

NORDEN CROWN METALS CORPORATION

CONSOLIDATED FINANCIAL STATEMENTS
(Expressed in Canadian Dollars)

YEAR ENDED DECEMBER 31, 2022
(Expressed in Canadian dollars)



Independent auditor's report

To the Shareholders of Norden Crown Metals Corporation

Our opinion

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

What we have audited

The Company's consolidated financial statements comprise:

- the consolidated statements of financial position as at December 31, 2022 and 2021;
- the consolidated statements of loss and comprehensive loss for the years then ended;
- the consolidated statements of changes in shareholders' equity for the years then ended;
- the consolidated statements of cash flows for the years then ended; and
- the notes to the consolidated financial statements, which include significant accounting policies and other explanatory information.

Basis for opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the consolidated financial statements* section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Canada. We have fulfilled our other ethical responsibilities in accordance with these requirements.

Material uncertainty related to going concern

We draw attention to Note 1 in the consolidated financial statements, which describes events or conditions that indicate the existence of a material uncertainty that may cast significant doubt about the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

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Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements for the year ended December 31, 2022. 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 the matters described below to be the key audit matters to be communicated in our report.

Key audit matter	How our audit addressed the key audit matter
<p>Assessment of impairment indicators of exploration and evaluation assets</p> <p><i>Refer to note 2 – Basis of preparation and significant accounting judgments, estimates and assumptions, note 3 – Summary of significant accounting policies and note 4 – Exploration and evaluation assets to the consolidated financial statements.</i></p> <p>The carrying value of the Company's total exploration and evaluation (E&E) assets as at December 31, 2022 amounted to \$5.4 million. Management assesses the E&E assets at the end of each reporting period to determine whether there are any indications of impairment. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment, if any.</p> <p>Management makes judgments in assessing whether indicators of impairment exist, including factors such as whether: the period for which the Company has the right to explore has expired or will expire in the future, and is not expected to be renewed; substantive expenditure on exploration activities and evaluation of mineral resources in the specific area is neither budgeted or planned; exploration for and evaluation of mineral resources in the specific area have not led to the discovery of commercially viable quantities of mineral resources; or sufficient data exists to indicate that the carrying amount of the E&E assets is unlikely to be</p>	<p>Our approach to addressing the matter included the following procedures, among others:</p> <ul style="list-style-type: none">• Evaluated the reasonableness of management's assessment of whether any indicators of impairment exist related to E&E assets, which included the following:<ul style="list-style-type: none">– Obtained, for a sample of mining rights, by reference to government registries, evidence to support (i) the right to explore the area, and (ii) the rights' expiration dates.– Assessed the budgeted and planned substantive expenditures on exploration activities and evaluation of mineral resources in the specific areas and whether the right to explore is not expected to be renewed by reading management budget and planning documents and board of directors minutes.– Assessed whether the exploration for and evaluation of mineral resources in specific areas have not led to the discovery of commercially viable quantities of mineral resources or whether sufficient data exists to indicate that the carrying amount of the E&E assets is unlikely to be recovered in full from successful development or by sale, based on evidence obtained in other areas of the audit.



Key audit matter

How our audit addressed the key audit matter

recovered in full from successful development or by sale. No impairment indicators were identified by management as at December 31, 2022.

We considered this a key audit matter due to the significance of the E&E assets balance and the significant judgments made by management in assessing whether any indicators of impairment exist, which resulted in a high degree of subjectivity in performing audit procedures related to these judgments applied by management.

Other information

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

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

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

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

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

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRS, 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 period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

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

/s/PricewaterhouseCoopers LLP

Chartered Professional Accountants

Vancouver, British Columbia
April 14, 2023

NORDEN CROWN METALS CORPORATION (an exploration stage company)
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
(Expressed in Canadian Dollars)

<i>As at</i>	<i>Notes</i>	December 31, 2022	December 31, 2021
		(\$)	(\$)
Assets			
<i>Current assets</i>			
Cash and cash equivalents		643,925	299,772
Receivable from option partner		183,587	427,531
Receivables		5,085	40,736
Prepayment of exploration and evaluation asset expenditures		-	282,764
Prepayment of other expenses		4,815	129,496
		837,412	1,180,299
<i>Non-current assets</i>			
Reclamation bonds		7,310	7,310
Exploration and evaluation assets	4	5,391,630	5,195,553
Equipment		398	1,918
		6,236,750	6,385,080
Liabilities			
<i>Current liabilities</i>			
Accounts payable and accrued liabilities	5	898,249	554,377
Advances from related parties	8	612,157	162,400
		1,510,406	716,777
Shareholders' Equity			
Share Capital	7	15,056,157	15,056,157
Reserves	7	1,168,634	1,168,634
Deficit		(11,498,447)	(10,556,488)
		4,726,344	5,668,303
		6,236,750	6,385,080

Nature of operations and going concern (Note 1)

Approved and authorized by the Board of Directors on April 13, 2023.

"Patricio Varas"
Patricio Varas, Director

"Jon Sherron"
Jon Sherron, Director

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

NORDEN CROWN METALS CORPORATION (an exploration stage company)
CONSOLIDATED STATEMENTS OF LOSS AND COMPREHENSIVE LOSS
(Expressed in Canadian Dollars)

	<i>Notes</i>	Year ended December 31,	
		2022	2021
		(\$)	(\$)
EXPENSES			
Consulting fees	8	140,936	275,473
Depreciation		1,520	1,485
General exploration expenditures		-	14,486
Foreign exchange		(31,878)	10,540
Legal and accounting	8	287,936	436,507
Management fees	8	280,476	283,441
Office expenses and salaries		77,339	74,986
Shareholder communication		214,043	385,718
Travel		36,467	62,279
		(1,006,839)	(1,544,915)
OTHER ITEMS			
Interest expense		(4,563)	(59,014)
Management fee - option agreement	4	69,443	94,230
Loss on disposal of assets		-	(1,057)
Loss and comprehensive loss		(941,959)	(1,510,756)
Basic and diluted loss per share		(0.02)	(0.03)
		(#)	(#)
Weighted-average number of common shares outstanding		53,024,495	48,936,189

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

NORDEN CROWN METALS CORPORATION (an exploration stage company)
CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY
(Expressed in Canadian Dollars)

	<u>Share Capital</u>		<u>Reserves</u>			Total shareholders' deficit (\$)
	Number of Shares (#)	Capital stock (\$)	Stock options (\$)	Warrants (\$)	Deficit (\$)	
Balance, December 31, 2020	44,398,878	12,835,021	530,814	496,573	(9,045,732)	4,816,676
Shares issued for cash	8,625,617	2,458,301	-	129,384	-	2,587,685
Share issuance costs - cash	-	(225,302)	-	-	-	(225,302)
Share issuance costs - warrants	-	(11,863)	-	11,863	-	-
Net loss	-	-	-	-	(1,510,756)	(1,510,756)
Balance, December 31, 2021	53,024,495	15,056,157	530,814	637,820	(10,556,488)	5,668,303
Net loss	-	-	-	-	(941,959)	(941,959)
Balance, December 31, 2022	53,024,495	15,056,157	530,814	637,820	(11,498,447)	4,726,344

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

NORDEN CROWN METALS CORPORATION (an exploration stage company)
CONSOLIDATED STATEMENTS OF CASH FLOWS
(Expressed in Canadian Dollars)

	Year ended December 31,	
	2022	2021
	(\$)	(\$)
	RESTATED (NOTE 8)	
Operating Activities		
Net loss for the year	(941,959)	(1,510,756)
Items not involving cash:		
Interest expense	-	58,889
Depreciation	1,520	1,485
Change in non-cash operating working capital items:		
Prepays and receivables	160,332	333,905
Accounts payable and accrued liabilities	296,007	(132,683)
Cash used in operating activities	(484,100)	(1,249,160)
Investing Activities		
Reclamation bond returned (paid)	-	8,302
Exploration and evaluation expenditures	(1,707,681)	(2,769,779)
Funding from option partner	2,086,177	1,195,413
Cash used in investing activities	378,496	(1,566,064)
Financing Activities		
Funding from related parties	449,757	162,400
Proceeds from private placements	-	2,587,685
Share issuance costs	-	(225,302)
Loan principal and related interest repayment	-	(550,124)
Cash provided by (used in) financing activities	449,757	1,974,659
Increase (decrease) in cash during the year	344,153	(840,565)
Cash and cash equivalents, beginning of year	299,772	1,140,337
Cash and cash equivalents, end of year	643,925	299,772

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

1. NATURE OF OPERATIONS AND GOING CONCERN

Norden Crown Metals Corporation (the “Company” or “Norden”), incorporated under the Business Corporations Act, British Columbia on December 31, 2013, is an exploration company engaged principally in the acquisition, exploration and development of mineral properties in Sweden and Norway. The Company’s head office address is Suite 340 - 233 West 1st Street, North Vancouver, BC V7M 1B3.

The Company presently has no proven or probable reserves and on the basis of information to date, it has not yet determined whether its properties contain economically recoverable ore reserves. The Company has not generated any revenues from its operations to date. The amounts shown as exploration and evaluation assets represent acquisition and exploration costs incurred to date, less any amounts written off, and do not necessarily represent present or future values. The recoverability of the carrying amounts for exploration and evaluation assets is dependent upon the confirmation of economically recoverable reserves, the Company raising capital, the sale or entering into a joint venture of the Company’s exploration and evaluation assets, and/or the attainment of profitable operations.

These consolidated financial statements have been prepared on the basis that the Company will continue as a going concern which assumes that the Company will be able to meet its commitments, continue operations and realize its assets and discharge its liabilities in the normal course of operations for at least twelve months from the end of the reporting period. The Company has incurred ongoing losses and expects to incur further losses in the advancement of its business. At December 31, 2022, the Company had cash of \$643,925 (December 31, 2021: \$299,772) a working capital (current assets less current liabilities) deficit of \$672,994 (December 31, 2021: working capital \$463,522) and an accumulated deficit of \$11,498,447 (December 31, 2021: \$10,556,488). For the year ended December 31, 2022, the company incurred losses of \$941,959 (December 31, 2021: \$1,510,756) and cash used in operations was \$484,100 (December 31, 2021: cash used: \$1,249,160).

The Company continues to incur operating losses, has limited financial resources, no source of operating cash flow and its ability to continue as a going concern is dependent upon its ability to obtain the financing necessary to fund the exploration of its mineral properties. There can be no assurance that the Company will be successful in raising sufficient funding to be available to conduct further exploration and development of its mineral properties. These material uncertainties may cast significant doubt about the Company’s ability to continue as a going concern.

Management plans to continue to secure the necessary financing through a combination of equity financing and entering into joint venture or property option arrangements; however, there is no assurance that the Company will be successful in these actions. These consolidated financial statements do not give effect to adjustments to the carrying values and classification of assets and liabilities that would be necessary should the Company be unable to continue as a going concern. Such adjustments could be material.

2. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES, AND ASSUMPTIONS

a) Statement of compliance

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board (“IFRS”). They have been prepared on a historical cost basis, except for certain financial instruments which are measured at their fair value. The significant accounting policies, as disclosed, have been applied consistently to all periods presented in these financial statements. The consolidated financial statements are presented in Canadian dollars, except where otherwise noted.

These consolidated financial statements were reviewed by the Audit Committee, and the Board of Directors approved and authorized them for issuance on April 13, 2023.

NORDEN CROWN METALS CORPORATION (an exploration stage company)
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the year ended December 31, 2022
(Expressed in Canadian Dollars)

b) Basis of consolidation

These consolidated financial statements incorporate the financial statements of the Company and its subsidiaries as follows:

Subsidiaries	Country of incorporation	% interest as at	
		December 31, 2022	December 31, 2021
Iekelvare Minerals AB ("Iekelvare")	Sweden	100.0%	100.0%
NOR Exploration AB ("NOR")	Sweden	100.0%	100.0%
Boreal Energy Metals Corp. ("BEMC")	Canada	90.1%	90.1%

All intercompany transactions and balances have been eliminated.

c) Foreign currency transactions

The functional and presentation currency of the Company and each of its subsidiaries is the Canadian dollar.

Transactions in currencies other than the functional currency are recorded at rates approximating those in effect at the time of the transaction. Monetary items are translated at the exchange rate in effect at the statement of financial position date. Translation gains and losses are reflected in the consolidated statements of loss and comprehensive loss for the year.

d) Significant accounting policy judgments and estimates

The preparation of consolidated 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 consolidated financial statements and the reported revenues and expenses during the year. Actual results could differ from these estimates. Estimates are reviewed on an ongoing basis based on historical experience and other factors that are considered relevant under the circumstances. Revisions to estimates and the resulting impacts on the carrying amounts of the Company's assets and liabilities are accounted for prospectively. There are no material areas of estimation uncertainty as at December 31, 2022.

Significant assumptions about the future and other sources of estimation uncertainty that management has made at the end of the reporting period, that could result in a material adjustment to the carrying amounts of assets and liabilities in the event that actual results differ from assumptions made, relate to, but are not limited to, the following:

Accounting policy judgments

- (i) The assessment by management of the Company's liquidity position and whether going concern disclosure is required in the consolidated financial statements is a key judgment.

As part of this process, management prepares cash flow budgets detailing expected expenditures for at least the next twelve months from the reporting date. The assessment of the Company's liquidity position takes into account the Company's working capital position, the timing of discretionary and non-discretionary expenditures and also the status of any potential equity financings.

- (ii) The assessment of whether indicators of impairment exist for the Company's exploration and evaluation assets is a key judgment.

Management assesses the exploration and evaluation assets at the end of each reporting period to determine whether there are any indications of impairment. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment, if any.

Management makes judgments in assessing whether indicators of impairment exist, including factors such as whether: the period for which the Company has the right to explore has expired or will expire in the future, and is not expected to be renewed; substantive expenditure on exploration activities and evaluation of mineral

resources in the specific area is neither budgeted or planned; exploration for and evaluation of mineral resources in the specific area have not led to the discovery of commercially viable quantities of mineral resources; or sufficient data exists to indicate that the carrying amount of the E&E assets is unlikely to be recovered in full from successful development or by sale. No impairment indicators were identified by management as at December 31, 2022.

While management believes that its judgments and estimates are reasonable, actual results could differ from those estimates and could impact future results and cash flows.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a) Cash and cash equivalents

Cash and cash equivalents is comprised of bank deposits and highly-liquid investments, which are readily convertible into known amounts of cash and which mature within 90 days from the original dates of acquisition.

b) Financial Instruments

Classification

The Company classifies its financial instruments in the following categories: at fair value through profit and 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 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.

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.

Derecognition

Financial assets: The Company derecognizes financial assets only when the contractual rights to cash flows from the financial assets expire, or when it transfers the financial assets and substantially all of the associated risks and rewards of ownership to another entity.

Financial liabilities: The Company derecognizes a financial liability when its contractual obligations are discharged, cancelled, or expire. The Company also derecognizes a financial liability when the terms of the liability are modified such that the terms and / or cash flows of the modified instrument are substantially different, in which case a new financial liability based on the modified terms is recognized at fair value.

Gains and losses on derecognition are recognized in profit or loss.

c) Share-based payments

The Company grants stock options to acquire common shares of the Company to directors, officers, employees, consultants and advisors. 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 recognized over the vesting period. A corresponding increase in reserves is recorded when stock options are expensed. When stock options are exercised, capital stock is credited by the sum of the consideration paid and the related portion of stock-based compensation previously recorded in reserves.

Share-based compensation arrangements in which the Company receives goods or services as consideration for its own equity instruments or stock options granted to non-employees are accounted for as equity settled share-based payment transactions and measured at the fair value of goods and services received. If the fair value of the goods or services received cannot be estimated reliably, the share-based compensation transaction is measured at the fair value of the equity instruments granted at the date the Company receives the goods or services.

d) Exploration and evaluation assets

Exploration and evaluation expenditures are recorded at cost on a property by property basis once the Company has the legal right to explore the related property. The Company capitalizes all exploration and evaluation costs, including acquisition costs, field exploration and field supervisory costs relating to specific properties, until those properties are brought into production, at which time, they will be amortized on a unit of production basis, or until the properties are abandoned, sold or considered to be impaired in value. Costs incurred for general exploration, including expenditures of a general reconnaissance nature, that are not project specific or do not result in the acquisition of exploration and evaluation properties are charged to net loss.

At the end of each reporting period, the Company's exploration and evaluation assets are assessed to determine whether there is any indication that those assets may be impaired. If such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment, if any. The recoverable amount is the higher of the asset's fair value less costs of disposal and its value in use. Fair value is determined as the amount that would be obtained from the sale of the asset in an arm's length transaction between knowledgeable and willing parties. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount and the impairment loss is recognized in profit or loss for the period. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

e) Equipment

On initial recognition, equipment is valued at cost, which includes the purchase price and directly attributable costs of acquisition or construction required to bring the asset to the location and condition necessary to be capable of operating in the manner intended by the Company, including appropriate borrowing costs and the estimated present value of any future unavoidable costs of dismantling and removing items. Any corresponding liabilities are recorded as provisions. When major components of an item of equipment have different useful lives, they are accounted for as separate items of equipment.

Equipment is subsequently measured at cost less accumulated amortization, less any accumulated impairment losses. Equipment is amortized over its estimated useful lives at the following rates and methods:

Containers	5 years	Straight-line method
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Amortization methods, useful lives and residual values are reviewed at each financial year end and adjusted if appropriate.

f) Income taxes

Tax is recognized in profit or loss, except to the extent that it relates to items recognized in other comprehensive income or directly in equity. In this case the tax is also recognized in other comprehensive income or directly in equity, respectively.

Current tax: The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the statement of financial position date in the countries where the Company's subsidiaries operate and generate

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2022

(Expressed in Canadian Dollars)

taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred tax: Deferred income tax is recognized on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, the deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the statement of financial position date and are expected to apply when the related deferred income tax asset is realized or the deferred income tax liability is settled. Deferred income tax assets are recognized only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilized. Deferred income tax is provided on temporary differences arising on investments in subsidiaries, except where the timing of the reversal of the temporary difference is controlled by the Company and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income taxes assets and liabilities relate to income taxes levied by the same taxation authority on either the taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

g) Share capital

Common shares issued by the Company are classified as equity. Incremental costs directly attributable to the issue of new common shares are recognized in equity, net of tax, as a deduction from the share proceeds (share issuance costs). The Company uses the residual method in determining the fair value of warrants where units consisting of shares and warrants are issued to subscribers, which method provides for the allocation of the consideration received to the fair value to the shares issued and allocating any residual amount to the warrants issued.

h) Loss per share

Loss per share is calculated using the weighted average number of common shares outstanding during the year.

4. EXPLORATION AND EVALUATION ASSETS

	Sweden	Norway	
	Gumsberg	Burfjord	Total
	(\$)	(\$)	(\$)
Balance, December 31, 2021	3,981,050	1,214,503	5,195,553
Accommodation	10,190	16,362	26,552
Drilling and field work	66,472	1,455,848	1,522,320
Geological	13,410	302,321	315,731
Other	64,806	61,620	126,426
Advance royalty	41,199	6,082	47,281
	196,077	1,842,233	2,038,310
Recovery from option agreement	-	(1,842,233)	(1,842,233)
Net change	196,077	-	196,077
Balance, December 31, 2022	4,177,127	1,214,503	5,391,630

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2022

(Expressed in Canadian Dollars)

	<u>Sweden</u>	<u>Norway</u>	
	<u>Gumsberg</u>	<u>Burfjord</u>	<u>Total</u>
	(\$)	(\$)	(\$)
Balance, December 31, 2020	3,598,382	1,247,046	4,845,428
Accommodation	8,990	10,793	19,783
Drilling and field work	164,442	1,213,958	1,378,400
Exploration licenses	4,801	82,296	87,097
Geological	98,090	95,447	193,537
Geophysical	69,828	-	69,828
Other	-	111,618	111,618
Advance royalty	36,517	76,289	112,806
	382,668	1,590,401	1,973,069
Recovery from option agreement	-	(1,622,944)	(1,622,944)
Net change	382,668	(32,543)	350,125
Balance, December 31, 2021	3,981,050	1,214,503	5,195,553

Acquisition of Swedish and Norwegian Projects - Agreements

On November 10, 2016, the Company entered into agreement with EMX Royalty Corp. ("EMX") (the "EMX Agreement"), as amended, to acquire Iekelvarre and NOR (formerly EMX Exploration Scandinavia AB) which held, amongst other properties, the Gumsberg project in Sweden and the Burfjord project in Norway. Pursuant to the terms of the EMX Agreement, EMX:

- received, during 2017 and 2018, a total of 8,816,773 common shares of the Company, valued at \$1,688,251
- retains a 3% net smelter return ("NSR") royalty on the properties, of which 1% could be purchased by the Company on or before the fifth anniversary of the closing date in 0.5% increments for a total of US\$2,500,000, or, at the Company's election, US\$2,000,000 plus shares of the Company equal in value to US\$500,000 (expired)
- will receive a 0.5% NSR royalty on any new mineral exploration projects generated by the Company in Sweden or Norway, excluding projects acquired from third parties containing a mineral resource or reserve or an existing mining operation
- will receive annual advance royalty ("AAR") payments of US\$20,000 for each of the Gumsberg and Burfjord properties commencing on the second anniversary of the closing of the EMX Agreement (which occurred on February 14, 2017), with each AAR payment increasing by US\$5,000 per year until US\$60,000 per year per project has been reached. Upon reaching US\$60,000, AAR payments will be adjusted each year according to the Consumer Price Index (as published by the U.S. Department of Labor, Bureau of Labor Statistics). All amounts have been paid to December 31, 2022.

Burfjord Project (Alta Region, Norway)

Option Agreement with Boliden Mineral AB

On June 10, 2020, the Company entered into an Option Agreement with Boliden Mineral AB ("Boliden") (the "Boliden Option Agreement"), pursuant to which Boliden could earn an interest in the Burfjord property in consideration for the following:

Earning of First Option	Date	Funding of Exploration Expenditures (US\$)
To earn the initial 51% (the "First Option"): On or before June 10, 2024		6,000,000 ⁽¹⁾

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- ⁽¹⁾ Alternatively, Boliden could earn the First Option by paying to the Company the difference between expenditures incurred at the property and US\$6,000,000.

Upon the exercise of the First Option, Boliden could earn an additional 29% interest in the property, for an aggregate 80% interest (the "Second Option"), by funding further advancement work through the delivery of a NI 43-101 and PERC (Pan European Reserves & Resources Reporting Committee) compliant feasibility study and funding all annual costs to keep the property in good standing.

EMX retains a 3% NSR royalty on Burfjord, which includes advance royalty payments credited toward actual royalties payable upon production, of which 1% may be re-purchased prior to February 14, 2025. Boliden would solely fund the advance royalty payments due to EMX until the First Option was exercised, after which advance royalty payments would be paid by both the Company and Boliden in proportion to their respective proportionate interests in Burfjord.

Until the First Option was exercised, the Company was the operator of Burfjord, pursuant to which the Company could charge Boliden a management fee of US\$50,000 per year, payable in quarterly installments. Upon exercise of the First Option, the Company and Boliden would form a Joint Venture to further advance the project, and Boliden would have the right to become the operator.

Pursuant to the Boliden Option Agreement, the Company received funds (the "Boliden Funds") from Boliden, which funds were restricted to the Burfjord project. Pursuant to the EMX Agreement and the Boliden Option Agreement, the AAR payment due to EMX of US\$35,000 during the year ended December 31, 2022 was made by Boliden.

On December 22, 2022, the Company was advised by Boliden that Boliden was terminating the Boliden Option Agreement effective January 1, 2023.

Gumsberg Project (Bergslagen District, Sweden)

Pursuant to the EMX Agreement, the Company made AAR payments to EMX of US\$35,000 during the year ended December 31, 2022 (December 31, 2021: US\$30,000).

5. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	December 31, 2022	December 31, 2021
	(\$)	(\$)
Accounts payable	295,143	245,405
Accrued liabilities	51,586	50,355
Due to related parties (Note 8)	551,520	258,617
	898,249	554,377

6. SHORT TERM LOAN

On November 25, 2019, the Company received an \$800,000 loan from EMX (the "Loan"). The Loan bore interest of 0.65% per month, was due to mature on November 25, 2020, and was secured by a pledge of lekelvare common shares guaranteed by lekelvare, and an obligation to transfer, at EMX's election, the Gumsberg License and/or lekelvare to EMX should the Loan be in default.

On August 13, 2020, the Company issued an aggregate of 2,456,101 units ("Units") to EMX, to extinguish a portion of the Loan; each Unit was priced at \$0.165 per unit, and comprised one common share and one share purchase warrant allowing for the purchase of one additional common share at \$0.33 per share until August 13, 2022. As the Company's

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common share price on the date of extinguishment was \$0.27 per common share, and the agreed-upon value of the units issued to EMX was \$0.165 per Unit, this resulted in a loss on extinguishment of the Loan in the amount of \$257,890, as well as:

- (i) an immediate reduction in the amount of debt owed by the Company to EMX from \$800,000 plus accrued interest and fees, to \$482,113;
- (ii) a 6-month extension of the maturity date applicable to the remaining balance to May 25, 2021; and,
- (iii) EMX maintaining its current 12.89% ownership interest in the Company on a non-diluted basis, following completion of the Private Placement and Loan Extinguishment (Note 7).

On May 25, 2021, the Company and EMX agreed to extend the maturity date of the Loan from May 25, 2021 to June 24, 2021, in consideration for the Loan principal increasing by \$30,000. During the year ended December 31, 2022, interest expense of \$nil was accrued (December 31, 2021: \$24,379) and accretion of transaction costs of \$nil (December 31, 2021: \$34,510) was recognized in interest expense. The loan was settled in full in June 2021.

	(\$)
Total December 31, 2020	491,235
Interest expense	24,379
Financing fees	34,510
Settled in cash	(550,124)
Total December 31, 2021	-

7. **SHAREHOLDERS' EQUITY**

a) Authorized share capital

At December 31, 2022 the authorized capital stock of the Company is comprised of an unlimited number of common shares without par value.

b) Securities issuances

During the year ended December 31, 2022

The Company issued no securities.

During the year ended December 31, 2021

On June 23, 2021 the Company closed a private placement ("Private Placement"), pursuant to which it issued common shares ("Shares"), warrants ("Warrants"), and paid finders' fees in cash and warrants ("Finders' Warrants") as follows:

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	Private Placement
Closing Date	June 23, 2021
Gross Proceeds Received (\$)	2,587,685
Shares Issued (#)	8,625,617
Warrants Issued (#)	8,625,617
Warrant Exercise Price (\$)	0.600
Warrant Expiry Date	June 23, 2024
Finders' Fees	
Cash (\$)	18,207
Finders' Warrants (#)	60,690
Finders' Warrants Exercise Price (\$)	0.600
Finders' Warrants Expiry Date	June 23, 2024

The expiry date of the Warrants will be subject to acceleration, at the Company's discretion, if the Company's shares trade on a volume-weighted average price basis of \$1.80 or higher for 10 consecutive trading days, in which case holders will have 30 days to exercise the Warrants.

The fair value assigned to the Warrants using the residual value method was \$129,384, and the Finders' Warrants issued were valued, in total, at \$11,863, which fair value was recorded as share issuance costs based on the Black-Scholes pricing model using the following assumptions:

Assumptions:

Risk-free rate (%)	0.66
Expected stock price volatility (%)	140
Expected dividend yield (%)	0
Expected life of warrants (years)	3

c) Stock Options

The Company has a stock option plan (the "Plan") administered by the Board of Directors and subject to TSX-V Exchange policies, which has the discretion to grant options for up to a maximum of 10% of the issued and outstanding share capital amount at the time of grant. The terms of all options cannot exceed ten years and the minimum exercise price cannot be less than the closing price of the Company's common shares on the TSX-V on the last trading day preceding the grant of the option. Except as may be prescribed by the Exchange, the Board of Directors determines the vesting terms of the options.

At December 31, 2022, the Company had stock options outstanding as follows:

Grant Date	Expiry Date	Number (#)	Exercise Price (\$)	Weighted average life (Yrs)
September 14, 2018	September 14, 2028	1,075,000	0.600	5.71
		1,075,000		5.71

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A summary of the changes in the Company's stock options follows:

	Number of options (#)	Weighted average exercise price (\$)
Outstanding, December 31, 2020	1,341,667	0.60
Cancelled	(183,334)	0.60
Outstanding, December 31, 2021	1,158,333	0.60
Forfeited	(83,333)	0.60
Outstanding, December 31, 2022	1,075,000	0.60

d) Warrants

At December 31, 2022, the Company had warrants outstanding as follows:

Date of issue	Number (#)	Exercise price (\$)	Expiry date	Weighted Average Life (years)
June 23, 2021	8,686,307	0.600	June 23, 2024	1.48
	8,686,307			1.48

A summary of the changes in the Company's warrants follows:

	Number of warrants (#)	Weighted average exercise price (\$)
Outstanding, December 31, 2020	24,782,229	0.357
Expired	(40,267)	0.450
Issued	8,686,307	0.600
Outstanding, December 31, 2021	33,428,269	0.420
Expired	(24,741,962)	0.360
Outstanding, December 31, 2022	8,686,307	0.600

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8. RELATED PARTY TRANSACTIONS AND KEY MANAGEMENT COMPENSATION

The Company has arrangements pursuant to which parties related to the Company and its subsidiaries, by way of directorship or officership, provide certain services, either directly or through companies owned or controlled by the officers and directors. Transactions were in the normal course of operations and all the costs are recorded at terms agreed upon between the parties. The Company's key management and related party costs for the year ended December 31, 2022 and 2021 follow:

Key management compensation	For year ended December 31,	
	2022	2021
	(\$)	(\$)
Management fees	300,000 ⁽¹⁾	300,000
Geological services	52,250 ⁽²⁾	129,582
	352,250	429,582

⁽¹⁾ Unpaid at December 31, 2022: \$301,500 in respect of services in 2022 and 2021 (December 31, 2021: \$60,000)

⁽²⁾ Unpaid at December 31, 2022: \$86,760 in respect of services in 2022 and 2021 (December 31, 2021: \$34,510)

Other related parties	For year ended December 31,	
	2022	2021
	(\$)	(\$)
Accounting fees	35,953 ⁽¹⁾	45,943
Directors' fees	40,476 ⁽²⁾	42,656
Legal fees	222,787 ⁽³⁾	372,231
	299,216	460,830

⁽¹⁾ Unpaid at December 31, 2022: \$4,387 (December 31, 2021: \$6,539)

⁽²⁾ Unpaid at December 31, 2022: \$61,529 in respect of services in 2022 and 2021 (December 31, 2021: \$21,245)

⁽³⁾ Unpaid at December 31, 2022: \$Nil in respect of services in 2022 and 2021 (December 31, 2021: \$94,500)

Additionally, at December 31, 2022, the Company owed a total of \$97,344 to related parties, in respect of expenses incurred on behalf of the Company (December 31, 2021: \$41,823).

During 2021, the Company received an advance of \$162,400 from a related party. In August 2022, September 2022 and December 2022, the Company received further advances of \$40,000, \$20,000 and \$389,757 respectively from certain directors of the Company. The advances bear no interest and have no specified terms of repayment. Restatement of 2021 Cash Flow Statement During the year ended December 31, 2021, the Company received an advance of \$162,400 from a related party, which advance was classified as an investing activity rather than a financing activity in the Consolidated Statements of Cash Flows. The \$162,400 in the Consolidated Statements of Cash Flows has been reclassified from an investing activity to a financing activity in respect of the year ended December 31, 2021, with a resulting impact on total investing and financing activities.

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9. SEGMENTED INFORMATION

The Company is engaged in one business activity, being the exploration for base and precious metals. Geographic information is disclosed in Note 4. All equipment is held solely in Scandinavia, except for computer equipment which was held in Canada, until its disposition during the year ended December 31, 2022.

	December 31, 2022	December 31, 2021
	(\$)	(\$)
Exploration and evaluation assets		
Canada	-	-
Sweden	4,177,127	3,981,050
Norway	1,214,503	1,214,503
	5,391,630	5,195,553

	December 31, 2022	December 31, 2021
	(\$)	(\$)
Total assets		
Canada	845,120	1,189,527
Sweden	4,177,127	3,981,050
Norway	1,214,503	1,214,503
	6,236,750	6,385,080

10. FINANCIAL INSTRUMENTS AND CAPITAL MANAGEMENT

Management of capital risk

The Company manages its capital structure and makes adjustments to it to effectively support the acquisition, exploration and development of mineral properties. In the definition of capital, the Company includes, as disclosed on its statement of financial position: share capital, deficit, equity reserves.

The properties in which the Company currently has an interest are in the exploration stage; as such the Company is dependent on external financing to fund its activities. In order to carry out the planned exploration and pay for general administrative costs, the Company will be using its existing working capital and will need to raise additional amounts. The Company will continue to assess new properties and seek to acquire an interest in additional properties if it feels there is sufficient geologic or economic potential and if it has adequate financial resources to do so.

Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Company, is reasonable. There were no changes in the Company's approach to capital management during the year ended December 31, 2022.

Financial instruments

Financial assets and liabilities are classified in the fair value hierarchy according to the lowest level of input that is significant to the fair value measurement. Assessment of the significance of a particular input to the fair value measurement requires judgement and may affect placement within the fair value hierarchy levels. The hierarchy is as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices).

- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The fair value of receivables, reclamation bond and accounts payable and accrued liabilities approximate their carrying amounts due to the short-term nature of the financial instruments. Reclamation bonds and receivables are measured at amortized cost. Accounts payable and accrued liabilities are also measured at amortized cost.

Risk management

The Company is exposed to varying degrees to a variety of financial instrument related risks:

Credit risk

Credit risk is the risk that the counterparty to a financial instrument will cause a financial loss for the Company by failing to discharge its obligations. The Company's credit risk is primarily attributable to its liquid financial assets including cash and receivables. The Company has no significant concentration of credit risk arising from operations. The Company limits its exposure to credit risk on liquid financial assets through maintaining its cash with high-credit quality financial institutions in Canada and [XX]. The Company is not exposed to significant credit risk and overall the Company's credit risk has not changed significantly from the prior year.

Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its obligations associated with its financial liabilities. The Company's approach to managing liquidity risk is to ensure that it will have sufficient liquidity to meet liabilities when due. The Company considers financing opportunities so that it has sufficient liquidity to meet liabilities when due.

The Company anticipates it will need additional capital in the future to finance on-going exploration of its properties, such capital to be derived from the completion of other equity financings. The Company has limited financial resources, no source of operating income and has no assurance that additional funding will be available to it for future exploration and development of its project. The ability of the Company to arrange additional financing in the future will depend, in part, on the prevailing capital market conditions and exploration success. There can be no assurance the Company will be able to obtain required financing in the future on acceptable terms. (See Note 1).

Market risk

Market risk is the risk of loss that may arise from changes in market factors such as interest rates and foreign exchange rates.

Currency risk

The Company incurs certain expenses in currencies other than the Canadian dollar, and is thus subject to foreign currency risk as a result of fluctuations in exchange rates. The Company manages this risk by maintaining bank accounts in Canadian dollars to pay these foreign currency expenses as they arise. The Company does not undertake currency hedging activities. During the year ended December 31, 2022 and 2021, the Swedish krona remained relatively stable against the Canadian dollar.

Interest rate risk

The Company's exposure to interest rate risk arises from the interest rate impact on cash. The Company's policy is to invest cash at floating rates of interest, in order to maintain liquidity, while achieving a satisfactory return for shareholders.

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11. **INCOME TAXES**

As at December 31,	2022	2021
	(\$)	(\$)
Net loss for the year	941,959	1,510,756
Canadian federal and provincial income tax rates	27.00%	27.00%
Expected income tax recovery	254,329	407,904
Tax rate difference		
Permanent differences	9,957	6,472
Tax benefits not recognized	<u>(264,286)</u>	<u>(414,377)</u>
Total income tax recovery	-	-
As at December 31,	2022	2021
	(\$)	(\$)
Unrecognized deductible temporary differences and unused tax losses		
Non-capital loss carryforwards	9,220,183	7,903,260
Exploration and evaluation assets	27,908	14,486
Share issue costs	153,673	208,785
	<u>9,401,764</u>	<u>8,126,531</u>

At December 31, 2022, the Company has Canadian loss carry forwards of approximately \$9,220,183 which have not been recognized, and which expire between 2034 and 2042. The Company recognizes the benefit of tax losses only to the extent of anticipated future taxable income in relevant jurisdictions.