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**ANGEL WING METALS INC.**  
**CONSOLIDATED FINANCIAL STATEMENTS**  
**YEARS ENDED DECEMBER 31, 2023 AND 2022**  
**(EXPRESSED IN CANADIAN DOLLARS)**

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## INDEPENDENT AUDITOR'S REPORT

To the Shareholders of  
Angel Wing Metals Inc.

### *Opinion*

We have audited the accompanying consolidated financial statements of Angel Wing Metals Inc. (the "Company"), which comprise the consolidated statements of financial position as at December 31, 2023, and the consolidated statements of loss and comprehensive loss, changes in shareholders' equity, and cash flows for the year then ended, and notes to the consolidated financial statements, including material accounting policy information.

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

### *Basis for Opinion*

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

### *Other Matters*

The consolidated financial statements of Angel Wing Metals Inc. for the year ended December 31, 2022 were audited by another auditor who expressed an unmodified opinion on those statements on May 1, 2023.

As part of our audit of the consolidated financial statements of Angel Wing Metals Inc. for the year ended December 31, 2023, we also audited the adjustment described in Note 19 that was applied to restate the consolidated financial statements for the year ended December 31, 2022 and the statement of financial position as at January 1, 2022. In our opinion, the adjustment is appropriate and has been properly applied. We were not engaged to audit, review or apply any procedures to the consolidated financial statements of Angel Wing Metals Inc. for the year ended December 31, 2022, other than with respect to the adjustment and, accordingly, we do not express an opinion or any other form of assurance on the consolidated financial statements for the year ended December 31, 2022 taken as a whole.

### *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 year. 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.

We have determined that there are no key audit matters to communicate in our auditor's report.

### *Other Information*

Management is responsible for the other information. The other information obtained at the date of this auditor's report includes Management's Discussion and Analysis.



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

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information 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.

We obtained Management's Discussion and Analysis prior to the date of this auditor's report. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

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

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

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

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

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

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

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

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

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current year 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 Zachary Faure.

A handwritten signature in black ink that reads "Davidson & Company LLP". The signature is written in a cursive, flowing style.

Vancouver, Canada

Chartered Professional Accountants

April 29, 2024

# Angel Wing Metals Inc.

## Consolidated Statements of Financial Position (Expressed in Canadian Dollars)

As at,	December 31, 2023	December 31, 2022	December 31, 2021
		Restated note 19	Restated note 19
<b>ASSETS</b>			
<i>Current</i>			
Cash	\$ 2,213,578	\$ 269,484	\$ 5,758,720
Short-term investments (note 8)	-	2,517,085	3,009,127
Accounts receivable	18,528	31,527	61,763
Prepaid expenses and other	6,426	686,012	107,562
Assets held for sale (note 5)	-	222,315	-
<b>Total current assets</b>	<b>2,238,532</b>	<b>3,726,423</b>	<b>8,937,172</b>
<b>Non-current assets</b>			
Restricted cash	-	-	46,035
Value-added tax recoverable	704,124	305,885	-
Property, plant and equipment (note 7)	7,002	6,613	3,295
<b>Total assets</b>	<b>\$ 2,949,658</b>	<b>\$ 4,038,921</b>	<b>\$ 8,986,502</b>
<b>LIABILITIES</b>			
<i>Current</i>			
Accounts payable and accrued liabilities (notes 12 and 17)	\$ 199,306	\$ 331,645	\$ 262,840
Flow-through share premium (note 15)	-	-	323,275
Provision for abandonment	-	-	33,000
Liabilities held for sale related to assets (note 5)	-	136,888	-
<b>Total current liabilities</b>	<b>199,306</b>	<b>468,533</b>	<b>619,115</b>
Decommissioning liabilities (note 6)	-	-	89,935
<b>Total liabilities</b>	<b>199,306</b>	<b>468,533</b>	<b>709,050</b>
<b>SHAREHOLDERS' EQUITY</b>			
Share capital (note 9)	26,174,671	23,592,949	21,890,449
Contributed surplus (notes 10 and 11)	4,199,195	3,941,858	3,348,908
Deficit	(27,729,103)	(23,942,929)	(16,961,905)
Accumulated other comprehensive income	105,589	(21,490)	-
<b>Total shareholders' equity</b>	<b>2,750,352</b>	<b>3,570,388</b>	<b>8,277,452</b>
<b>Total liabilities and shareholders' equity</b>	<b>\$ 2,949,658</b>	<b>\$ 4,038,921</b>	<b>\$ 8,986,502</b>

Corporate information (note 1)  
Going concern assumption (note 2)  
Commitments and contingencies (note 15)

Approved by the Board

"Mark Santarossa"  
Mark Santarossa, Director

"Marc Sontrop"  
Marc Sontrop, Director

**Angel Wing Metals Inc.**  
**Consolidated Statements of Loss and Comprehensive Loss**  
**(Expressed in Canadian Dollars)**

	Year ended December 31,	
	2023	2022
		Restated note 19
<b>Expenses (income)</b>		
Administrative (note 18)	\$ 859,424	\$ 679,401
Share-based compensation (note 10)	257,337	592,950
Mineral exploration and evaluation expenditures (note 4)	2,653,032	6,030,289
Depreciation (note 7)	2,504	1,246
Foreign exchange	32,944	64,318
Other income	(33,977)	(27,715)
Disposal of equipment (note 5)	2,298	-
<b>Loss before income taxes</b>	<b>(3,773,562)</b>	<b>(7,340,489)</b>
Deferred income tax expense (note 13)	-	323,275
<b>Net loss from continuing operations</b>	<b>(3,773,562)</b>	<b>(7,017,214)</b>
Net (loss) income from discontinuing operations (note 5)	(12,612)	36,190
<b>Net loss</b>	<b>(3,786,174)</b>	<b>(6,981,024)</b>
Cumulative translation adjustment	127,079	(21,490)
<b>Net loss and comprehensive loss</b>	<b>\$ (3,659,095)</b>	<b>\$ (7,002,514)</b>
<b>Net loss per share</b>		
from continuing operations - basic and diluted	\$ (0.06)	\$ (0.15)
from discontinued operations - basic and diluted	\$ (0.00)	\$ 0.00
Total - basic and diluted	\$ (0.06)	\$ (0.15)
<b>Weighted average number of common shares outstanding - basic and diluted</b>	<b>63,270,259</b>	<b>48,130,580</b>

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

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

	Year ended December 31,	
	2023	2022
		Restated note 19
<b>Operating activities</b>		
Net loss from continuing operations	\$ (3,773,562)	\$ (7,017,214)
<i>Items not affecting cash:</i>		
Depreciation	2,504	1,246
Disposal of equipment	2,298	-
Share-based compensation	257,337	592,950
Deferred income tax expense	-	(323,275)
Foreign exchange	-	(23,955)
Shares and cash issued for Lago de Oro	-	1,424,490
<i>Changes in non-cash working capital items:</i>		
Accounts receivable	12,999	18,613
Prepaid expenses and other	742,797	(562,354)
Value-added tax recoverable	(350,768)	(278,738)
Accounts payable and accrued liabilities	(137,992)	41,420
<b>Net cash used in operating activities of continuing operations</b>	<b>(3,244,387)</b>	<b>(6,126,817)</b>
<b>Operating activities</b>		
Net (loss) income from discontinuing operations	(12,612)	36,190
<i>Items not affecting cash:</i>		
Accretion on decommissioning liabilities	-	2,816
Deferred income tax expense	-	-
Loss on sale of subsidiary	8,511	-
<i>Changes in non-cash working capital items:</i>		
Accounts receivable	-	(74,921)
Accounts payable and accrued liabilities	16	(30,660)
<b>Net cash (used in) provided by operating activities of discontinued operations</b>	<b>(4,085)</b>	<b>(66,575)</b>
<b>Financing activities</b>		
Change in restricted cash	-	19,998
Proceeds from issuance of shares	2,599,850	902,500
Share issue costs	(18,128)	-
<b>Net cash provided by financing activities</b>	<b>2,581,722</b>	<b>922,498</b>
<b>Investing activities</b>		
Sale of short-term investments	2,517,085	492,042
Purchase of equipment	(4,289)	(4,454)
Net cash on the sale of Huntington Capital Inc.	76,900	-
Acquisition of Lago de Oro SA de CV	-	(596,174)
<b>Net cash provided by (used in) investing activities</b>	<b>2,589,696</b>	<b>(108,586)</b>
<b>Effect of foreign exchange on cash</b>	<b>21,148</b>	<b>-</b>
<b>Increase (decrease) in cash</b>	<b>1,922,946</b>	<b>(5,379,480)</b>
<b>Cash, within subsidiary sold</b>	<b>-</b>	<b>(109,756)</b>
<b>Cash, beginning of year</b>	<b>269,484</b>	<b>5,758,720</b>
<b>Cash, end of year</b>	<b>\$ 2,213,578</b>	<b>\$ 269,484</b>

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

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**Angel Wing Metals Inc.****Consolidated Statements of Changes in Shareholders' Equity****(Expressed in Canadian Dollars)**

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	Number of Common Shares (note 1)	Share Capital	Contributed Surplus	Accumulated other comprehensive income	Deficit	Total
<b>Balance, December 31, 2021 (Restated note 19)</b>	<b>44,410,095</b>	<b>\$ 21,890,449</b>	<b>\$ 3,348,908</b>	<b>\$ -</b>	<b>\$ (16,961,905)</b>	<b>\$ 8,277,452</b>
Shares issued as consideration	2,000,000	800,000	-	-	-	800,000
Share based compensation	-	-	592,950	-	-	592,950
Exercise of warrants	9,025,000	902,500	-	-	-	902,500
Net loss and comprehensive loss	-	-	-	(21,490)	(6,981,024)	(7,002,514)
<b>Balance, December 31, 2022 (Restated note 19)</b>	<b>55,435,095</b>	<b>\$ 23,592,949</b>	<b>\$ 3,941,858</b>	<b>\$ (21,490)</b>	<b>\$ (23,942,929)</b>	<b>\$ 3,570,388</b>
Private placement	11,817,500	2,599,850	-	-	-	2,599,850
Share issuance costs	-	(18,128)	-	-	-	(18,128)
Share based compensation	-	-	257,337	-	-	257,337
Net loss and comprehensive loss	-	-	-	127,079	(3,786,174)	(3,659,095)
<b>Balance, December 31, 2023</b>	<b>67,252,595</b>	<b>\$ 26,174,671</b>	<b>\$ 4,199,195</b>	<b>\$ 105,589</b>	<b>\$ (27,729,103)</b>	<b>\$ 2,750,352</b>

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



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# Angel Wing Metals Inc.

## Notes to Consolidated Financial Statements

### Years Ended December 31, 2023 and 2022

(Expressed in Canadian Dollars)

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#### 1. CORPORATE INFORMATION

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

Angel Wing was incorporated as 676182 Alberta Ltd. under the laws of the Province of Alberta on November 28, 1995. The Company’s principal operating and registered office address is 82 Richmond Street East, Suite 1000, Toronto, ON M5C 1P1.

The Company has transferred its legacy oil and gas properties in Western Canada to Huntington Capital Inc. effective June 2022, and sold its subsidiary on January 2023 (note 6).

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

On September 20, 2023, the common shares of the Company were consolidated on a 2:1 basis. The share consolidation is reflected retrospectively in these consolidated financial statements.

#### 2. BASIS OF PREPARATION

##### Statement of compliance

The Company applies IFRS Accounting Standards as issued by the International Accounting Standards Board.

The policies applied in these consolidated financial statements are based on IFRS Accounting Standards, which have been applied consistently to all periods presented. These consolidated financial statements were issued and effective as of April 24, 2024, the date the Board of Directors approved the statements.

##### Going concern assumption

These financial statements have been prepared on a going concern basis, which assumes that the Company will be able to realize its assets and discharge its liabilities in the normal course of business for the foreseeable future. As at December 31, 2023, the Company has not yet achieved profitable operations and had accumulated losses of \$27,729,103 since inception and expects to incur further losses in the development of its business. As at December 31, 2023, the Company has working capital of \$2,039,226, which management estimates is sufficient to continue operations for the next twelve months.

The continuing operations of the Company are dependent upon obtaining the necessary financing to meet the Company’s commitments as they come due and to finance future exploration and development of potential business acquisitions, economically recoverable reserves, securing and maintaining title and beneficial interest in the properties, and upon future profitable production. Failure to continue as a going concern would require that assets and liabilities be recorded at their liquidation values, which may differ materially from their carrying values. These consolidated financial statements do not include adjustments that would be necessary should the Company be unable to continue as a going concern.

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**Angel Wing Metals Inc.**  
**Notes to Consolidated Financial Statements**  
**Years Ended December 31, 2023 and 2022**  
**(Expressed in Canadian Dollars)**

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**2. BASIS OF PREPARATION (continued)**

**Functional and presentation currency**

The functional currency of Angel Wing Metals Inc. and Huntington Capital Inc. is the Canadian dollar and the Mexican Peso for Lago de Oro Resources SA de CV, as determined by management. All amounts in these consolidated financial statements are presented in Canadian dollars. Transactions in currencies other than the functional currency are translated into the functional currency using the exchange rates prevailing at the dates of the transactions.

Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at the period end exchange rates are recognized in profit or loss. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

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

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

**Basis of consolidation**

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

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

<b>Entity</b>	<b>December 31, 2022</b>	<b>December 31, 2023</b>
Angel Wings Metals Inc.	Parent	Parent
Lago de Oro Resources SA de CV	100%	100%
Huntington Capital Inc.	100%	0% - Sold January 2023

**Use of Estimates**

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

*Share-based compensation*

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

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**Angel Wing Metals Inc.**  
**Notes to Consolidated Financial Statements**  
**Years Ended December 31, 2023 and 2022**  
**(Expressed in Canadian Dollars)**

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**2. BASIS OF PREPARATION (continued)**

**Use of Estimates (continued)**

*Deferred price premium on flow-through shares*

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

*Decommissioning and Abandonment Provisions*

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

*Determination of functional currency*

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

*Income Taxes*

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

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

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**Angel Wing Metals Inc.**  
**Notes to Consolidated Financial Statements**  
**Years Ended December 31, 2023 and 2022**  
**(Expressed in Canadian Dollars)**

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**2. BASIS OF PREPARATION (continued)**

**Use of Estimates (continued)**

*Value added tax recoverable*

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

**3. MATERIAL ACCOUNTING POLICIES**

The Company's accounting policies and its standards of financial disclosure set out below are in accordance with IFRS and have been applied consistently throughout the period presented in these consolidated financial statements, unless otherwise stated.

**Acquisitions**

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

**Equipment**

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

**Financial Assets**

*Non-derivative financial instruments:*

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

*Financial assets at fair value through profit and loss:*

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

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

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

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**Angel Wing Metals Inc.**  
**Notes to Consolidated Financial Statements**  
**Years Ended December 31, 2023 and 2022**  
**(Expressed in Canadian Dollars)**

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**3. MATERIAL ACCOUNTING POLICIES (continued)**

**Financial liabilities**

*Initial recognition and measurement*

Financial liabilities are measured at amortized cost, unless they are required to be measured at FVPL as is the case for held for trading or derivative instruments, or the Company has opted to measure the financial liability at FVPL. Accounts payable and accrued liabilities are measured at amortized cost.

*Subsequent measurement – financial liabilities at amortized cost*

After initial recognition, financial liabilities measured at amortized cost are subsequently measured at the end of each reporting period at amortized cost using the EIR method. Amortized cost is calculated by taking into account any discount or premium on acquisition and any fees or costs that are an integral part of the EIR. The EIR amortization is included in profit or loss.

*Derecognition*

A financial liability is derecognized when the obligation under the liability is discharged, cancelled or expires with any associated gain or loss recognized in other income or expense in the consolidated statement of loss.

**Share capital:**

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

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

**Cash Equivalents:**

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

**Mineral exploration and evaluation expenditures:**

The Company expenses exploration and evaluation expenditures as incurred. Exploration and evaluation expenditures include acquisition costs of mineral rights, property option payments and exploration and evaluation activities.

Once a project has been established as commercially viable, technically feasible and the decision to proceed has been approved by the Board of Directors, related development expenditures are capitalized. This includes costs incurred in preparing the site for mining operations. Capitalization ceases when the mine is capable of commercial production.

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**Angel Wing Metals Inc.**  
**Notes to Consolidated Financial Statements**  
**Years Ended December 31, 2023 and 2022**  
**(Expressed in Canadian Dollars)**

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**3. MATERIAL ACCOUNTING POLICIES (continued)**

**Impairment:**

*Financial assets:*

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

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

*Non-financial assets:*

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

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

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

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

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**Angel Wing Metals Inc.**  
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**3. MATERIAL ACCOUNTING POLICIES (continued)**

**Share based compensation:**

The Company has established a share based compensation plan (the "Plan") (refer to note 10 for further details of the Plan). The Company uses the fair value method for valuing share based compensation. Under this method, the compensation cost attributed to stock options granted are measured at the fair value at the grant date and expensed over the vesting period with a corresponding increase to a category within equity referred to as contributed surplus. A forfeiture rate is estimated on the grant date and is adjusted to reflect the actual number of options or units that vest. Upon the settlement of the stock options the previously recognized value in contributed surplus is recorded as an increase to share capital.

Stock options issued to non-employees are measured at the fair value of goods or services received or the fair value of equity instruments issued, if it is determined that the fair value of the goods or services cannot be reliably measured. The fair value of non-employee stock options is recorded as an expense at the date the goods or services are received with a corresponding credit to share reserves.

**Provisions:**

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

**Decommissioning obligations:**

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

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

**Income tax:**

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

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

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**Angel Wing Metals Inc.**  
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**3. MATERIAL ACCOUNTING POLICIES (continued)**

**Income tax: (continued)**

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

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

**Flow through share provisions:**

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

**New accounting policy:**

During the year ended December 31, 2023, the Company adopted a number of new IFRS Accounting Standards, interpretations, amendments and improvements of existing standards. These new standards and changes did not have any material impact on the Company's consolidated financial statements, except for the below.

*Disclosure initiative – accounting policies (Amendments to IAS 1 and IFRS Practice Statement 2)*

Beginning on January 1, 2023, the Company adopted the amendments to IAS 1, Presentation of Financial Statements (IAS 1) and IFRS Practice Statement 2, Making Materiality Judgements. These amendments help companies provide useful accounting policy disclosures and requires the disclosure of material accounting policy information rather than disclosing significant accounting policies. The adoption of these amendments did not have a material impact on the consolidated financial statements.

**Future Changes in Accounting Policies:**

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

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

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



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**3. MATERIAL ACCOUNTING POLICIES (continued)**  
**Future Changes in Accounting Policies: (continued)**

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

This amendment is effective for annual periods beginning on or after January 1, 2024. Earlier application is permitted. The adoption of the amendments is not expected to have a material impact on the consolidated financial statements.

**4. MINERAL EXPLORATION AND EVALUATION EXPENDITURES**

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

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

A summary of exploration costs is summarized below:

	<b>Winora Property</b>	<b>Quartz Lake Property</b>	<b>La Reyna Gold Property</b>	<b>Total</b>
Acquisition costs	\$ -	\$ -	\$ 2,298,922	\$ 2,298,922
Geology and project drilling costs	2,058,519	206,963	1,116,693	3,382,175
Site costs	5,000	3,058	215,540	223,598
Pre-exploration costs	-	-	125,594	125,594
<b>Year ended December 31, 2022</b>	<b>\$ 2,063,519</b>	<b>\$ 210,021</b>	<b>\$ 3,756,749</b>	<b>\$ 6,030,289</b>
Acquisition costs	\$ -	\$ -	\$ 767,447	\$ 767,447
Geology and project drilling costs	4,610	40,920	1,678,557	1,724,087
Site costs	-	4,898	156,600	161,498
<b>Year ended December 31, 2023</b>	<b>\$ 4,610</b>	<b>\$ 45,818</b>	<b>\$ 2,602,604</b>	<b>\$ 2,653,032</b>

**Pre-exploration costs**

Pre-exploration costs are expensed in the period in which they are incurred.

**Winora Property**

On July 28, 2021, the Company completed the acquisition of the Winora Property from an unrelated third party. The Winora Project consists of various mining claims located in the District of Kenora, Northern Ontario. Under the terms of the agreements, the purchase price was satisfied by the issuance of 2,000,000 common shares at a deemed price of \$0.608 per share and a 2.0% Net Smelter Return ("NSR") royalty, payable upon the commencement of commercial production from the property.

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**4. MINERAL EXPLORATION AND EVALUATION EXPENDITURES (continued)**

**Quartz Lake Property**

On December 1, 2020, the Company entered into two mineral property acquisition agreements with unrelated third parties with respect to the purchase of rights to mineral exploration properties that comprises the Quartz Lake Project in Ontario. Under the terms of the agreements, the purchase price was satisfied by aggregate cash payments of \$30,000 and the issuance of 100,000 common shares at a deemed price of \$0.33 per share. One of the vendors retains a 1.5% Net Smelter Return (“NSR”) royalty, payable upon the commencement of commercial production from the Quartz Lake Project. The Company has the right at any time to purchase one-half of the NSR royalty from the vendor for \$500,000. The Company has the right to terminate the agreements in their entirety at any time prior to the transfer date. The acquisition of the Quartz Lake Project was completed February 8, 2021.

**La Reyna Gold Project**

On March 30, 2022 the Company completed the acquisition of Lago de Oro Resources SA de CV (“LOM”) and its El Grande Gold Project (the “Project”) in the state of Nayarit, Mexico.

The acquisition was completed by way of a definitive purchase agreement with an unrelated third party for 100% of the issued and outstanding shares of LOM in exchange for i) cash payment of US\$500,000; ii) issuance of 2,000,000 common shares of the Company; iii) a capped 2% NSR to the vendor; and iv) future share-based “milestone payments” based on the incremental addition of gold-equivalent (gold-silver) NI 43-101 resource ounces above a base 500,000 ounces on any given deposit currently held by LOM, capped at 10,000,000 shares subject to TSXV approval at the time of issuance. The common shares issued in connection with the acquisition will be subject to a hold period of four months and a day from the date of closing.

The allocation of consideration transferred is summarized below:

<b>Consideration</b>	<b>Amount</b>
Cash	\$ 624,490
4,000,000 Common Shares	800,000
<b>Total</b>	<b>\$ 1,424,490</b>
<b>Identifiable assets and liabilities acquired</b>	<b>Amount</b>
Cash	\$ 28,316
Prepaid expenses	8,096
Accounts receivables	27,147
Mineral exploration and evaluation assets	1,430,043
Accounts payable and accrued liabilities	(69,112)
<b>Total</b>	<b>\$ 1,424,490</b>

The acquisition constitutes an asset acquisition as the acquired assets did not meet the definition of a business, as defined in IFRS3, Business Combinations, the Company acquired net identifiable assets and liabilities of \$122,496, and allocated \$1,301,994 to the mineral exploration and evaluation expenditures.

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**4. MINERAL EXPLORATION AND EVALUATION EXPENDITURES (continued)**

**La Reyna Gold Project (continued)**

On February 23, 2023, the Company closed a transaction with a private entity to acquire a 100% interest in the La Reyna group of claims adjoining the El Grande Project to the southeast. Pursuant to a Purchase and Assignment Agreement ("The Agreement"), Angel Wing Metals, through its subsidiary Lago de Oro S.A. de C.V., has made a total payment of US\$700,000 upon completion of three performance milestones:

- US\$150,000 upon signing of The Agreement (paid)
- US\$150,000 upon presentation of The Agreement to, and acceptance for registration by the Public Registry of Mining of Mexico, (paid) and
- US\$400,000 upon Registration of the Agreement by the Public Registry of Mines of Mexico., which is deemed to be regulatory approval In Mexico. (paid)

A further payment of US\$50,000 will be due upon Angel Wing Metals identifying each 1.0 million ounces of gold in the Measured and Indicated categories of a Mineral Resource as defined by the Canadian National Instrument 43-101 ("NI 43-101") Standards of Disclosure for Mineral Projects on the La Reyna Property, and a 1.5% net smelter return royalty with Angel Wing Metals retaining a right of first refusal to purchase the royalty for US\$2.0 million.

**5. SALE OF SUBSIDIARY AND DISCONTINUED OPERATIONS**

In November 2022, the Company entered into negotiations with an arm's length third party to sell 100% of the issued and outstanding shares of Huntington, and on January 20, 2023, the Company sold its subsidiary Huntington including all assets and liabilities for gross proceeds of \$96,900 and paid finders fees of \$20,000. Upon completion of the sale effective on January 20, 2023, the Company derecognized Huntington and recorded a loss on sale of subsidiary as follows:

Total assets	\$ 222,309
Total liabilities	136,898
Net assets as of January 20, 2023	85,411
Proceeds received (net of commissions)	76,900
Loss on sale of subsidiary	\$ 8,511

Pursuant to the plan to divest Huntington, the assets and liabilities have been classified as held for sale as of December 31, 2022 and its results operations were classified as a discontinued operations. As at December 31, 2022, the financial position of Huntington is as follows:

	December 31, 2022
<b>ASSETS</b>	
<i>Current</i>	
Cash	\$ 109,957
Accounts receivable	86,321
<b>Total current assets</b>	<b>196,278</b>
<b>Non-current assets</b>	
Restricted cash (note 6)	26,037
<b>Total assets</b>	<b>\$ 222,315</b>

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**5. SALE OF SUBSIDIARY AND DISCONTINUED OPERATIONS (continued)**

**LIABILITIES**

*Current*

Accounts payable and accrued liabilities	\$	11,137
Provision for abandonment		33,000
<b>Total current liabilities</b>		<b>44,137</b>
Decommissioning liabilities (note 6)		92,751
<b>Total liabilities</b>	<b>\$</b>	<b>136,888</b>

The financial performance information of Huntington is presented below for the year ended December 31, 2022 and for the period from January 1, 2023 to January 20, 2023:

	January 1, 2023 to January 20, 2023	Year ended December 31, 2022
<b>Revenue</b>		
Production sales	\$ -	\$ 108,084
Royalties	-	(18,815)
	-	89,269
<b>Operating expenses</b>		
Operating expense	4,092	46,507
Administrative	9	3,756
Accretion of decommissioning obligations	-	2,816
<b>Total expenses</b>	<b>(4,101)</b>	<b>(53,079)</b>
<b>Other item</b>		
Loss on sale of subsidiary	<b>(8,511)</b>	-
<b>Net (loss) income from discontinuing operation</b>	<b>\$ (12,612)</b>	<b>\$ 36,190</b>

**6. DECOMMISSIONING LIABILITIES**

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

	December 31, 2023	December 31, 2022
<b>Opening balance</b>	<b>\$ 92,751</b>	<b>\$ 89,935</b>
Accretion expense	-	2,816
Sold (note 5)	(92,751)	-
<b>Closing balance</b>	<b>\$ -</b>	<b>\$ 92,751</b>

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

Pursuant to government regulations, the Company has on deposit cash of \$nil (2022 - \$26,037) restricted for the completion of future abandonments which is included in assets held for sale.

# Angel Wing Metals Inc.

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## 7. PROPERTY, PLANT AND EQUIPMENT

Costs	Petroleum Properties	Office Equipment	Total
<b>December 31, 2021</b>	<b>\$ 1,168,896</b>	<b>\$ 10,984</b>	<b>\$ 1,179,880</b>
Additions	-	4,454	4,454
Transferred to assets held for sale	(1,168,896)	-	(1,168,896)
<b>December 31, 2022</b>	<b>-</b>	<b>15,438</b>	<b>15,438</b>
Additions	-	4,289	4,289
Disposal	-	(10,984)	(10,984)
Exchange translation	-	1,127	1,127
<b>Balance, December 31, 2023</b>	<b>\$ -</b>	<b>\$ 9,870</b>	<b>\$ 9,870</b>

### Depletion, depreciation and impairment losses:

<b>December 31, 2021</b>	<b>\$ 1,168,896</b>	<b>\$ 7,689</b>	<b>\$ 1,176,585</b>
Depreciation	-	1,246	1,246
Transferred to assets held for sale	(1,168,896)	-	(1,168,896)
Exchange translation	-	(110)	(110)
<b>December 31, 2022</b>	<b>-</b>	<b>8,825</b>	<b>8,825</b>
Depreciation	-	2,504	2,504
Disposal	-	(8,685)	(8,685)
Exchange translation	-	224	224
<b>Balance, December 31, 2023</b>	<b>\$ -</b>	<b>\$ 2,868</b>	<b>\$ 2,868</b>

Carrying amount:	Petroleum Properties	Office Equipment	Total
December 31, 2022	\$ -	\$ 6,613	\$ 6,613
December 31, 2023	\$ -	\$ 7,002	\$ 7,002

## 8. SHORT-TERM INVESTMENTS

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

## 9. SHARE CAPITAL

### Authorized share capital

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

### Common shares issued

(i) On March 30, 2022 the Company completed its acquisition of Lago de Oro Resources SA de CV for 2,000,000 shares at a price of \$0.40 per share and a cash payment of US\$500,000.

(ii) During the year ended December 31, 2022, 9,025,000 warrants were exercised with a weighted average exercise price of \$0.10 for gross proceeds of \$902,500.

(iii) On May 3, 2023, the Company closed a non-brokered private placement for 11,817,500 common share units of the Company at a price of \$0.22 for total gross proceeds of \$2,599,850. The Company had share issuance costs of \$18,128. Each unit consisted of one common share of the Company and one-half warrant. Each full warrant is exercisable for a period of two years from issuance at a price per common share of \$0.50.

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**10. STOCK OPTIONS**

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

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

	Number of stock options	Weighted average exercise price (\$)
<b>Balance, December 31, 2021</b>	2,100,000	<b>0.56</b>
Expired	(75,000)	0.62
Granted	1,675,000	0.40
<b>Balance, December 31, 2022</b>	<b>3,700,000</b>	<b>0.50</b>
Granted	1,000,000	0.38
Expired	(425,000)	0.51
<b>Balance, December 31, 2023</b>	<b>4,275,000</b>	<b>0.46</b>

The following table reflects the stock options issued and outstanding as of December 31, 2023:

Expiry Date	Weighted Exercise Price (\$)	Remaining Contractual Life (years)	Number of Options Outstanding	Number of Options Vested (Exercisable)
August 27, 2027	0.50	3.66	350,000	350,000
April 7, 2031	0.50	7.27	525,000	525,000
June 29, 2031	0.62	7.50	900,000	900,000
October 8, 2031	0.62	7.78	75,000	75,000
May 6, 2032	0.40	8.35	1,425,000	1,425,000
February 24, 2033	0.30	9.16	250,000	250,000
April 10, 2033	0.40	9.28	750,000	250,000
	<b>0.46</b>	<b>7.86</b>	<b>4,275,000</b>	<b>3,775,000</b>

The Company recorded \$257,337 (December 31, 2022 - \$592,950) in share-based compensation expense in the period and a corresponding amount was credited to share based payment reserve.

Details of the weighted average fair value of options granted and the weighted average assumptions used in the Black-Scholes option pricing model are as follows:

	December 31, 2023	December 31, 2022
Fair value of options granted	\$ 0.344	\$ 0.355
Risk-free interest rate	3.02 %	2.76 %
Estimated life	10 years	10 years
Expected volatility based on historic volatility	182.13 %	151.64 %
Expected dividend yield	nil	nil
Forfeiture rate	0 %	0 %

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**11. WARRANTS**

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

	Number of warrants	Weighted average exercise price (\$)
<b>Balance, December 31, 2021</b>	<b>16,817,732</b>	<b>0.80</b>
Exercised (note 9(ii))	(9,025,000)	0.10
Expired (note 9)	(650,000)	0.10
<b>Balance, December 31, 2022</b>	<b>7,142,732</b>	<b>0.80</b>
Granted (note 9(iii))	5,908,750	0.50
<b>Balance, December 31, 2023</b>	<b>13,051,482</b>	<b>0.66</b>

The following table reflects the warrants outstanding as of December 31, 2023:

Expiry Date	Exercise Price (\$)	Remaining Contractual Life (years)	Number of Warrants Outstanding
June 16, 2024 <sup>(1)</sup>	0.80	0.46	7,142,732
May 3, 2025	0.50	1.34	5,908,750

<sup>(1)</sup> The Warrants were issued pursuant to a private placement that closed on June 16, 2021. The Company extended the expiry date of these warrants to June 16, 2024.

**12. RELATED PARTY BALANCES AND TRANSACTIONS**

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

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

		Year ended December 31,	
		2023	2022
Consulting and management fees	\$	202,480	\$ 266,800
Stock based compensation (note 10)		257,337	265,500
	<b>\$</b>	<b>459,817</b>	<b>\$ 532,300</b>

Included in accounts payables and accrued liabilities is \$3,109 (December 31, 2022 - \$121,077) owing to officers of the Company, or companies controlled by or directors and officers.

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**13. INCOME TAXES**

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

	<b>2023</b>	<b>2022</b>
Loss before income taxes from continuing operations	(3,773,562)	(7,340,489)
Income (loss) before income taxes from discontinued operations	(12,612)	36,190
Loss before income taxes	(3,786,174)	(7,304,299)
Combined income tax rate	26.50 %	26.50 %
Computed expected tax expense	(1,003,000)	(1,936,000)
Increase (decrease) in income taxes resulting from		
Change in statutory, foreign tax, foreign exchange rates and other	(97,000)	(133,275)
Permanent differences	72,000	548,000
Impact of flow-through shares	-	276,000
Disposition of subsidiary	81,000	-
Change in unrecognized deductible temporary differences	947,000	922,000
Deferred income tax recovery	-	(323,275)

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

	<b>2023</b>	<b>2022</b>
Exploration and evaluation assets	3,206,000	2,412,000
Property and equipment	1,000	9,000
Share issue costs	69,000	105,000
Assets held for sale	-	(6,000)
Capital loss	-	26,000
Non-capital loss	2,862,000	2,645,000
	6,138,000	5,191,000
Deferred income tax assets not recognized	(6,138,000)	(5,191,000)
Deferred tax liability	-	-

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

	<b>2023</b> <b>(\$)</b>	<b>Expiry Date</b> <b>Range</b>	<b>2022</b> <b>(\$)</b>	<b>Expiry Date</b> <b>Range</b>
Temporary Differences				
Share issue costs	260,000	2044 to 2045	396,000	2043 to 2045
Allowable capital losses and other	-	No expiry date	96,000	No expiry date
Property and equipment	3,000	No expiry date	32,000	No expiry date
Exploration and evaluation assets	11,431,000	No expiry date	8,778,000	No expiry date
Non-capital losses	10,779,000	per below	9,980,000	per below

**Non Capital losses by Country:**

	<b>2023</b> <b>(\$)</b>	<b>Expiry Date</b> <b>Range</b>	<b>2022</b> <b>(\$)</b>	<b>Expiry Date</b> <b>Range</b>
Canada	10,625,000	2029 to 2043	9,980,000	2029 to 2042
Mexico	154,000	2033	-	No expiry date



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**14. SEGMENTED INFORMATION**

The Company operates in one industry segment, namely exploration of mineral resources in two geographic regions, Canada and Mexico. The companies discontinued operations related to oil & gas which were operated within Canada.

<b>December 31, 2023</b>	<b>Canada</b>	<b>Mexico</b>	<b>Total</b>
Equipment	\$ -	\$ 7,002	\$ 7,002

<b>December 31, 2022</b>	<b>Canada</b>	<b>Mexico</b>	<b>Total</b>
Equipment	\$ 2,298	\$ 4,315	\$ 6,613

**15. COMMITMENTS AND CONTINGENCIES**

*Flow-through*

In connection with the flow-through share financing in June 2021, the Company committed to and incurred qualifying Canadian Exploration Expenditures (as such term is defined in the Income Tax Act (Canada)) of a total of \$2,499,825 by December 31, 2022. During the year ended December 31, 2022, completed its spending requirements under the flow-through share financing agreement and recognized \$323,275 in deferred income tax expense.

*Environmental and legal*

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

**16. CAPITAL MANAGEMENT**

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

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

The Company defines capital as equity which at December 31, 2023 was \$2,750,352 (December 31, 2022 - \$3,570,388).

**17. FINANCIAL INSTRUMENTS**

*Foreign Exchange Risk*

The Company is exposed to the currency risk related to the fluctuation of foreign exchange rates as some of the Company's operations are located in Mexico, and some expenditures are denominated in US Dollars. A significant change in the currency exchange rates between the Canadian dollar relative to the Mexican peso, and US dollar could have an effect on the Company's results of operations, financial position and/or cash flows. The Company has not hedged its exposure to currency fluctuations. As at December 31, 2023 and 2022, the Company did not hold significant amounts of US dollars or Mexican peso.

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**17. FINANCIAL INSTRUMENTS (continued)**

*Foreign Exchange Risk (continued)*

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

	<b>2023</b>	<b>2022</b>
US dollar denominated		
Cash	\$ 34,540	\$ 49,316
Accounts payable	-	(102,137)
Net exposure	\$ 34,540	\$ (52,821)

	<b>2023</b>	<b>2022</b>
Mexican peso denominated		
Cash	\$ 2,563	\$ 10,784
Accounts payable	(48,927)	(72,350)
Net exposure	\$ (46,364)	\$ (61,566)

The sensitivity of the Company's net loss and comprehensive loss to changes in the exchange rate between the Canadian dollar and the US dollar and Mexico peso resulting from a 10% change in the respective exchange rates relative to the Canadian dollar would change the Company's net loss by approximately \$1,182 (December 31, 2022 - \$11,439).

*Fair value of Financial Instruments*

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

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

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

*Liquidity Risk*

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

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

**Angel Wing Metals Inc.**  
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**17. FINANCIAL INSTRUMENTS (continued)**

*Liquidity Risk (continued)*

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

The Company's accounts payable and accrued liabilities as at December 31, 2023 and December 31, 2022 is comprised of the following:

	<b>2023</b>	<b>2022</b>
Trade accounts payable	\$ 73,811	\$ 295,645
Accruals <sup>(1)</sup>	125,495	36,000
<b>Total</b>	<b>\$ 199,306</b>	<b>\$ 331,645</b>

(1) Includes professional fees

*Price Risk*

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

*Interest Rate Risk*

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

**18. GENERAL AND ADMINISTRATIVE**

	<b>Year ended December 31,</b>	
	<b>2023</b>	<b>2022</b>
Professional fees	\$ 409,135	\$ 279,118
Management and consulting fees	178,299	139,850
Shareholder communication	43,438	111,373
Insurance	35,110	22,556
Fees and licenses	54,956	40,085
Rent	14,074	9,360
Software lease	-	1,426
Other	124,412	75,633
	<b>\$ 859,424</b>	<b>\$ 679,401</b>

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**19. CHANGE IN ACCOUNTING POLICY**

In order to enhance the relevance to the decision-making needs of users and improve comparability with its peers, the Company has voluntarily changed its accounting policy with respect to exploration properties and deferred exploration expenditures, consistent with the guidance provided in IFRS 6 - Exploration for and Evaluation of Mineral Resources and IAS 8 - Accounting Policies, Changes in Accounting Estimates and Errors.

The new accounting policy has been applied retrospectively. In prior periods the Company's policy was to defer exploration expenditures until such time as the properties are put into commercial production, sold or become impaired. The Company elected to change this accounting policy to expense exploration expenditures as they are incurred, on a retrospective basis.

**The full accounting policy is as follows:**

The Company expenses exploration and evaluation expenditures as incurred. Exploration and evaluation expenditures include acquisition costs of mineral rights, property option payments and exploration and evaluation activities.

Once a project has been established as commercially viable, technically feasible and the decision to proceed has been approved by the Board of Directors, related development expenditures are capitalized. This includes costs incurred in preparing the site for mining operations. Capitalization ceases when the mine is capable of commercial production.

The change in accounting policy requires full retrospective application. IAS 1 - Presentation of Financial Statements also requires a third statement of financial position be presented.

The impact of the change in the accounting policy on the consolidated statements of financial position, consolidated statements of loss and comprehensive loss, consolidated statements of changes in equity and consolidated statements of cash flows is set out below:

**Consolidated Statements of Financial Position**

	As at December 31, 2022  (as previously stated)	Impact of accounting policy change	As at December 31, 2022  (restated)
<b>Assets</b>			
Mineral exploration and evaluation assets	\$ 7,603,981	\$ (7,603,981)	\$ -
<b>Total assets</b>	<b>\$ 11,642,902</b>	<b>\$ (7,603,981)</b>	<b>\$ 4,038,921</b>
<b>Shareholders' equity</b>			
Deficit	\$(16,452,997)	\$ (7,489,932)	\$(23,942,929)
Accumulated other comprehensive income	\$ 92,559	\$ (114,049)	\$ (21,490)
<b>Total liabilities and shareholders' equity</b>	<b>\$ 11,642,902</b>	<b>\$ (7,603,982)</b>	<b>\$ 4,038,920</b>

# Angel Wing Metals Inc.

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## 19. CHANGE IN ACCOUNTING POLICY (continued)

The full accounting policy is as follows: (continued)

	As at December 31, 2021 (as previously stated)	Impact of accounting policy change	As at December 31, 2021 (restated)
<b>Assets</b>			
Exploration and evaluation assets	\$ 1,585,236	\$ (1,585,236)	\$ -
<b>Total assets</b>	<b>\$ 10,571,738</b>	<b>\$ (1,585,236)</b>	<b>\$ 8,986,502</b>
<b>Shareholders' equity</b>			
Deficit	\$(15,376,669)	\$ (1,585,236)	\$(16,961,905)
<b>Total shareholders' equity and liabilities</b>	<b>\$ 10,571,738</b>	<b>\$ (1,585,236)</b>	<b>\$ 8,986,502</b>

## Consolidated Statements of Comprehensive Loss

	Year ended December 31, 2022 (as previously stated)	Impact of accounting policy change	Year ended December 31, 2022 (restated)
Exploration and evaluation expenditures	\$ -	\$ 6,030,289	\$ 6,030,289
Pre-exploration costs	\$ 125,594	\$ (125,594)	\$ -
Cumulative translation adjustment	\$ (92,559)	\$ 114,049	\$ 21,490
<b>Net Loss and Comprehensive Loss</b>	<b>\$ 983,770</b>	<b>\$ 6,018,746</b>	<b>\$ 7,002,514</b>
<b>Basic and diluted loss per share</b>	<b>\$ 0.02</b>	<b>\$ 0.13</b>	<b>\$ 0.15</b>

## Consolidated Statements of changes in equity

	(as previously stated)	Impact of accounting policy change	(restated)
<b>Deficit as of December 31, 2020</b>	\$(13,446,274)	\$ (33,634)	\$(13,479,908)
Loss for the year	\$ (1,930,395)	\$ (1,551,602)	\$ (3,481,997)
<b>Deficit as of December 31, 2021</b>	<b>\$(15,376,669)</b>	<b>\$ (1,585,236)</b>	<b>\$(16,961,905)</b>
Loss for the year	\$ (1,076,328)	\$ (5,904,696)	\$ (6,981,024)
<b>Deficit as of December 31, 2022</b>	<b>\$(16,452,997)</b>	<b>\$ (7,489,932)</b>	<b>\$(23,942,929)</b>

	(as previously stated)	Impact of accounting policy change	(restated)
<b>Accumulated other comprehensive income as of December 31, 2020 and 2021</b>	\$ -	\$ -	\$ -
Cumulative translation adjustment	\$ (92,559)	\$ 114,048	\$ 21,489
<b>Accumulated other comprehensive income as of December 31, 2022</b>	<b>\$ (92,559)</b>	<b>\$ 114,048</b>	<b>\$ 21,489</b>

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**Angel Wing Metals Inc.**

Notes to Consolidated Financial Statements

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**19. CHANGE IN ACCOUNTING POLICY (continued)****Consolidated Statements of cash flows**

	Year ended December 31, 2022	Impact of accounting policy change	Year ended December 31, 2022
	(as previously stated)		(restated)
<b>Cash flows used in operating activities of continuing operations</b>			
Loss for the year	\$ (1,112,519)	\$ (5,904,695)	\$ (7,017,214)
Foreign exchange	\$ 165,393	\$ (189,347)	\$ (23,954)
Shares and cash issued for Lago de Oro	\$ -	\$ 1,424,490	\$ 1,424,490
<b>Cash used in operating activities from continuing operations</b>	<b>\$ (1,457,264)</b>	<b>\$ (4,669,553)</b>	<b>\$ (6,126,817)</b>
<b>Cash flows from investing activities</b>			
Mineral property expenditures	\$ (4,669,553)	\$ 4,669,553	\$ -
<b>Cash flows from investing activities</b>	<b>\$ (4,778,139)</b>	<b>\$ 4,669,553</b>	<b>\$ (108,586)</b>