MAJESTIC GOLD CORP.

CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022

(Expressed in US dollars)

DALE MATHESON CARR-HILTON LABONTE LLP
CHARTERED PROFESSIONAL ACCOUNTANTS

Independent Auditor's Report

To the Shareholders of Majestic Gold Corp.

Opinion

We have audited the consolidated financial statements of Majestic Gold Corp. (the "Company"), which comprise the consolidated statements of financial position as at December 31, 2023 and 2022, and the consolidated statements of comprehensive income, changes in equity and cash flows for the years then ended, and notes to the consolidated financial statements, including material accounting policy information. (collectively referred to as the "financial statements").

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

Basis for Opinion

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

Key Audit Matters

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

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

Other Information

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

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

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

We obtained Management's Discussion and Analysis prior to the date of this 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 Financial Statements

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

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

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 Steven Reichert.

Dmcl.

DALE MATHESON CARR-HILTON LABONTE LLP
CHARTERED PROFESSIONAL ACCOUNTANTS
Vancouver, BC

March 27, 2024

Majestic Gold Corp.
Consolidated Statements of Financial Position
(Expressed in US dollars)

	Note	December 31, 2023 - $ -	December 31, 2022 - $ -
ASSETS			
Current assets			
Cash	*4*	97,971,465	45,362,546
Short-term investments	*5*	-	7,383,000
Receivables	*6*	973,843	1,167,000
Deposits and prepaid expenses	*7*	247,326	789,272
Inventory	*8*	3,080,827	2,678,144
Current portion of other long-term assets	*11*	56,475	57,432
		102,329,936	57,437,394
Reclamation deposits	*7*	2,715,302	2,526,227
Property, plant and equipment	*9*	80,707,742	77,856,454
Exploration and evaluation assets	*10*	826	806
Deferred tax assets	*23*	949,827	847,975
Other long-term assets	*11*	526,970	937,093
		187,230,603	139,605,949
LIABILITIES			
Current liabilities			
Accounts payable and accrued liabilities	*12*	6,463,884	5,093,822
Current portion of long-term liabilities	*15*	1,066,628	1,083,439
Income taxes payable	*23*	14,106,817	10,574,478
Loans payable	*13*	4,235,673	4,307,498
		25,873,002	21,059,237
Asset retirement obligation	*14*	3,542,521	3,433,576
Deferred tax liability	*23*	2,113,332	1,411,007
Other long-term liabilities	*15*	3,400,383	4,368,725
		34,929,238	30,272,545
EQUITY			
Share capital	*17*	122,763,213	122,763,213
Reserves	*17*	10,183,056	9,821,350
Deficit		(27,200,323)	(45,531,304)
Equity attributable to owners of parent		105,745,946	87,053,259
Equity attributable to non-controlling interests	*22*	46,555,419	22,280,145
Total equity		152,301,365	109,333,404
		187,230,603	139,605,949
Nature of operations	*1*		
Commitments	*15*		
Subsequent event	*24*		

Approved by the Directors:
"John Campbell"
"Stephen Kenwood"

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

Majestic Gold Corp.
Consolidated Statements of Comprehensive Income
(Expressed in US dollars)

	Note	Year ended December 31, 2023 - $ -	2022 - $ -
Revenue	*19*	55,025,192	63,474,357
Cost of sales			
Operating expenses	*19*	22,227,515	22,913,991
Depreciation and depletion	*9,19*	6,225,382	6,678,678
Gross profit		26,572,295	33,881,688
General and administrative	*19*	7,711,974	5,975,099
Exploration and evaluation expenditures	*10*	29,076	49,148
Operating profit		18,831,245	27,857,441
Other items			
Finance expense	*19*	454,891	442,808
Interest and other income		(1,237,678)	(575,967)
Foreign exchange loss		116,808	1,182,347
(Gain) loss on sale of assets		716	(1,754)
Write-down of long-term assets		59,639	-
Other expenses		1,441	147,988
		(604,183)	1,195,422
Net income before income tax		19,435,428	26,662,019
Income tax expense	*23*	(7,206,030)	(9,239,459)
Net income for the year		12,229,398	17,422,560
Other comprehensive income (loss)			
Item that will not be reclassified to profit or loss:			
Exchange differences on translation of parent		334,418	(661,534)
Items that may be subsequently reclassified to profit or loss:			
Exchange differences on translating foreign operations		(1,665,495)	(6,126,038)
Total other comprehensive loss for the year		(1,331,077)	(6,787,572)
Total comprehensive income for the year		10,898,321	10,634,988
Net income for the year attributable to:			
Owners of the parent		7,557,829	11,078,664
Non-controlling interests		4,671,569	6,343,896
		12,229,398	17,422,560
Comprehensive income for the year attributable to:			
Owners of the parent		6,223,709	4,687,550
Non-controlling interest		4,674,612	5,947,438
		10,898,321	10,634,988
Net income per share attributable to owners of the parent- basic and diluted		0.01	0.01
Weighted average number of common shares outstanding - basic and diluted		1,042,664,381	1,042,709,176

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

Majestic Gold Corp.
Consolidated Statements of Changes in Equity
(Expressed in US dollars)

	Number of shares	Share capital - $ -	Share-based payment reserve - $ -	Special Reserve - $ -	Foreign currency translation - $ -	Deficit - $ -	Total - $ -	Non-controlling interest - $ -	Total equity - $ -
		Attributable to owners of the parent							
Balance, December 31, 2021	1,043,664,381	122,799,751	11,593,055	3,206,141	(704,995)	(54,491,705)	82,402,247	10,409,315	92,811,562
Shares cancelled under normal course issuer bid (NCIB")	(700,000)	(36,538)	-	-	-	-	(36,538)	-	(36,538)
Shares cancelled from treasury under NCIB	(300,000)	-	-	-	-	-	-	-	-
Safety fund surplus reserve	-	-	-	(124,924)	7,055	117,869	-	-	-
Statutory surplus reserve	-	-	-	1,909,038	327,094	(2,236,132)	-	-	-
Non-controlling interests capital addition (distribution)	-	-	-	-	-	-	-	5,923,392	5,923,392
Comprehensive income									
Net income for the year	-	-	-	-	-	11,078,664	11,078,664	6,343,896	17,422,560
Other comprehensive loss	-	-	-	-	(6,391,114)	-	(6,391,114)	(396,458)	(6,787,572)
Total comprehensive income for the period	-	-	-	-	(6,391,114)	11,078,664	4,687,550	5,947,438	10,634,988
Balance, December 31, 2022	1,042,664,381	122,763,213	11,593,055	4,990,255	(6,761,960)	(45,531,304)	87,053,259	22,280,145	109,333,404

	Number of shares	Share capital - $ -	Share-based payment reserve - $ -	Special Reserve - $ -	Foreign currency translation - $ -	Deficit - $ -	Total - $ -	Non-controlling interest - $ -	Total equity - $ -
		Attributable to owners of the parent							
Balance, December 31, 2022	1,042,664,381	122,763,213	11,593,055	4,990,255	(6,761,960)	(45,531,304)	87,053,259	22,280,145	109,333,404
Statutory surplus reserve	-	-	-	1,606,175	89,651	(1,695,826)	-	-	-
Non-controlling interests capital addition (distribution)	-	-	-	-	-	-	-	(768,822)	(768,822)
Issuance of shares in subsidiary	-	-	-	-	-	12,468,978	12,468,978	20,369,484	32,838,462
Comprehensive income									
Net income for the year	-	-	-	-	-	7,557,829	7,557,829	4,671,569	12,229,398
Other comprehensive income (loss)	-	-	-	-	(1,334,120)	-	(1,334,120)	3,043	(1,331,077)
Total comprehensive income for the period	-	-	-	-	(1,334,120)	7,557,829	6,223,709	4,674,612	10,898,321
Balance, December 31, 2023	1,042,664,381	**122,763,213**	**11,593,055**	6,596,430	(8,006,429)	(27,200,323)	105,745,946	46,555,419	152,301,365

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

Majestic Gold Corp.
Consolidated Statements of Cash Flows
(Expressed in US dollars)

	Year ended December 31, 2023	2022
	- $ -	- $ -
Cash provided from (used for):		
Operating activities:		
Net income for the period	12,229,398	17,422,560
Items not involving cash:		
Depreciation and depletion	6,560,380	7,002,874
Finance expense	454,891	442,808
Income tax expense	7,206,030	9,239,459
(Gain) Loss on sale on property, plant and equipment	163,003	(1,754)
Changes in non-cash working capital balances:		
Receivables	(840,643)	68,805
Deposits and prepaid expenses	541,946	(192,740)
Inventory	(449,045)	168,124
Accounts payable and accrued liabilities	1,832,091	(5,801,272)
Current portion of long-term liabilities	219	(597)
Effect of foreign exchange on working capital	(123,470)	6,863,827
Net Income tax paid	(2,897,337)	(4,787,828)
Interest paid	(187,669)	(139,053)
Net cash provided from operating activities	24,489,794	30,285,213
Investing activities:		
Expenditures on property, plant and equipment	(10,817,888)	(7,433,554)
Proceeds on sale of equipment	834	1,754
Short-term investments	7,383,000	(7,383,000)
Reclamation deposits	(232,080)	(288,398)
Net cash used for investing activities	(3,666,134)	(15,103,198)
Financing activities:		
Purchase of shares under NCIB	-	(36,538)
Proceeds of subsidiary shares issued	35,232,922	-
Share issue cost of subsidiary shares	(2,394,460)	-
Non-controlling interests distribution	(1,474,767)	(329,578)
Non-controlling capital contribution	1,742,437	-
Other long-term liability payments	(1,070,994)	(1,116,967)
Loan advance	4,251,821	4,439,643
Loan repayments	(4,251,821)	(4,439,643)
Net cash provided from (used for) financing activities	32,035,138	(1,483,083)
Effect of foreign exchange on cash	(249,879)	(3,204,217)
Net increase in cash	52,608,919	10,494,715
Cash, beginning	45,362,546	34,867,831
Cash, ending	97,971,465	45,362,546

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

1. Nature of operations

Majestic Gold Corp. (the “Company” or “Majestic”) is incorporated under the laws of the province of British Columbia, Canada. The Company’s shares trade on the TSX Venture Exchange (“TSX-V”) under the symbol MJS. The Company is a mining company focused on the exploration, development, and operation of mining properties in China, Australia, and Canada.

The head office, principal address and the registered and records office of the Company are located at 306 – 1688 152nd Street, Surrey, British Columbia, Canada, V4A 4N2.

These consolidated financial statements have been prepared on the assumption that the Company and its subsidiaries will continue as a going concern, meaning it will continue in operation for the foreseeable future and will be able to realize assets and discharge liabilities in the ordinary course of operations. At December 31, 2023, the Company has a working capital of $76,456,934. In the opinion of the directors, the Company will have necessary funds to finance its working capital and capital expenditure requirements for the next twelve months following December 31, 2023, based on the consideration that the Company is expected to remain profitable and continue to generate operating cash inflow from its future business operations.

On December 22, 2023, the Company successfully completed an initial public offering (“IPO”) of its subsidiary, Persistence Resources Group Ltd. (“Persistence”), on the Main Board of The Stock Exchange of Hong Kong Limited (the "HKEX") under stock code 02489. Upon completion of the IPO, Majestic owns 1,410,000,000 Persistence shares, representing 70.5% ownership of the outstanding shares of Persistence. As result of the IPO, the Company recognized a dilution gain of $12,468,978 in equity, net of share issuance costs and the Non-controlling Interest (“NCI”) in Persistence increased by $20,369,484 (Note 22).

2. Basis of preparation and material accounting policies

Statement of compliance

These consolidated financial statements have been prepared in accordance with International Accounting Standard 1, Presentation of Financial Statements (“IAS 1”) as issued by the International Accounting Standards Board (“IASB”). The policies applied in these financial statements are based on International Financial Reporting Standards (“IFRS”) and interpretations of the International Financial Reporting Interpretations Committee (“IFRIC”) issued and outstanding as at March 27, 2024, the date the board of directors approved these consolidated financial statements for issue.

Basis of preparation

The consolidated financial statements of the Company have been prepared on an accrual basis and are based on historical costs, modified where applicable. The consolidated financial statements are presented in US dollars (“USD”) unless otherwise noted.

Basis of consolidation

The consolidated financial statements include the accounts of the Company and its controlled entities. All inter- company balances and transactions, including unrealized income and expenses arising from inter-company transactions, are eliminated on consolidation.

The net interest of the Company’s most significant subsidiaries are presented below:

	Country of incorporation	Percentage as at December 31, 2023	Percentage as at December 31, 2022
Persistence Resources Group Ltd.	Cayman Island	70.5%	94%
Majestic Yantai Gold Ltd.	BVI	70.5%	94%
Yantai Zhongjia Mining Co., Ltd.	China	52.875%	70.5%

2. Basis of preparation and material accounting policies (continued)

Use of estimates

The preparation of financial statements in accordance with IFRS requires the Company to make estimates and assumptions concerning the future. The Company's management reviews these estimates and underlying assumptions on an ongoing basis, based on experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Revisions to estimates are adjusted prospectively in the period in which the estimates are revised.

Estimates and assumptions where there is significant risk of material adjustments to assets and liabilities in future accounting periods include:

a) The useful lives of property, plant, and equipment

Depreciation is calculated on the straight-line basis to depreciate the cost of each item of plant and equipment and ROU asset to its residual value over its estimated useful life. Useful lives are determined based on management's past experience with similar assets, estimated changes in technologies and in the case of mining related plant and equipment, estimated mine lives. If the estimated useful lives change significantly, adjustment of depreciation will be provided in the future year.

The useful lives of the Company's mining properties and infrastructure are based on indicated gold resource and probable reserve estimates based on a certain grade cut-off level. Assumptions that influenced cut-off grade include the expected future price of gold, projected operating costs and discount rates. Changes to these assumptions and further analysis of the Company's gold resource and reserve estimates could significantly impact the expected useful lives of the Company's mineral property and related infrastructure.

b) Asset retirement obligation

The asset retirement obligation is based on projected future costs associated with mine reclamation and closure activities on the Company's Songjiagou ("SJG") Open-Pit Mine SJG Open-Pit Mine and SJG Underground Mine. These estimates are based on current Chinese environmental laws and regulations. Future changes to such laws and regulations as well as changes to the Company's intended mining operations could significantly impact this provision.

c) Impairment of the Company's mining assets

When assessing whether there are indicators of impairment of the Company's mining property and related assets, the Company considers internal and external factors, including:

(i) Market factors such as a decrease in the price of gold or an increase in market interest rates:
(ii) Whether the carrying value of the Company's net assets exceeding the Company's market capitalization; and
(iii) The net cash flows generated by the assets being less than expected.

The Company has concluded that, as at December 31, 2023, there are no indicators of impairment of the Company's mining properties and related assets.

d) Other significant estimates

Other significant estimates where there is significant risk of material adjustments to assets and liabilities in future accounting periods include: determining the fair value measurements for financial instruments, the allocation of production costs to stockpiles of ore inventory and the recoverability of deferred income tax assets.

The Company estimates its income tax provision and deferred taxation in accordance with the prevailing tax rules and regulations, taking into account any special approvals obtained from the relevant tax authorities and any preferential tax treatment to which it is entitled in each location or jurisdiction in which the Company operates. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The Company recognizes liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, the differences will impact on the income tax and deferred tax provisions in the period in which the determination is made.

2. Basis of preparation and material accounting policies (continued)

d) Other significant estimates (continued)
Deferred tax assets are recognized for unused tax losses and deductible temporary differences, such as the provision for impairment of receivables, inventories and property, plant and equipment and accruals of expenses not yet deductible for tax purposes, to the extent that it is probable that taxable profits will be available against which the losses deductible temporary difference can be utilized.

In the event that future tax rules and regulations or related circumstances change, adjustments to current and deferred taxation may be necessary which would impact on the Company's results or financial position.

Use of judgments
The preparation of financial statements in accordance with IFRS requires the Company to make judgments, apart from those involving estimates, in applying accounting policies. The most significant judgments in applying the Company's financial statements include:

a) The determination of functional currency
In accordance with IAS 21, "The Effects of Changes in Foreign Exchange Rates" (IAS 21") management determined that the functional currency of the Company is the Canadian dollar ("CAD"), the functional currency of Yantai Zhongjia Mining Co., Ltd. and all the other of the Company's Chinese subsidiaries is the Renminbi ("RMB") and the functional currency of Persistence Resources Group Ltd. ("Persistence") and Majestic Yantai Gold Ltd ("Majestic Yantai"). is the Hong Kong dollar ("HKD"); and

b) The assessment of the Company's ability to continue as a going concern and whether there are events or conditions that may give rise to a significant uncertainty.

Foreign currency translation
Transactions in foreign currencies are initially recorded in the functional currency by applying exchange rates at the dates of the transactions.

Monetary assets and liabilities denominated in foreign currencies at the reporting date are translated to the functional currency at the reporting date exchange rate.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction. Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are re-translated to the functional currency at the exchange rate at the date that the fair value was determined. Foreign currency differences arising on re-translation are recognized in profit or loss.

For the purposes of presenting the consolidated financial statements in the presentation currency of US dollars, the companies with functional currencies other than US dollars, the assets and liabilities are translated into US dollars using the period-end exchange rate and the operations and cash flows are translated using the average rates of exchange over the period. Exchange differences arising when the opening net assets and the profit or loss are translated into US dollars are recognized in other comprehensive income and recorded in the Company's foreign currency translation reserve in equity. These differences are recognized in profit or loss in the period in which the operation is disposed.

Property, plant, and equipment
Property, plant, and equipment, other than construction-in-progress are stated at historical cost less accumulated depreciation and accumulated impairment losses. The cost of an item of property, plant and equipment comprises its purchase price and any directly attributable costs of bringing the asset to its working condition and location for its intended use.

Subsequent costs to repair or enhance are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the expenditure will flow to the Company and the cost of the item can be measured reliably. The carrying amount of any replaced part is derecognized. All other repairs and maintenance are charged to the statement of comprehensive loss during the financial period in which they are incurred.

2. Basis of preparation and material accounting policies (continued)

Property, plant, and equipment (continued)

Depending on the nature of the item of property, plant and equipment, depreciation is calculated on the straight-line basis to write off the cost of each asset to its residual value over its estimated useful life or it is calculated using the units of production ("UOP") basis.

The Company's mineral properties are amortized over the estimated life of the mine using the UOP basis based on the recoverable ounces from the indicated resources and probable reserves. Depreciation of plant and equipment is calculated on the straight-line basis over its estimated useful life.

The estimated useful lives of plant and equipment are as follows:

Buildings	20 years
Machinery	5 to 20 years
Motor Vehicles	5 years
Office furniture and equipment and other devices	5 years

Included in property, plant and equipment is mining infrastructure located at the mining sites. Depreciation is provided to depreciate the cost of the mining infrastructure using the UOP basis based on recoverable ounces from the indicated resources.

Residual values, useful lives and the depreciation method are reviewed, and adjusted if appropriate, at least at each financial year end.

An item of property, plant and equipment including any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss on disposal or retirement recognised in profit or loss in the year the asset is derecognised is the difference between the net sales of proceeds and the carrying amount of the relevant asset.

Mineral properties

Mining properties include acquisition costs, costs previously capitalized during the exploration and evaluation stage, mine development costs and certain mining infrastructure. Mining properties are stated at cost less accumulated depreciation and any accumulated impairment charges are accounted for on an individual project basis. Upon commencement of commercial production, the carrying costs are amortized using the UOP method, based on proven and probable reserves. Estimation of proven and probable reserves for each property is updated when relative information is available; the result will be prospectively applied to calculate depletion amounts for future periods.

Leased Assets

The Company assesses at the time of agreement whether an agreement is, or contains, a lease. An agreement is, or contains, a lease if the agreement conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

The Company applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Company recognizes lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

(a) Right-of-use assets

Right-of-use assets are recognised at the commencement date of the lease (that is the date the underlying asset is available for use). Right-of-use assets ("ROU") are measured at cost, less any accumulated depreciation and any impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease terms and the estimated useful lives of the assets as follows:

2. Basis of preparation and material accounting policies (continued)

Leasehold land	30 to 50 years
Office Lease	5 years

If ownership of the leased asset transfers to the Company by the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset.

(b) Short-term leases
The Company applies the short-term lease recognition exemption to its short-term leases of machinery and equipment (that is those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option).

Exploration and evaluation expenditures

Exploration and evaluation expenditures incurred prior to the Company obtaining a legal right to explore or that do not relate to any specific property are expensed as incurred. Costs incurred subsequent to the Company obtaining a legal right to explore, including the cost of acquiring, maintaining its interest, exploring, and developing mineral properties, are capitalized as exploration and evaluation assets until the technical feasibility and commercial viability are established, or the property is abandoned, sold, or considered to be impaired in value. When the technical feasibility and commercial viability of a property is established, exploration and evaluation expenditures are reclassified to mineral properties within property, plant, and equipment. If no minable ore body is discovered, such costs are expensed in the period in which it is determined the property has no future economic value.

Stripping costs

Stripping activity consist of removing mine waste materials to gain access to the mineral ore deposits. To the extent that it is probable that the stripping activity will improve the access to an identifiable ore body, costs incurred that relate to the stripping activity are capitalized to the mining asset, provided that the costs can be measured reliably. Costs that are incurred when performing stripping activity that provides benefit in the form of inventory produced is included in the cost of inventory.

Asset retirement obligations

The Company recognizes liabilities for statutory, contractual, constructive, or legal obligations associated with the retirement of long-term assets, when those obligations result from the acquisition, construction, development, or normal operation of the assets. The net present value of the asset retirement obligation estimates arising from the decommissioning of plant and other site preparation work is capitalized to the related asset along with a corresponding increase in the asset retirement obligation provision in the period incurred. Discount rates using a pre-tax rate that reflect the time value of money are used to calculate the net present value. Accretion expense, representing the increase in the provision due to the passage of time, is recorded in finance costs in the statement of comprehensive income.

The Company's estimates of asset retirement obligations could change as a result of changes in regulatory requirements, discount rates and assumptions regarding the amount and timing of the future expenditures. These changes are recorded directly to the related asset with a corresponding entry to the provision. The Company's estimates are reviewed annually for changes in regulatory requirements, discount rates, effects of inflation and changes in estimates.

The costs of restoration projects that were included in the provision are recorded against the provision as incurred. The costs to prevent and control environmental impacts at specific properties are capitalized in accordance with the Company's accounting policy for mineral property interests.

2. Basis of preparation and material accounting policies (continued)

Research and development costs

Costs to develop products are capitalized to the extent that the criteria for recognition as intangible assets in International Accounting Standards ("IAS") 38 Intangible Assets are met. Those criteria require that the product is technically and economically feasible, the Company has the intention and ability to use the asset, and how the asset will generate future benefits. Management assessed the capitalization of development costs based on the attributes of the development project, perceived user needs, industry trends and expected future economic conditions. Management considers these factors in aggregate and applies significant judgment to determine whether the product is technically and economically feasible. The Company has capitalized $191,029 development costs as at December 31, 2023.

Income taxes

Current income tax:

The income tax expense or credit for the period is the tax payable on the current period's taxable income based on the applicable income tax rate for each jurisdiction adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period in the countries where the Company and its subsidiaries and associates operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation and considers whether it is probable that a taxation authority will accept an uncertain tax treatment. The Company measures its tax balances either based on the most likely amount or the expected value, depending on which method provides a better prediction of the resolution of the uncertainty.

Under the PRC Enterprise Income Tax Law (the "EIT Law"), the standard enterprise income tax rate for domestic enterprises and foreign invested enterprises is 25%. In addition, the EIT Law provides for, among others, a preferential tax rate of 15% for enterprises qualified as High and New Technology Enterprises. Yantai Zhongjia Mining Company Ltd has qualified and been recognized as a High and New Technology Enterprise with the preferential EIT rate of 15% effective from January 1, 2020 to December 31, 2022, if certain conditions are met.

In calculating the tax expense for the years ended December 31, 2020, 2021, and 2022, the Company has chosen to adopt the income tax rate of 25%, pending the High and New Technology Enterprise qualification assessment, as the tax authority may hold a different view about the preferential tax rate. The High and New Technology Enterprise qualification for the period is re-assessed by the relevant authorities every three years and there is no guarantee that Yantai Zhongjia Mining Company Ltd will be able to renew or maintain the qualification when the qualification expires or be able to meet new requirements under continuously evolving rules concerning preferential tax treatments.

Deferred income tax:

Deferred income tax is recognized, using the asset and liability method, on temporary differences at the reporting date arising between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

The carrying amount of deferred income tax assets is reviewed at the end of each reporting period and recognized only to the extent that it is probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilized.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realized or the liability is settled, based on tax rates (and tax laws) of the applicable jurisdiction that have been enacted or substantively enacted by the end of the reporting period.

Deferred income tax assets and deferred income tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current income tax liabilities and the deferred income taxes relate to the same taxable entity and the same taxation authority.

2. Basis of preparation and material accounting policies (continued)

Impairment of assets

The carrying amount of the Company's non-financial assets, other than deferred tax assets, is reviewed at each reporting date to determine whether there is any indication of impairment. If such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss. An impairment loss is recognized whenever the carrying amount of an asset or its cash generating unit exceeds its recoverable amount. Impairment losses are recognized in the statement of comprehensive income.

The recoverable amount of assets is the greater of an asset's fair value less cost to sell and its value in use. In assessing fair value or value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects the current market assessments of the time value of money and the risks specific to the asset. For an asset that does not generate cash inflows largely independent of those from other assets, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

An impairment loss is only reversed if there is an indication that the impairment loss may no longer exist and there has been a change in the estimates used to determine the recoverable amount. Any reversal of impairment cannot increase the carrying value of the asset to an amount higher than the carrying amount that would have been determined had no impairment loss been recognized in previous years.

Assets that have an indefinite useful life are not subject to amortization and are tested annually for impairment.

Share-based payments

Share-based payments to employees are measured at the fair value of the instruments issued and recorded over the vesting periods. Share-based payments to non-employees are measured at the fair value of goods or services received or the fair value of the equity instruments issued, if it is determined that the fair value of the goods or services cannot be reliably measured and are recorded at the date the goods or services are received. The corresponding amount is recorded to the share-based payment reserve. The fair value of options is determined using the Black–Scholes Option Pricing Model. The number of shares and options expected to vest is reviewed and adjusted at the end of each reporting period such that the amount recognized for services received as consideration for the equity instruments granted shall be based on the number of equity instruments that eventually vest.

Income per share

Basic income per share is calculated by dividing the net income attributable to common shareholders by the weighted average number of common shares outstanding in the period. For all periods presented, the income attributable to common shareholders equals the reported income attributable to owners of the Company.

Diluted income per share is calculated by the treasury stock method. Under the treasury stock method, the weighted average number of common shares outstanding for the calculation of diluted income per share assumes that the proceeds to be received on the exercise of dilutive share options and warrants are used to repurchase common shares at the average market price during the period.

Financial instruments

Financial assets

Financial assets are recognized at fair value and are subsequently classified and measured at: (i) amortized cost; (ii) fair value through other comprehensive income ("FVOCI"); or (iii) fair value through profit or loss ("FVTPL"). The classification of financial assets is generally based on the business model in which a financial asset is managed and its contractual cash flow characteristics. A financial asset is measured at fair value net of transaction costs that are directly attributable to its acquisition except for financial assets at FVTPL where transaction costs are expensed. All financial assets not classified and measured at amortized cost or FVOCI are measured at FVTPL. Equity instrument that is not held for trading, the Company may irrevocably elect to present subsequent changes in the investment's fair value in other comprehensive income. The Company classifies its cash, short-term investments, receivables, restricted cash, and reclamation deposits at amortized cost.

2. Basis of preparation and material accounting policies (continued)

Financial assets (continued)

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.

Impairment of financial assets

IFRS 9 uses the expected credit loss ("ECL") model. The credit loss model groups receivables based on similar credit risk characteristics and days past due in order to estimate bad debts. The ECL model applies to the Company's receivables.

An 'expected credit loss' impairment model applies which requires a loss allowance to be recognized based on expected credit losses. The estimated present value of future cash flows associated with the asset is determined and an impairment loss is recognized for the difference between this amount and the carrying amount as follows: the carrying amount of the asset is reduced to estimated present value of the future cash flows associated with the asset, discounted at the financial asset's original effective interest rate, either directly or through the use of an allowance account and the resulting loss is recognized in profit or loss for the period.

In a subsequent period, if the amount of the impairment loss related to financial assets measured at amortized cost decreases, the previously recognized impairment loss is reversed through profit or loss to the extent that the carrying amount of the investment at the date the impairment is reversed, but not exceeding what the amortized cost would have been had the impairment not been recognized.

Financial liabilities

Financial liabilities are designated as either: (i) fair value through profit or loss; or (ii) amortized cost. All financial liabilities are classified and subsequently measured at amortized cost except for financial liabilities at FVTPL. The classification determines the method by which the financial liabilities are carried on the statement of financial position subsequent to inception and how changes in value are recorded. The Company classifies its accounts payable, loans payable and other long-term liabilities at amortized cost.

The Company derecognizes a financial liability when its contractual obligations are discharged or 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 generally recognized in profit or loss.

Fair value

The Company provides disclosures that enable users to evaluate (a) the significance of financial instruments for the entity's financial position and performance; and (b) the nature and extent of risks arising from financial instruments to which the entity is exposed during the period and at the date of the statement of financial position, and how the entity manages these risks. The Company provides information about its financial instruments measured at fair value at one of three levels according to the relative reliability of the inputs used to estimate the fair value:

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); and

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

Inventories

Inventories are stated at the lower of cost and net realizable value. Cost is determined on the weighted average basis and, in the case of work in progress and finished goods, comprises direct materials, direct labour and an appropriate proportion of overheads. Net realizable value is based on estimated selling prices less any estimated costs to be incurred to completion and disposal.

2. Basis of preparation and material accounting policies (continued)

Inventories (continued)

Inventories consist of:

- Gold concentrate inventories and ore stockpiles which are stated at the lower of weighted average cost and net realizable value.
- Raw materials which include the cost of consumables used in operations are stated at the lower of weighted average cost and replacement cost which approximates net realizable value.

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 rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognized as finance cost.

Cash and cash equivalents

Cash and cash equivalents include cash on hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts.

Short-term Investments

Short-term investments consist of term-deposits with original maturity dates greater than 90 days and less than one year. The Company's short-term investments are held with major banks in Canada.

Revenue recognition

Revenue from contracts with customers

Revenue from contracts with customers is recognized when control of the asset sold is transferred to customers and the Company satisfies its performance obligation. Revenue is allocated to each performance obligation. The Company considers the terms of the contract in determining the transaction price. The transaction price is of the transfer of control, which include, but are not limited to, whether: the Company has a present right to payment; the customer has legal title to the asset; the Company has transferred physical possession of the asset to the customer; and the customer has the significant risks and rewards of ownership of the asset. This generally occurs when the Company and the customer sign a "Settlement Slip" confirming the customer's acceptance of the assets; thereby transferring of control and legal title, as well as giving physical possession and establishing customers obligation of payment.

When the consideration in a contract includes a variable amount, the amount of consideration is estimated to which the Company will be entitled in exchange for transferring the goods or services to the customer. The variable consideration is estimated at contract inception and constrained until it is highly probable that a significant revenue reversal in the amount of cumulative revenue recognised will not occur when the associated uncertainty with the variable consideration is subsequently resolved.

When the contract contains a financing component which provides the customer with a significant benefit of financing the transfer of goods or services to the customer for more than one year, revenue is measured at the present value of the amount receivable, discounted using the discount rate that would be reflected in a separate financing transaction between the Company and the customer at contract inception. When the contract contains a financing component which provides the Company with a significant financial benefit for more than one year, revenue recognised under the contract includes the interest expense accreted on the contract liability under the effective interest method. For a contract where the period between the payment by the customer and the transfer of the promised goods or services is one year or less, the transaction price is not adjusted for the effects of a significant financing component, using the practical expedient in IFRS 15.

Sale of products

Revenue from the sale of products is recognised at the point in time when control of the asset is transferred to the customer, generally on delivery of the products.

2. Basis of preparation and material accounting policies (continued)

Revenue from other sources

Other income

Interest income is recognised on an accrual basis using the effective interest method by applying the rate that exactly discounts the estimated future cash receipts over the expected life of the financial instrument or a shorter period, when appropriate, to the net carrying amount of the financial asset.

Share Capital

Common shares are classified as equity. Incremental costs directly attributable to the issuance of common shares are recognized as a deduction from equity.

3. New accounting standards, interpretations, and amendments

The Company has adopted the following new accounting standards, interpretations and amendments issued.

Amendment to IAS 12 – Income Taxes

The amendments to IAS 12 clarify that the initial recognition exemption does not apply to transactions in which equal amounts of deductible and taxable temporary differences arise on initial recognition. The amendments are effective for annual reporting periods beginning on or after January 1, 2023. Early application of the amendments is permitted. The amendments apply to transactions that occur on or after the beginning of the earliest comparative period presented. In addition, at the beginning of the earliest comparative period the following would be recognized:

- a deferred tax asset to the extent that it is probable that taxable profit will be available against which the deductible temporary difference can be utilized and a deferred tax liability for all deductible and taxable temporary differences associated with right-of-use assets and lease liabilities; and
- the cumulative effect of initially applying the amendments as an adjustment to the opening balance of retained earnings (or other component of equity, as appropriate) at that date.

The implementation of this amendment is not expected to have a material impact on the Company.

Amendment to IAS 1 - Presentation of Financial Statements

The amendments to IAS 1 clarify the presentation of liabilities. The classification of liabilities as current or noncurrent is based on contractual rights that are in existence at the end of the reporting period and is unaffected by expectations about whether an entity will exercise its right to defer settlement. A liability not due over the next twelve months is classified as non-current even if management intends or expects to settle the liability within twelve months. The amendment also introduces a definition of 'settlement' to make clear that settlement refers to the transfer of cash, equity instruments, other assets, or services to the counterparty. Since the Company's approach and policy align with the amendment, the amendment had no impact on the Company's financial statements.

Amendments to IAS 1 - Presentation of Financial Statements and IFRS Practice Statement 2 - Making Materiality Judgements

The amendments require that an entity discloses its material accounting policies, instead of its significant accounting policies. Further amendments explain how an entity can identify a material accounting policy. Examples of when an accounting policy is likely to be material are added. To support the amendment, the Board of Directors has also developed guidance and examples to explain and demonstrate the application of the 'four-step materiality process' described in IFRS Practice Statement 2. The Company has disclosed the material accounting policy information in note 2 to the financial statements. The amendments did not have any impact on the measurement, recognition or presentation of any items in the Company's financial statements.

Amendments to IAS 8 - Accounting Policies, Changes in Accounting Estimates and Errors

The amendments clarify the distinction between changes in accounting estimates and changes in accounting policies. Accounting estimates are defined as monetary amounts in financial statements that are subject to measurement uncertainty. The amendments also clarify how entities use measurement techniques and inputs to develop accounting estimates. Since the Company's approach and policy align with the amendments, the amendments had no impact on the Group's financial statements.

3. New accounting standards, interpretations, and amendments (continued)

New accounting standards, interpretations and amendments issued not yet applied

There are new accounting standards, amendments to accounting standards and interpretations that are effective for annual periods beginning on or after January 1, 2024, and have not been applied in preparing the Consolidated Financial Statements for the year ended December 31, 2023. These standards and interpretations are not expected to have a material impact on the Company's Consolidated Financial Statements or the Company's business.

Amendments to IFRS 10 - Consolidated Financial Statements and IAS 28 - Investments in Associates and Joint Ventures

The amendments to IFRS 10 and IAS 28 address an inconsistency between the requirements in IFRS 10 and in IAS 28 in dealing with the sale or contribution of assets between an investor and its associate or joint venture. The amendments require a full recognition of a gain or loss resulting from a downstream transaction when the sale or contribution of assets constitutes a business. For a transaction involving assets that do not constitute a business, a gain or loss resulting from the transaction is recognised in the investor's profit or loss only to the extent of the unrelated investor's interest in that associate or joint venture. The amendments are to be applied prospectively. The previous mandatory effective date of amendments to IFRS 10 and IAS 28 was removed by the ISAB. However, the amendments are available for adoption now.

Amendments to IFRS 16 - Leases

The amendments to IFRS 16 specify the requirements that a seller-lessee uses in measuring the lease liability arising in a sale and leaseback transaction to ensure the seller-lessee does not recognise any amount of the gain or loss that relates to the right of use it retains. The amendments are effective for annual periods beginning on or after 1 January 2024 and shall be applied retrospectively to sale and leaseback transactions entered into after the date of initial application of IFRS 16 (i.e., 1 January 2019). Earlier application is permitted. The amendments are not expected to have any significant impact on the Company's financial statements.

Amendments to IAS 7 – Statement of Cash Flow and IFRS 7 - Financial Instruments: Disclosures

The amendments to IAS 7 and IFRS 7 clarify the characteristics of supplier finance arrangements and require additional disclosure of such arrangements. The disclosure requirements in the amendments are intended to assist users of financial statements in understanding the effects of supplier finance arrangements on an entity's liabilities, cash flows and exposure to liquidity risk. Earlier application of the amendments is permitted. The amendments provide certain transition reliefs regarding comparative information, quantitative information as at the beginning of the annual reporting period and interim disclosures. The amendments are not expected to have any significant impact on the Company's financial statements.

Amendments to IAS 21 -The Effects of Changes in Foreign Exchange

The amendments to IAS 21 specify how an entity shall assess whether a currency is exchangeable into another currency and how it shall estimate a spot exchange rate at a measurement date when exchangeability is lacking. The amendments require disclosures of information that enable users of financial statements to understand the impact of a currency not being exchangeable. Earlier application is permitted. When applying the amendments, an entity cannot restate comparative information. Any cumulative effect of initially applying the amendments shall be recognised as an adjustment to the opening balance of retained profits or to the cumulative amount of translation differences accumulated in a separate component of equity, where appropriate, at the date of initial application. The amendments are not expected to have any significant impact on the Company's financial statements.

4. Cash

At December 31, 2023, cash of $82,765,275 is held in China and is subject to local exchange control regulations. Chinese exchange control regulations provide for restrictions on exporting capital from China, other than through normal dividends.

5. Short-term Investments

At December 31, 2022, short-term investments included six-month term-deposits investments of $7,383,000 (CAD$10 million) at an annual rate of 4.75%, maturing in May 2023.

(Expressed in US dollars)

6. Receivables

	December 31, 2023	December 31, 2022
Sales taxes receivable	$ 16,255	$ 7,700
Amount from Dahedong (Note 16)	-	1,033,800
Other receivables	957,588	125,500
Total	$ 973,843	$ 1,167,000

The amount due from Dahedong is interest-free and repayable on demand.

7. Deposits and prepaid expenses

	December 31, 2023	December 31, 2022
Current:		
Prepayment for mining supplies and services	$ 172,813	$ 188,286
Rent deposit	11,298	10,929
Other prepayments and deposits	63,215	590,057
	247,326	789,272
Non-current:		
Reclamation deposits	2,715,302	2,526,227
Total	$ 2,962,628	$ 3,315,499

Reclamation Deposits

The Company is required to make reclamation deposits in respect of its expected rehabilitation obligations at the SJG Open-Pit Mine and SJG Underground Mine.

8. Inventory

	December 31, 2023	December 31, 2022
Gold concentrate	$ 468,152	$ 120,003
Ore stockpile	1,480,166	1,416,877
Raw material	1,132,509	1,141,264
Total	$ 3,080,827	$ 2,678,144

9. Property, plant, and equipment

Songjiagou Open-Pit Mine

The Company's principal mining property is the Songjiagou Open-Pit Mine located in the Shandong Province of China. The Company commenced commercial gold production at the SJG Open-Pit Mine in May 2011. The Company's mining permit for the SJG Open-Pit Mine has been renewed and is valid until May 17, 2031. The SJG Open-Pit Mine is owned by the Company's subsidiary, Yantai Zhongjia Mining Co., Ltd. ("Zhongjia"). The Company's interest in Zhongjia is held through its indirect 70.5% ownership of its subsidiary Majestic Yantai Gold Ltd. Majestic Yantai Gold Ltd. holds 75% of the shares of Zhongjia. The remaining 25% of Zhongjia is held by Yantai Dahedong Processing Co. Ltd. ("Dahedong").

During the year ended December 31, 2020, the mining permit fee was initially assessed at $14,669,935 (RMB 101.136 million) based on the estimated mineral resources available. During the year ended December 31, 2021, Zhongjia received the Yantai Natural Resources Bureau's final valuation assessment of the mining permit fee of $9,983,767 (RMB 74.12 million), payable over six years (Note 15). The outstanding mining fee was discounted over the payment term with the reduction of the mining permit fee of $4,686,168 recognized in the mining property costs of fiscal year 2021 and the first year and second year payments of $932,325 (RMB6.3 million) and $892,882 (RMB6.3 million), were made during the years ended December 31, 2022 and December 31, 2023 respectively.

Songjiagou Underground Mine

The SJG Underground Mine is also owned by Zhongjia and lies immediately north of the SJG Open-Pit Mine, within the project's exploration license boundary. The area underlain by precious metal mineralized vein structures was converted to a five-year, 0.414 sq. km. mining license that was granted on February 18, 2016. The Company's mining permit for the SJG Underground Mine has been renewed and is valid until February 18, 2031.

As at December 31, 2023 and December 31, 2022, ROU included prepaid land leases and building leases.

(Expressed in US dollars)

9. Property, plant, and equipment (continued)

	Motor Vehicles	Office furniture & equipment	Building	Machinery	Mining Infrastructure	Mineral Property	Right of use lands	Total
Cost								
At December 30, 2021	$ 748,865	$ 731,960	$ 15,487,929	$ 29,428,001	$ 38,879,056	$ 24,216,899	$ 19,864,514	$ 129,357,224
Additions	297,930	4,152	-	1,804,212	4,712,418	188,803	5,846	7,013,361
Change in asset retirement cost	-	-	-	-	(9,789)	-	-	(9,789)
Disposal	(12,066)	(1,824)	-	-	-	-	-	(13,890)
Foreign exchange adjustment	(71,829)	(61,361)	(1,317,749)	(2,533,873)	(3,636,722)	(2,053,309)	(1,677,468)	(11,352,311)
At December 30, 2022	962,900	672,927	14,170,180	28,698,340	39,944,963	22,352,393	18,192,892	124,994,595
Additions	85,589	324,880	-	907,515	9,675,357	-	17,007	11,010,348
Change in asset retirement cost	-	-	-	-	69,138	-	-	69,138
Disposal	(11,556)	(8,280)	-	(207,631)	-	-	-	(227,467)
Foreign exchange adjustment	(16,338)	(11,910)	(236,279)	(481,187)	(704,846)	(372,713)	(299,007)	(2,122,280)
At December 30, 2023	$ 1,020,595	$ 977,617	$ 13,933,901	$ 28,917,037	$ 48,984,612	$ 21,979,680	$ 17,910,892	$ 133,724,334
Accumulated depreciation								
At December 30, 2021	$ (602,335)	$ (549,386)	$ (6,829,408)	$ (14,109,989)	$ (10,920,873)	$ (3,462,726)	$ (7,609,387)	$ (44,084,104)
Depreciation and depletion	(61,323)	(66,734)	(746,199)	(1,858,670)	(2,365,219)	(1,259,116)	(645,613)	(7,002,874)
Disposal	12,066	1,824	-	-	-	-	-	13,890
Foreign exchange adjustment	52,397	47,892	601,378	1,246,714	993,828	330,273	662,465	3,934,947
At December 30, 2022	(599,195)	(566,404)	(6,974,229)	(14,721,945)	(12,292,264)	(4,391,569)	(7,592,535)	(47,138,141)
Depreciation and depletion	(107,790)	(50,858)	(699,352)	(1,933,081)	(2,314,170)	(1,027,118)	(620,471)	(6,752,840)
Disposal	11,556	8,280	-	43,794	-	-	-	63,630
Foreign exchange adjustment	10,357	9,320	118,948	252,658	215,531	77,127	126,818	810,759
At December 30, 2023	$ (685,072)	$ (599,662)	$ (7,554,633)	$ (16,358,574)	$ (14,390,903)	$ (5,341,560)	$ (8,086,188)	$ (53,016,592)
Net book value								
At December 30, 2022	$ 363,705	$ 106,523	$ 7,195,951	$ 13,976,395	$ 27,652,699	$ 17,960,824	$ 10,600,357	$ 77,856,454
At December 30, 2023	$ 335,523	$ 377,955	$ 6,379,268	$ 12,558,463	$ 34,593,709	$ 16,638,120	$ 9,824,704	$ 80,707,742

As at December 31, 2023 and 2022, certain of the Company's buildings were associated with land lease agreements with third parties which allow for the use of assets for the duration of the lease.

Additions for the current year end December 31, 2023, include $192,460 in depreciation expense related to open-pit expansion work which has been capitalized to property, plant and equipment (December 31, 2022 - $Nil).

(Expressed in US dollars)

10. Exploration and evaluation assets

		Sunset/Sunrise Mineral Property
Balance at December 31, 2021	$	861
Foreign exchange adjustment		(55)
Balance at December 31, 2022	$	806
Foreign exchange adjustment		20
Balance at December 31, 2023	$	826

Australia Lithium Tenements, Australia

On June 15, 2021, the Company entered into a letter of intent ("LOI") and an amended LOI on December 15, 2021, and further two amended LOI on June 15, 2022 and June 15, 2023, with Western Explorers PTY Ltd., a private Australian corporation, to acquire a 65% interest in four separate tenements located in Western Australia, an area with demonstrated potential for the discovery of lithium oxide mineralization.

The terms of the June 15, 2023 amended LOI are as follows:

- Majestic has the right to carry out a technical review and preliminary exploration work on the tenements by June 15, 2024;
- provided that Majestic expends a total of A$100,000 within the six-month period (completed), it shall have the right to acquire a 65% interest in the tenements by entering into a joint venture with Western Explorers PTY Ltd.. To earn its interest, the Company must contribute A$1,000,000 over a period of two years for exploration and maintenance of the tenements;
- After Majestic has earned 65% interest in the joint venture, both parties shall contribute in cash for further exploration and exploitation in proportion to its ownership interest. If a Party does not contribute, then the other Party may subscribe for and contribute, in which case the ownership interest of the non-contributing Party may be diluted.

Sunset-Sunrise Property, Canada

In November 2019, the Company acquired the Sunset and Sunrise mineral claims which are located in the Cassiar District of British Columbia by making a payment of $840.

Exploration and evaluation expenditures recorded in the statements of comprehensive income for the years ended December 31, 2023 and 2022, is as follows:

Year ended December 31, 2023		Australia Lithium Tenements		Sunset-Sunrise Property, British Columbia		Total December 31, 2023
Claim and Tenement Maintenance Fees	$	28,528	$	39	$	28,567
Assay and analysis		422		-		422
Geological consulting		87		-		87
Total	$	29,037	$	39	$	29,076

Year ended December 31, 2022		Australia Lithium Tenements		Sunset-Sunrise Property, British Columbia		Total December 31, 2022
Claim and Tenement Maintenance Fees	$	27,057	$	40	$	27,097
Resource estimate and modeling		11,587		-		11,587
Assay and analysis		2,687		-		2,687
Geological consulting		7,777		-		7,777
Total	$	49,108	$	40	$	49,148

(Expressed in US dollars)

11. Other long-term assets

At December 31, 2023, the Company had long-term assets in the amount of $526,970 (2022- $937,093). During the year ended December 31, 2023, the long-term assets comprised of the following transactions:

i) A zero-interest bearing installment loan of $508,280 (RMB 3,600,000) to a farmers cooperation company outstanding at December 31, 2023 (2022 - $574,333 (RMB 4,000,000)). The loan was provided in support of economic development to a village adjacent to Songjiagou Project as loan proceeds will be used for the construction of a greenhouse to support the agricultural economic development, social well-being and stability of the local communities comprising mainly villagers and farmers in the Muping District of Yantai. The loan is repayable in 10 equal instalments of RMB 400,000 over 10 years, commencing on September 17, 2023. The Company received the initial installment of RMB400,000, with the next instalment of $56,475 (RMB 400,000) due on September 17, 2024, which is recorded as the current portion of other long-term assets.

ii) Advance payments for purchases of property plant and equipment of $75,165 (RMB 532,370) (2022 -$420,193 (RMB 2,926,481)).

12. Accounts payable and accrued liabilities

		December 31, 2023		December 31, 2022
Trade and other payables	$	6,275,245	$	4,900,752
Loan interest payables		4,436		5,743
Provisions		184,203		187,327
Total	$	6,463,884	$	5,093,822

The provisions consist of a provision for the relocation of villages surrounding the mine and a provision for penalties that arise from overdue tax payment and other penalties.

A continuity of the Company's provisions that are included in accounts payable and accrued liabilities are as follows:

		Provision for relocation		Provision for penalties		Total
Balance, December 31, 2021	$	153,860	$	58,080	$	211,940
Utilized during the period		(6,898)		-		(6,898)
Effect of foreign exchange		(12,805)		(4,910)		(17,715)
Balance, December 31, 2022		134,157		53,170		187,327
Effect of foreign exchange		(2,237)		(887)		(3,124)
Balance, December 31, 2023	$	131,920	$	52,283	$	184,203

13. Loans Payable

		December 31, 2023		December 31, 2022
Balance, beginning	$	4,307,498	$	4,705,365
Loan advances		4,251,821		4,439,643
Loan repayments		(4,251,821)		(4,439,643)
Foreign exchange adjustment		(71,825)		(397,867)
Balance, ending	$	4,235,673	$	4,307,498

At December 31, 2023, the Company has a loan of $ $4,235,673 (RMB 30,000,000) outstanding. The loan bears interest at 3.77% per annum and is repayable on September 5, 2024 and guaranteed by Dahedong, as well as two other parties.

(Expressed in US dollars)

14. Asset retirement obligation

The following table shows the movement for the asset retirement obligation:

		December 31, 2023		December 31, 2022
Balance, beginning	$	3,433,576	$	3,657,019
Additions and changes in estimates of net present value		69,138		(9,789)
Accretion (Note 19)		97,694		98,201
Foreign exchange adjustment		(57,887)		(311,855)
Balance, ending	$	3,542,521	$	3,433,576

The Company's asset retirement obligation consists of costs associated with mine reclamation and closure activities on the SJG Open-Pit Mine and SJG Underground Mine (Note 9). These activities, which are site specific, include costs for earthworks, re-contouring, re-vegetation, water treatment and demolition. In calculating the fair value of the Company's asset retirement obligations, the Company used a risk-free rate of 2.585% (2022 - 2.883%). The majority of the expenditures are expected to occur during or after 2030. As at December 31, 2023, the total undiscounted amount of estimated cash flows required to settle the Company's obligation was $4,228,606 (RMB 29,836,200).

15. Other long-term liabilities

Other long-term liabilities are comprised of the following:

		December 31, 2023		December 31, 2022
Lease liability	$	29,123	$	51,751
Village distribution liability		926,481		1,037,306
Mining right obligation		2,444,779		3,279,668
Total	$	3,400,383	$	4,368,725

Current portion of other long-term liabilities are comprised of the following:

		December 31, 2023		December 31, 2022
Lease liability	$	26,234	$	25,403
Village distribution liability		150,903		153,462
Mining right obligation		889,491		904,574
Total	$	1,066,628	$	1,083,439

Lease liability

The Company has entered into an office lease agreement for its head office premise for a term ending in 2026. The undiscounted future lease payments are as follows:

		2024		2025		2026		Total
Operating lease commitments:								
Office premises	$	27,401	$	27,401	$	4,567	$	59,369

Village distribution liability

Pursuant to agreements, the Company is required to make payments of RMB 1,068,800 ($150,903) per annum to certain individuals registered as villagers in the village adjacent to the SJG Open-Pit Mine until the year 2032. The liability reflects the present value of the required payments, discounted using the Company's incremental borrowing rate of 4.90% at the time of the agreements. As at December 31, 2023 the undiscounted future payments were $1,358,126 (RMB 9,619,200).

Mining right obligation

Pursuant to the mining right acquisition addendum signed on December 2, 2021, the Company is required to make an annual payment of RMB 6,300,000 ($889,491) until the year 2027. The liability reflects the present value of the required

(Expressed in US dollars)

15. Other long-term liabilities (continued)

Mining right obligation (continued)

payments, discounted using the Company's incremental borrowing rate of 2.66%. As at December 31, 2023, the undiscounted future payments were $3,557,965 (RMB 25,200,000).

16. Related party transactions and balances

Related party transactions

The Company incurred the following related party transactions during the years ended December 31, 2023 and 2022:

		Year ended December 31,		
		2023		2022
Consulting fees charged by companies controlled by directors and officers of the Company-includes key management personnel compensation	$	837,869	$	719,172

Key management personnel compensation

Key management included the Company's directors, executive officers, and senior management.

		Year ended December 31,		
		2023		2022
Short-term employee benefits–management fees	$	473,159	$	226,057
Director fees		41,127		21,530
	$	514,286	$	247,587

Related party balances

		December 31, 2023		December 31, 2022
Amounts due to companies controlled by Directors and Officers of the Company	$	246,064	$	19,792
Amounts due from Dahedong (Note 6)		-		(1,033,800)
	$	246,064	$	(1,014,008)

Dahedong is a related party on the basis that it is controlled by significant shareholders of the Company.

17. Share capital and Reserves

a) Authorized

Unlimited number of common shares without par value.

b) Issued share capital

As at December 31, 2023, the Company had 1,042,664,381 common shares issued and outstanding (December 31, 2022 - 1,043,664,381).

On June 3, 2021, the Company commenced its Normal Course Issuer Bid ("NCIB"). Under the NCIB the Company may purchase up to 5% of the issued common shares over a 12-month period. As of June 2, 2022, the Company had purchased 5,062,000 of the eligible 52,386,319 common shares at a cost of $242,530. During the year ended December 31, 2022, the Company purchased and cancelled 700,000 common shares at a cost of $36,538 and cancelled an additional 300,000 common shares held in treasury.

17. Share capital and Reserves (continued)

c) Stock Options

The Company has a shareholder approved "rolling" stock option plan (the "Plan") in compliance with the TSX-V's policies. Under the Plan, the maximum number of shares reserved for issuance may not exceed 10% of the total number of issued and outstanding common shares at the time of granting. The exercise price of each stock option shall not be less than the discounted market price of the Company's stock at the date of grant. Such options will be exercisable for a period of up to 10 years from the date of grant. In connection with the foregoing, the number of common shares reserved for issuance to any one optionee will not, within a twelve-month period, exceed five percent (5%) of the issued and outstanding common shares and the number of common shares reserved for issuance to all technical consultants will not exceed, within a twelve-month period, two percent (2%) of the issued and outstanding common shares. Options may be exercised no later than 90 days following cessation of the optionee's position with the Company or 30 days following cessation of an optionee conducting investor relations activities' position.

The Company did not have stock options issued, outstanding or exercisable for the years ended December 31, 2023 and 2022.

d) Reserves

Share-based payment reserve

The share-based payment reserve records items recognized as stock-based compensation expense and other share-based payments. This reserve also includes the value attributed to warrants on unit private placements. At the time that the stock options or warrants are exercised, the corresponding amount will be transferred to share capital.

Foreign currency translation reserve

The foreign currency translation reserve records unrealized exchange differences arising on translation of group companies that have a functional currency other than the Company's reporting currency.

Safety fund surplus reserve

Pursuant to a Notice regarding Safety Production Expenditure jointly issued by the Ministry of Finance and the State Administration of Work Safety of the PRC in February 2012, Zhongjia is required to establish a safety fund surplus reserve based on the volume of mineral ore extracted. The safety fund can only be transferred to retained earnings to offset safety related expenses as and when they are incurred, including expenses related to safety protection facilities and equipment improvement and maintenance as well as safety production inspection, appraisal, consultation and training.

Statutory surplus reserve

In accordance with the Company Law of the PRC and the Articles of Association of Zhongjia, Zhongjia is required to allocate 10% of its profit after tax determined under PRC accounting standards to the statutory surplus reserve until such reserve reaches 50% of the authorised share capital of Zhongjia. Subject to certain restrictions set out in the Company Law of the PRC, part of this reserve may be converted to increase the share capital, provided that the remaining balance after the capitalisation is not less than 25% of the authorised share capital.

(Expressed in US dollars)

18. Segmented Information

The Company operates in one industry segment being the exploration, development, and operation of mining properties in China. All of the Company's capital assets are located in China, except office furniture and equipment with a net book value of $5,680 and an ROU asset with a net book value of $48,023 located in the Company's head-office in Vancouver, Canada. The Company's exploration and evaluation assets are located in Canada (Note 10). All of the Company's revenues are earned in China.

Revenue for the fiscal year ended December 31, 2023, and 2022, was from a single customer which amounted to 100% of the Company's revenue.

19. Revenue and Expenses

Revenue

		Year ended December 31,		
		2023		2022
Sales of gold bullion	$	54,347,250	$	61,920,102
Sales of sulfur		677,942		1,554,255
Revenue	$	55,025,192	$	63,474,357

Cost of sales

		Year ended December 31,		
		2023		2022
Mining and Milling fees	$	18,838,321	$	18,385,811
Depreciation and depletion (Note 9)		6,225,382		6,678,678
Smelting costs		1,532,148		2,020,779
Resource taxes		1,954,098		2,225,547
Other direct costs		44,108		21,264
Changes in ending gold concentrate inventory		(141,160)		260,590
Total	$	28,452,897	$	29,592,669

General and administrative

		Year ended December 31,		
		2023		2022
Consulting and management fees (Note 16)	$	946,708	$	770,005
Financial advisory		2,252,215		1,235,747
Depreciation (Note 9)		334,998		324,196
Office and general		821,419		744,282
Professional fees		358,491		153,544
Research and development		1,191,540		1,443,745
Salaries		1,120,224		893,086
Shareholder communications		53,785		43,971
Travel		632,594		366,523
Total	$	7,711,974	$	5,975,099

(Expressed in US dollars)

19. Revenue and Expenses (continued)

Finance expense

		Year ended December 31, 2023		2022
Interest expenses and finances charges for banks loans payable	$	186,453	$	139,608
Interest expense for leases		3,446		4,551
Interest expense for other long-term liabilities		167,298		200,448
Accretion of asset retirement obligation (Note 14)		97,694		98,201
Total	$	454,891	$	442,808

20. Risks and capital management

The Company is exposed in varying degrees to a variety of financial instrument related risks. The Board of Directors approves and monitors the risk management processes, inclusive of documented investment policies, counterparty limits, and controlling and reporting structures. The type of risk exposure and the way in which such exposure is managed is provided as follows:

Credit Risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. The Company's primary exposure to credit risk is on its cash, short-term investments and reclamation deposits held in bank accounts. The Company's short-term investments are held with major banks in Canada and the majority of cash is deposited in bank accounts held with major banks in Canada and China. The credit risk associated with cash held in Canada is reduced by management ensuring that the Company uses a major Canadian financial institution with strong investment grade ratings by a primary ratings agency. The credit risk associated with cash held in China is reduced, but not fully mitigated, by management using a financial institution that is operated by the Government of China.

Liquidity Risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company plans to ensure that there is sufficient capital in order to meet short-term business requirements, after taking into account the Company's holdings of cash. The Company's cash is invested in interest bearing accounts which are available on demand. Management believes the Company has sufficient cash on hand to finance operations for the next twelve months. The Company's accounts payable and accrued liabilities are generally due on demand. The maturity of the Company's loans are disclosed in Note 13. The following summarizes the undiscounted amount of the remaining contractual maturities of the Company's financial liabilities.

	December 31, 2023							December 31, 2022	
	Within a year		2-5 years		Over five years		Total		Total
Accounts payable and accrued liabilities	$ 6,463,884	$	-	$	-	$	6,463,884	$	5,093,822
Loans	4,235,673		-		-		4,235,673		4,307,498
Other long-term liabilities	1,067,795		3,304,054		603,612		4,975,460		6,141,995
Total	$ 11,767,352	$	3,304,054	$	603,612	$	15,675,017	$	15,543,315

Industry Risk

The Company is a mining company with a property and mining operations in China. Its mining activities involve numerous inherent risks. The Company is subject to various financial, equities markets, operational and political risks that could significantly affect its operations and cash flows. These risks include changes in local laws affecting the mining industry, a decline in the price of commodities, uncertainties inherent in estimating mineral resources and fluctuations in the foreign currencies against the US dollar. The Company does not use derivatives or hedging to mitigate the risk of changes in the price of gold or currency fluctuations.

The Company's business is highly dependent on the price of gold and venture capital markets, which are impacted by

20. Risks and capital management (continued)

Industry Risk (continued)

volatility factors the Company cannot control. A decrease in the price of gold could adversely affect the Company's financial condition, results of operations and cash flows. Lower gold prices may result in asset impairment, write-downs of mineral property carrying values and limitations in access to capital.

The Company operates in China and is exposed to the laws governing the mining industry in China. The Chinese government is currently supportive of the mining industry but there is uncertainty in future changes to government policies and regulations including taxation, repatriation of profits, restrictions on production, export controls, environmental compliance, and expropriation. These factors could adversely affect the Company's exploration efforts and production plans.

The Company's property is located in an area that can experience severe winter weather conditions which could adversely affect mining operations. In addition, the Company is subject to changes in environmental laws and regulations that may result in unexpected costs.

Market Risk

The significant market risks to which the Company is exposed are interest rate risk, currency risk and other commodity price risk. These are discussed further below:

Interest Rate Risk

Interest rate risk is the risk that future cash flows will fluctuate as a result of changes in market interest rates. The Company's cash consists of cash and reclamation deposits held in bank accounts that earn interest at variable interest rates. The Company's loans payable accrues interest at fixed rates. Due to the short-term nature of these financial instruments, fluctuations in market rates do not have a significant impact on the estimated fair value as of December 31, 2023.

Foreign exchange risk

The Company reports its financial statements in USD. The functional currency of its head office is CAD, the functional currency of all intermediate holding companies is HKD and the functional currency of its Chinese subsidiary is RMB. The Company is exposed to foreign exchange risk when the Company undertakes transactions and holds assets and liabilities in currencies other than its functional currencies.

The Company currently does not engage in foreign exchange currency hedging. The Company's exposure to currency risk affect net income is summarized as follows:

	Year ended December 31, 2023	2022
Financial assets denominated in U.S. Dollars	$ 13,185,648	$ 11,603,464

As at December 31, 2023, with other variables unchanged, a 10% strengthening (weakening) of the USD against the Company's functional currencies, would have decreased (increased) net income by approximately $1.3 million (2022 - $1.2 million).

Currency Risk

Currency risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Company is exposed to currency risk to the extent expenditures incurred or funds received and balances maintained by the Company are denominated in currencies other than the functional currency of the entity completing the transaction or holding the funds. The Company does not manage currency risks through hedging or other currency-based derivatives. At December 31, 2023, the Company and its subsidiaries hold USD$13,185,648, exposing the Company to currency risk.

(Expressed in US dollars)

21. Financial Instruments

Fair Value

Management has assessed that the fair values of cash and cash equivalents, restricted and pledged deposits, financial assets included in prepayments, deposits and other receivables, trade and bills payables, financial liabilities included in other payables, deposits received and accruals, amounts due to related parties, other long-term liabilities and the interest-bearing bank borrowings approximate to their carrying amounts largely due to the short-term maturities of these instruments.

The fair values of other long-term assets and other long-term liabilities have been calculated by discounting the expected future cash flows using rates currently available for instruments with similar terms, credit risk and remaining maturities. The following tables set forth the Company's financial assets and liabilities that are measured at fair value level on a recurring basis within the fair value hierarchy at December 31, 2023 and December 31, 2022 that are not otherwise disclosed. The assets and liabilities are classified in their entirety based on the lowest level of input that is significant to the fair value measurement.

		Year ended December 31,	
Financial assets	Level	2023	2022
Cash	1	$ 97,971,465	$ 45,362,546
Short-term investments	1	-	7,383,000
Reclamation deposits	1	2,715,302	2,526,227
Receivables [1]	2	957,588	1,159,300
Other long-term assets	2	526,970	937,093
Total		$ 102,171,325	$ 57,368,166

(1) Receivables exclude sales and income tax receivables.

		Year ended December 31,	
Financial liabilities	Level	2023	2022
Accounts payable and accrued liabilities	2	$ 6,463,884	$ 5,093,822
Interest-bearing bank borrowings	2	4,235,673	4,307,498
Other long-term liabilities	2	4,467,011	5,452,164
Total		$ 15,166,568	$ 14,853,484

Fair value of the other financial instruments excluded from the table above approximates their carrying amount as at December 31, 2023 and December 31, 2022, due to the short-term nature of these instruments. There were no transfers into or out of Level 3 during the years ended December 31, 2023 and 2022.

22. Non-controlling interest

On December 22, 2023, the Company successfully completed an IPO of 25% of the shares of Majestic's subsidiary, Persistence, on the HKEX. In connection with the IPO, the Company issued 500,000,000 shares of Persistence at HK$0.55 (USD$0.0705) per share, for gross proceeds of HK$275 million (USD$35.23 million) and incurred capitalized share issuance costs of HK$18.74 million ($2,394,460). The IPO proceeds are designated for the operational activities of Persistence. As result of the IPO, the Company recognized a dilution gain of $12,468,978, net of share issuance costs and the NCI in Persistence increased by $20,369,484.

At December 31, 2023, Majestic Gold Corp. held 1,410,000,000 shares of Persistence, representing 70.5% of Persistence outstanding shares.

The Company's equity interest in Zhongjia is held indirectly through its 70.5% owned subsidiary Persistence Resources Group Ltd. by way of Persistence's 100% ownership interest in Majestic Yantai. Majestic Yantai has a 75% equity interest in Zhongjia. The non-controlling interest represents the 25% equity interest in Zhongjia held by Dahedong, 25% of shares issued pursuant to the IPO and the 6% equity interest in Persistence held by another minority shareholder.

(Expressed in US dollars)

22. Non-controlling interest (continued)

The continuity of non-controlling interests is summarized as follows:

		Zhongjia		Persistence		Total
Balance, December 31, 2021	$	6,416,239	$	3,993,076	$	10,409,315
Share of net income		5,590,330		753,566		6,343,896
Share of other comprehensive loss		(708,928)		312,470		(396,458)
Additions (Net of distributions)		6,252,970		(329,578)		5,923,392
Balance, December 31, 2022		17,550,611		4,729,534		22,280,145
Share of net income		4,239,565		432,004		4,671,569
Share of other comprehensive income		(303,905)		306,948		3,043
Sale of subsidiary shares		-		20,369,484		20,369,484
Additions (Net of distributions)		(569,601)		(199,221)		(768,822)
Balance, December 31, 2023	$	20,916,670	$	25,638,749	$	46,555,419

23. Income Tax

Current income tax expense primarily includes the provision for PRC Enterprise Income Tax (“EIT”) for subsidiaries operating in the PRC and withholding tax on earnings that have been declared for distribution by PRC subsidiaries to offshore holding companies.

In December 2020, Zhongjia was identified as a “High and New Technology Enterprise” and thus was granted a preferential rate of 15% from 1 January 2020 to 31 December 2022, if certain conditions are met. The Company has adopted the statutory income tax rate of 25%, should the tax authority hold a different view on the preferential tax rate for the fiscal years 2020, 2021 and 2022. The Company has used the statutory income tax rate of 25% for the current tax provision for fiscal year 2023.

Pursuant to the EIT Law, a 10% withholding tax is levied on dividends declared by PRC companies to their foreign investors.

The components of the company’s income tax expense are as follows:

	Year ended December 31,			
		2023		2022
Current income tax expense	$	6,503,705	$	7,940,828
Deferred income tax expense		702,325		1,298,631
	$	7,206,030	$	9,239,459

A reconciliation of the expected income tax expense to the actual tax expense is as follows:

	Year ended December 31,			
		2023		2022
Net income for the year	$	19,435,428	$	26,662,019
Expected income tax expense at local statutory tax rates		5,247,566		7,198,745
Non-deductible items and other permanent differences		2,073,769		3,214,097
Effect of tax rate changes		(461,734)		(637,920)
Temporary differences not recognized		346,429		(535,463)
Total	$	7,206,030	$	9,239,459

(Expressed in US dollars)

23. Income Tax (continued)

Deferred tax assets and liabilities consist of the following and all relate to the Company's Chinese operations:

		Year ended December 31, 2023		2022
Property, plant and equipment	$	(220,003)	$	(308,111)
Asset retirement obligation		885,630		858,394
Other temporary differences		284,200		297,692
	$	949,827	$	847,975

		Year ended December 31, 2023		2022
Withholding taxes	$	(2,113,332)	$	(1,411,007)
Net deferred tax liabilities	$	(2,113,332)	$	(1,411,007)

The Company has the following deductible temporary differences that relate to the Canadian parent and for which no deferred asset has been recognized:

		Year ended December 31, 2023		2022
Non-capital losses	$	35,893,801	$	34,260,534
Property, plant and equipment		357,849		284,088
Capital loss		46,236,061		45,683,414
	$	82,487,711	$	80,228,036

These temporary differences can be used to offset taxable income in the future. The non-capital losses expire in the years 2027 through 2042. The share issue costs are amortized into taxable income (loss) over a five-year period.

Chinese tax law requires that a withholding tax of 10% is applied to distributable profits of its Chinese subsidiaries to foreign parent companies.

24. Subsequent event

On January 4, 2024, the Company issued a 12-month loan of $2,571,514 (HK$20 million) to Dahedong for working capital purposes, including initiating due diligence work on potential target gold mine acquisitions within the Shandong Province.