025.

If the Company defines a proven and probable resource in excess of 500,000 oz of gold equivalent on the property on or before March 24, 2027, the Company will make a one-time payment of US $1,000,000 to the Optionors.

The Company also has the right at any time to purchase the 1.0% NSR from the Optionors for US $1,000,000.

The Eden Property is located in southeastern Sinaloa and western Durango States, Mexico, in the southwestern foothills of the Sierra Madre Occidental. The southern part of the Property can be accessed from Cosala, following a moderately-good dirt road east for 37 kilometres. Offering all the essential services and amenities for supporting an exploration program, Cosala is a small town of about 17,000 inhabitants, located approximately 160 kilometres north of the port city of Mazatlan and 160 kilometres southeast of Culiacan, the capital of Sinaloa State.

The road from Cosala to the Eden Property (2.5 hour drive) passes through the small towns of Palo Verde and Tasajeras where the Company's exploration basecamp is located. From Tasajeras, it's 14 km further to the E-NE to connect with a recently rehabilitated north trending road that goes for 2.5 km and connects with the Buenavista prospect. The mineral concessions are located 10 km north of the historical 'Guadalupe de Los Reyes' Mining District which represents the core of Prime Mining Corp's 'Los Reyes' advanced mining project. To the northwest, the Eden Property is bounded by Americas Gold & Silver's 'Nuestra Señora/San Rafael' producing mine. Most of the land on the Eden Property belongs to the 'Ejido' of Tamazula, state of Durango, where the surface rights are held by a local agrarian association, or 'Nucleo Agrario', named 'San Antonio del Cerro'.

In January 2022, the Company and representatives of the community of 'San Antonio del Cerro' signed a formal exploration and right-of-way agreement allowing the Company to move freely anywhere across the property and to do any kind of mineral exploration and project development work, including drilling. The Company and the community of 'San Antonio del Cerro' recently signed a letter of consent allowing the Company to undergo and complete the initial drilling program.

The Eden project is located along the lower western flank of the Sierra Madre Occidental ("SMO"), a prominent NW-trending volcanic belt that extends from one end of Mexico to the other on the Pacific side of the country.

The Late Cretaceous - Lower Tertiary volcanic package that formed the SMO is composed of a sequence of andesitic rocks, mainly tuffs, flows and agglomerates, also referred to as the Lower Volcanic Sequence ("LVS"), overlain unconformably by a thick sequence of rhyolitic and dacitic rocks composed mainly of tuffs, ash-tuffs and ignimbrites, referred to as the Upper Volcanic Sequence ("UVS"). The general regional structural features include a series of prominent NW-SE trending faults and lithological contacts.

The dominant volcanic rock type seen at Eden consists of andesitic tuffs, which also represents the host- rock for the vein-breccia structures. Older carbonaceous sediments and limestones outcrop in a small portion of the Property to the northwest. In the centre of the Property there is a granodiorite intrusive body that outcrops over an area of 600m by 900m.

The Au and Ag mineralization found at Eden, like at Prime Mining's Guadalupe de Los Reyes project to the south, occurs in a series of quartz rich vein-breccia-stockwork structures, 10m to 20m wide which consist of high-grade, narrow veins, and intercalated zones of highly oxidized, lower grade breccias and quartz stockworks.

Host rocks at Eden are coffee-coloured andesite tuffs, ash-tuffs and agglomerates of the Lower Volcanic Sequence. Both Eden and Prime Mining's Guadalupe de Los Reyes are spatially related to nearby intrusive bodies. The mineralized vein-breccias-stockworks systems extend for more than 2 kms and, at Eden, dip moderately to the east. Pre-mineral dacitic dikes are occasionally seen along the footwall of the mineralized structures. Seen both at Eden and Guadalupe de Los Reyes, an earlier volcanic event of rhyolite domes, and rhyolite-dacite dikes and sills, created the plumbing system which served as the main conduit for the migrating mineralized fluids.

Sugary and bladed lattice boiling textures were observed in some of the vein showings. The common occurrence of 'green quartz', a gold indicator in the SMO, and visible gold (VG) in most, if not all, of the oxidized veins in old mine workings that have been examined and sampled, suggest that these structures may contain high-grade zones.

From west to east, the mineralized veins at the Eden Property include the 'El Eden-Guadalupana', 'Buenavista', 'La Paloma' and 'La Provedora' N-NE trending veins, and to the east, a W-NW-trending, low angle, north-dipping high grade polymetallic vein called 'La Republicana'.

In early May 2021, the Company initiated the 1st Phase exploration program on the Eden Property, a program that included regional reconnaissance, rock sampling, and semi-detailed mapping across the main prospect showings.

Since then, very little follow-up exploration work has been done on the 'El Eden-Guadalupana', 'La Paloma' and 'La Provedora' prospects due to overburden cover and the difficulty in accessing the old mining workings. Most of the exploration work completed to date was done on and around the 'Buenavista' prospect which has more rock outcroppings and less overburden cover.

A total of 220 rock samples were collected on the Eden Property during the initial part of the First Phase exploration program which was completed in December of 2021. Most of these samples were collected along a 300m-long portion of the 'Buenavista' mineralized corridor where 35 samples (or 22%) returned gold grades greater than 1.0 g/t. In 2022, an additional 105 rock samples were collected on the northern extension of the 'Buenavista' mineralized corridor and across other prospects such as la Paloma and La Provedora.

Au and Ag assay results from a set of select rock samples taken at the 'Buenavista' Prospect

Sample No.	Prospect	Collected on	Width (m)	Au (g/t)	Ag (g/t)
ED-06	Buenavista	surface	2.40	2.21	36.00
ED-08	Buenavista	surface	1.30	**6.64**	**159.40**
ED-09	Buenavista	surface	1.30	2.65	63.00
ED-10	Buenavista	surface	1.30	**6.78**	**110.77**
ED-19	Buenavista	underground	1.20	**25.03**	**664.93**
ED-20	Buenavista	underground	1.70	**29.87**	**396.16**
ED-22	Buenavista	underground	1.30	**8.34**	**166.81**
ED-40	Buenavista	surface	0.65	**4.45**	**97.28**
ED-41	Buenavista	underground	0.70	**4.53**	**245.98**
ED-44	Buenavista	underground	0.60	**8.91**	**211.40**
ED-47	Buenavista	underground	0.65	2.87	77.00
ED-50	Buenavista	underground	0.60	**239.94**	**1389.91**
ED-52	Buenavista	underground	0.50	**13.72**	**240.11**
ED-54	Buenavista	underground	0.40	2.40	58.00
ED-56	Buenavista	underground	0.80	3.91	45.00
ED-57	Buenavista	underground	0.50	**5.32**	**168.97**
ED-66	Buenavista	underground	0.60	**9.85**	**220.21**
ED-67	Buenavista	surface	0.30	**24.61**	**548.96**
ED-72	Buenavista	surface	1.20	4.74	92.00
ED-86	Buenavista	underground	1.20	**6.22**	**218.32**
ED-90	Buenavista	surface	0.80	3.24	149.27

Based on the analytical results received by the Company, the Au and Ag contents of the 'Buenavista' core zone vary from 1 g/t to 239 g/t Au and from 20 g/t to 1390 g/t Ag. Specks of visible gold are often present along oxidized fractures within the vein.

The initial work program was followed with a semi-detailed regional mapping and sampling program along both the S-SE and N-NE extensions of Buenavista's old mine workings area. Results confirm that the 'Buenavista' mineralized structural corridor extends for more than 1.2 km to the N-NE and 1.6 km to the S-SE of the old mining workings.

From late 2021 to early 2022, a program of soil sampling and IP geophysics was completed over the 'Buenavista' prospect's, N-S trending, 2.8 km long structural corridor, and over the core of the 'La Provedora' prospect, 2 km E-SE of 'Buenavista'. Soil assay results received to date cover a 1 km long portion of the corridor going north of the old mine workings area. Anomalous Au, Ag and Ba values were consistent along trend.

Results from the geophysical IP/Resistivity survey, especially the resistivity contrast that coincides with the corridor, indicate that the mineralized structural system at 'Buenavista' is continuous for 2.8 k along trend. Based on the geophysical cross-sections obtained over the Buenavista old mine workings area, where the mineralized structure is better exposed, it clearly shows that the mineralized system is wide, (>20 m thick) and that it dips moderately to the East.

The geophysical results obtained at 'La Provedora' prospect confirm the presence and continuity of the mineralized structural system for 400 meters along trend.

In January 2024, the first phase drill program was completed which tested the strike and down-dip extensions of Eden's Buenavista vein-breccia mineralized corridor E-NE and S-SW of the old mining workings area. This maiden drill program consisted of 11 HQ core holes totaling 1,506 metres which tested the strike and downdip extensions of the mineralized structure along a 650m section of the 'Buenavista' corridor. This portion of the Buenavista vein-breccia structure was sampled at surface and underground during the last sampling program and returned a number of high-grade gold and silver intervals with assays as high as 239.9 g/t Au and 1390 g/t Ag. Most of the underground channel rock samples taken in level 1 (collected every 10 meters along the entire ~100-metre-long adit) and levels 2 and 3 have returned high grade Au and Ag results.

Drill pads were located along a N-NE trending line on the east, southeast side of the Buenavista underground mine workings. Drill holes varied between 100 m and 150 m in depth and were spread out across eight drill pads, three of which hosted a pair of holes. All eleven (11) holes intersected the 'Buenavista' vein-breccia structure at depths ranging between 50 to 110 m. Hole ED23-01 on the other hand, also intersected a second parallel quartz - rich structure, 50 m further to the W-NW.

Although the 'Buenavista' vein-breccia structures returned only anomalous gold and silver values, the drilling program confirmed the continuity of the strike, and down-dip extensions of the mineralized 'Buenavista' system. The low-temperature quartz textures found on surface, such as amethyst and chalcedonic quartz, are also abundant across the structures intersected at depth (down to 110 meters). This occurrence, found both at surface and at depth, suggest that we are still at a high level in the epithermal column and that a gold and silver system could exist further down-dip.

Moreover, the interpretation results from the semi-detailed geological mapping and geophysical survey that were completed in 2022 across the 1.3 km long, N-NE extension of the ‘Buenavista’ corridor, show that the quartz-rich (resistive) mineralized zone found across the old mine workings area, is continuous to the N-NE, and dipping gently along strike.

The geological information obtained from the maiden drilling program completed in February 2024, has greatly improved the understanding of the mineralized systems found on the Eden property. The lithological, mineralogical, alteration and structural characteristics and zoning patterns observed in the drill core represent an additional, and important, component to the evolving geological model that was based on previous exploration work.

During March and April 2024, the Centenario geological team has processed the new information and outlined several new targets to drill-test across the Eden property. For one, the northern structurally-controlled extension, and the upper and deeper portions of the Buenavista epithermal system have yet to be tested. There are also important drilling targets across the other sub-parallel mineralized structures, especially the La Provedora prospect, located 1.5 km east of Buenavista. The Company hopes to initiate a phase 2 drill program in the second half of the year.

Financing activity during the year ended December 31, 2023

In February 2023, the Company closed a private placement of 3,851,326 units at a price of $0.15 per unit for gross proceeds of $577,699. Each unit consisted of one common share and one half of one common share purchase warrant exercisable at a price of $0.20 until January 30, 2025. Of the total proceeds raised, $189,500 was recorded in share subscriptions received as at December 31, 2022.

In September 2023, 656,666 share purchase warrants were exercised at $0.20 for gross proceeds of $131,333.

In October 2023, the Company issued 11,703,672 units pursuant to the conversion of the Subscription Receipts. Each Unit was comprised of one common share and one half of one common share purchase warrant (each whole warrant, a "Warrant"), exercisable at $0.30 per Warrant share for a period of two (2) years from issuance Upon conversion of the Subscription Receipts, the Company paid to certain finders (the “Finders”) cash commissions of $117,748, being 8% of the aggregate gross proceeds raised by such Finders, and issued 784,986 Finder’s Warrants (the “Finder’s Warrants”), being 8% of the aggregate number of Subscription Receipts issued under the offering to subscribers introduced by the Finders. Each Finder’s Warrant is exercisable at $0.15 per warrant share until October 26, 2025.

Subsequent to December 31, 2023, the Company closed a non-brokered private placement financing (the “Private Placement”) for a total $50,000 through the issuance of 333,333 units (the “Units”) at a price of $0.15 per Unit. Each Unit was comprised of one common share (each, a "Common Share") in the capital of the Company and one half of one common share purchase warrant (each whole warrant, a "Warrant"), whereby each whole Warrant is exercisable at $0.30 per Warrant share for a period of two (2) years from the date of issuance. All securities issued are subject to a four month hold period expiring on May 12, 2024. No Finder’s fees were paid in connection with the Private Placement.

Incentive Stock Options

At December 31, 2023, the Company had the following incentive stock options outstanding enabling holders to acquire the following common shares of the Company:

Number of Options	Exercise Price	Expiry Date
600,000	$0.10	August 16, 2026
3,100,000	$0.15	October 30, 2028
3,700,000		

Share Purchase Warrants

At December 31, 2023, the Company had the following share purchase warrants outstanding enabling holders to acquire the following common shares of the Company:

Number of Warrants	Exercise Price	Expiry Date
1,268,992	$0.20	January 30, 2025
5,851,834	$0.30	October 26, 2025
7,120,826		

586,250 share purchase warrants with an exercise price of $0.15 expired unexercised on January 26, 2023.

Agent’s and Finder’s Warrants

At December 31, 2023, the Company had the following share purchase warrants outstanding enabling holders to acquire the following common shares of the Company:

Number of Warrants	Exercise Price	Expiry Date
400,000	$0.10	August 16, 2026
784,986	$0.15	October 26, 2025
1,184,986		

Selected Annual Information

The summary of historical financial information for the last three fiscal years is presented below:

STATEMENT OF OPERATIONS AND DEFICIT DATA		Year Ended December 31, 2023		Year Ended December 31, 2022		Year Ended December 31, 2021
Revenues	$	NIL	$	NIL	$	NIL
Total expenses	$	1,485,077	$	856,894	$	650,688
Net loss	$	2,127,767	$	855,212	$	650,688
Basic and diluted net loss per share	$	0.08	$	0.05	$	0.08
Weighted average number of shares outstanding		26,186,797		18,681,585		8,179,956

BALANCE SHEET DATA		Year Ended December 31, 2023		Year Ended December 31, 2022		Year Ended December 31, 2021
Cash	$	407,565	$	115,033	$	240,044
Working capital surplus (deficit)	$	941,144	$	(265,434)	$	203,712
Total assets	$	1,209,088	$	335,813	$	434,441
Shareholders' equity (deficiency)	$	1,178,916	$	(51,352)	$	370,110

Results of Operations

Summary of Quarterly Results (unaudited)

Three months ended:	31-Dec-23	30-Sep-23	30-Jun-23	31-Mar-23	31-Dec-22	30-Sep-22	30-Jun-22	31-Mar-22
Basis of preparation	IFRS	IFRS	IFRS	IFRS	IFRS	IFRS	IFRS	IFRS
Revenue	$ Nil	$ Nil	$ Nil	$ Nil	$ Nil	$ Nil	$ Nil	$ Nil
Loss for the period	(1,523,693)	(159,174)	(217,574)	(227,326)	(154,754)	(212,850)	(239,127)	(248,481)
Basic and diluted loss per share	$ (0.05)	$ (0.01)	$ (0.01)	$ (0.01)	$ (0.01)	$ (0.01)	$ (0.01)	$ (0.01)

Financial Results of Operations - For the year ended December 31, 2023

During the year ended December 31, 2023, the Company incurred a net loss of $2,127,767 (2022 - $855,212) comprised of operating expenses of $1,485,077 (2022 - $856,894) and a loss of $642,690 (2022 – gain of $1,682) from other items. The operating expenses were mainly comprised of exploration expenditures of $708,367 (2022 - $475,400) incurred on the Eden Property as the Company initiated the maiden drill program in December 2023. Other operating expenses incurred included management and consulting fees of $203,048 (2022 - $185,375), investor relations and marketing expenses of $87,558 (2022 - $Nil), professional fees of $66,136 (2022 - $85,510), transfer agent and stock-based compensation, a non-cash expense of $300,700 (2022 - $Nil). Depreciation expense decreased to $9,368 (2022 - $46,570) due to lower amortization of the office lease which expired in February 2023. Project generation decreased to $13,596 (2022 - $17,171) as the Company focused its exploration activities on the Eden Property.

Other items for the year ended December 31, 2023 were comprised entirely of $642,690 in RTO transaction costs. For the year ended December 31, 2022, other items of were comprised of a gain of $1,682 upon the sale of equipment.

During the year ended December 31, 2023, cash increased by $292,532 (2022 – decrease of $125,011). Cash used by operations during the year ended December 31, 2023 was $2,006,127 (2022 – $458,817). This was mainly due to the net loss of $2,127,767 (2022 - $855,212), a decrease in accounts payable and accrued liabilities of $349,141 (2022 – increase of $366,064) and an increase of $550,315 in prepaid expenses. These were partially offset by a decrease in value added tax ("VAT") receivable as the Company elected to expense VAT going forward, stock-based compensation expense, a non-cash expense, of $300,700 (2022 - $Nil), and RTO transaction costs, a non-cash expense, of $642,690 (2022 - $Nil).

Cash provided by investing activities was $149,176 (2022 – cash used of $56,714). This was comprised of $252,936 (2022 - $Nil) in cash acquired upon the RTO which was offset by the annual option payment of $102,764 (2022 - $66,403) due per the Eden Property option agreement and $996 incur. In 2022, the Company received proceeds of $9,689 upon the disposition of equipment.

Cash provided by financing activities was $2,149,483. The Company received net proceeds of $2,026,002 upon the completion of two private placement financings and $131,333 received upon the exercise of 656,666 share purchase warrants. These were offset by $7,852 for payment of the principal portion of an office lease.

For the year ended December 31, 2022, cash provided by financing activities was $390,520. This was comprised of $244,250 received upon the exercise of 2,212,500 share purchase warrants, $189,500 in subscription receipts related to a private placement financing that closed in early 2023 and $43,230 in principal payments paid towards the office lease.

Financial Results of Operations - For the three months ended December 31, 2023

The Corporation incurred a net loss of $1,523,693 during the three months ended December 31, 2023. In the same period of 2022, the Company incurred a net loss of $154,754. The loss was mainly due to exploration expenditures of $372,662 (2022 - $84,929) incurred on the Eden Property. Exploration activity on the Eden property increased significantly during the period as the Company initiated the first phase drill program. RTO transaction costs totaled $642,690 (2022 - $Nil). The loss was also due to management and consulting fees of $67,937 (2022 - 37,862), investor relations and marketing expenses of $86,963 (2022 - $Nil) and professional fees of 13,776 (2022 - $7,450). Stock-based compensation, a non-cash expense, was $300,700 (2022 -

$Nil) which accounted for the value of stock options granted in October 2023 using the Black-Scholes valuation method.

Liquidity and Capital Resources

As at December 31, 2023, the Company had cash of $407,565 and a working capital of $941,144. As the Company will not generate funds from operations for the foreseeable future, the Company is primarily reliant upon the sale of equity securities in order to fund operations. Since inception, the Company has funded operations through the issuance of equity securities on a private placement basis.

The Company is expected to experience negative cash flows indefinitely. The Company cannot offer any assurances that expenses will not exceed management's expectations. The Company will require additional funds and will be dependent upon its ability to secure equity and/or debt financing, the availability of which cannot be assured.

Contractual Obligations

The Company is subject to certain contractual obligations associated with the Eden Property Option Agreement as described in the Mineral Property section above. The future cash obligations related to the agreement are summarized as follows:

1. US$50,000 plus US$8,000 in IVA Taxes for a total of US$58,000 on or before March 24, 2024 (paid in March 2024);
2. US $60,000 plus US$9,600 in IVA Taxes for a total of US$69,600 on or before December 24, 2024; and
3. US$425,000 plus US$68,000 in IVA Taxes for a total of US$493,000 on or before March 24, 2025.

In addition to the cash payments, the Company must incur US$1,000,000 in cumulative expenditures on or before March 24, 2024 and US$3,000,000 in cumulative expenditures on or before March 24, 2025.

Related Party Transactions

Related parties include the Board of Directors, close family members and enterprises which are controlled by these individuals as well as certain persons performing similar functions.

The Company had the following transactions with related parties during the year ended December 31, 2023:

1. Paid or accrued fees of $90,000 (2022 - $116,364) for management and geological services to Alain Charest, the former CEO of the Company which were included in exploration costs and project generation expenses;

2. Paid or accrued management fees of $60,000 (2022 - $60,000) to Digga Holdings, a private company controlled by Douglas Fulcher, the sole Director of the Company;

3. Paid or accrued management fees of $45,000 (2022 - $30,000) to Copsewood Capital Corp., a private company controlled by Jonathan Younie, the former CFO of the Company; and

4. Paid or accrued rent and office administration expenses of $54,983 (2022 - $52,836) to Pamicon Development Corp., a private company 10% owned by Douglas Fulcher, the sole director of the Company and 90% owned by Kevin Milledge, a former director of the Company.

There was $21,890 owing to related parties as at December 31, 2023 (December 31, 2022 - $233,430). These amounts are unsecured, non-interest bearing, and due on demand.

Off Balance Sheet Arrangements

The Company has not entered into any off balance sheet arrangements, other than previously disclosed, that have, or are reasonably likely to have, an impact on the current or future results of operations or the financial condition of our Company.

Accounting Policies

The preparation of financial statements requires management to establish accounting policies, estimates and assumptions that affect the timing and reported amount of assets, liabilities, revenues and expenses. These estimates are based on historical experience and on various other assumptions that management believes to be reasonable under the circumstances and require judgement on matters which are inherently uncertain. Details of the material accounting policies can be found in Note 3 of the audited financial statements for the year ended December 31, 2023.

Outstanding Share Data – as at April 26, 2024

		Weighted Average	
	Number	Price	Remaining Life in Years
Common shares, issued and outstanding	41,832,489		
Stock options	3,700,000	$0.14	4.16
Share purchase warrants	7,287,492	$0.28	1.38
Agent's/Finder's warrants	1,184,986	$0.13	1.77
Fully Diluted	54,004,967		

At April 26, 2024, 10,562,249 common shares and 80,249 warrants with an exercise price of $0.20 are being held in escrow with Odyssey Trust Company pursuant to a Tier 2 value security escrow agreement. These shares and warrants will be released from escrow every six months in six equal instalments commencing on April 27, 2024. An additional 1,500,000 Common Shares remain subject to a capital pool company escrow agreement. These shares will be released from escrow every six months in three equal instalments commencing on April 27, 2024.

Additional Disclosure for Junior Issuers

Additional disclosure concerning the Company's general and administrative expenses is provided in the Company's financial statements, which are available on SEDAR+ (www.sedarplus.ca).

Risks and Uncertainties

The Company's principal activity is mineral exploration. As such, the Company is exposed to a number of risks, including the financial risks associated with the fact that it has no operating cash flow and must access the capital markets to finance its activities. There can be no assurances the Company will continue to be able to access the capital markets for the funding necessary to acquire and maintain exploration properties and to carry out its desired exploration programs.

Other risks include, but are not limited to fluctuating metal prices, and environmental, political and economic issues. Additionally, few exploration projects successfully achieve development due to factors that cannot be predicted or foreseen. While risk management cannot eliminate the impact of all potential risks, the Company strives to manage such risks to the extent possible and practicable.

The Company has a small management team and the loss of a key individual or the inability to attract suitably qualified personnel in the future could materially and adversely affect the Company's business.

Although the Company has taken steps to verify the title to its mineral property, in accordance with industry standards for the current stage of exploration of such properties, these procedures do not guarantee the Company's title. Property title may be subject to unregistered prior agreements or transfers and title may be affected by undetected defects.

The Company has no significant source of operating cash flow and no revenues from operations. The Company has limited financial resources. Substantial expenditures are required to be made by the Company to establish ore reserves. The Company's mineral property is in the exploration stage only, and has no ongoing mining operations. Mineral exploration involves a high degree of risk and few properties which are explored are ultimately developed into producing mines. Exploration of the Company's mineral property may not result in any discoveries of commercial bodies of mineralization. If the Company's efforts do not result in any discovery of commercial mineralization, the Company will be forced to look for other exploration projects or cease operations.

The Company is subject to the laws and regulations relating to environmental matters in all jurisdictions in which it operates, including provisions relating to property reclamation, discharge of hazardous material and other matters. The Company may also be held liable should environmental problems be discovered that were caused by former owners and operators of its properties and properties in which it has previously had an interest. The Company conducts its mineral exploration activities in compliance with applicable environmental protection legislation. The Company is not aware of any existing environmental problems related to any of its current or former properties that may result in material liability to the Company. The risks and uncertainties described in this section are not inclusive of all the risks and uncertainties the Company may be subject to.

The Company will be subject to normal market risks including fluctuations in foreign exchange rates. While the Company expects to manage its operations in order to minimize exposure to these risks, the Company has not entered into any derivatives or contracts to hedge or otherwise mitigate this exposure.

Approval

The Board of Directors of the Company has approved the disclosure contained in this MD&A. A copy of this MD&A will be provided to anyone who requests it.

Going Concern of Operations

The Company has prepared its financial statements in accordance with International Financial Reporting Standards ("IFRS") with the assumption that the Company will be able to realize its assets and discharge its liabilities in the normal course of business rather than through a process of forced liquidation. The financial statements do not include adjustments to amounts and classifications of assets and liabilities that might be necessary should the Company be unable to continue operations.

As of December 31, 2023, the Company has not generated any revenues and has incurred losses of $3,716,618 since incorporation. The Company's continued existence and plans for future growth depend on its ability to obtain additional capital.

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 the higher inflation and energy crises, may create further uncertainty and risk with respect to the prospects of the Company's business.

The above material uncertainties raise significant doubt about the Company's ability to continue as a going concern. Although the Company's financial statements have been prepared on a going concern basis, the Company's continuing operations are dependent upon its ability to obtain adequate financing through debt or equity issuance.

Forward-Looking Statements

This report contains forward-looking statements, including statements regarding the future success of our business, exploration and development strategies and future opportunities. Forward-looking statements include, but are not limited to, statements concerning estimates of expected capital expenditures, statements relating to expected future production and cash flows, statements relating to the continued advancement of the Company's exploration, and development projects, and other statements which are not historical facts. When used in this document, the words such as "could", "plan", "estimate", "expect", "intend", "may", "potential", "should", and similar expressions are forward-looking statements. Although the Company believes that the expectations reflected in these forward-looking statements are reasonable, such statements involve risks and uncertainties and no assurance can be given that actual results will be consistent with these forward-looking statements. Important factors that can cause actual results to differ from these forward-looking statements include the potential that the Company's projects will experience technological and mechanical problems, changes in political conditions, changes in the availability to obtain project financings and other risks. Forward-looking statements are based on the opinions and estimates of management at the date that the statements are made, and are subject to a variety of risks and uncertainties and other factors that could cause actual events or results to differ materially from those projected in forward-looking statements. The Company undertakes no obligation to update forward-looking statements if circumstances or management's estimates or opinions should change. The reader is cautioned not to place undue reliance on forward-looking statements.