

President's Letter

During 2023, higher interest rates have elevated bond yields and maintained a strong US dollar. For now, it seems the Federal Reserve's bid to temper inflation with monetary policy will continue into 2024. The surprising strength in the US economy has the generalist investors benefiting with the DOW, S&P and NASDAQ gaining 5%, 17% and 32%, respectively, since the beginning of the year. Notwithstanding the strength in the global markets, the gold price has managed to hold its ground and is up 7% thus far in 2023.

That said, economic uncertainty is brewing with China's economy showing signs of distress, emerging data of a sluggish US labour market, weaker corporate guidance and peaking bond yields. Many analysts believe the tide might be turning for gold with the global credit stress and the lagging negative effects from higher interest rates. Central bank demand is also a significant factor supporting gold. However, investors are awaiting the Federal Reserve's indication of a pivot to reverse their hawkish bias for gold to breakout over US\$2000 per ounce.

In January 2023, Newcrest Resources ("Newcrest") elected to commence the Option Phase to explore the Appaloosa property ("Appaloosa") situated inside the Talapoosa land package. Gunpoint received a US\$750,000 cash payment and Newcrest agreed to undertake a minimum US\$2 million work program within 18 months. During the year, Newcrest completed a systematic, surface exploration program on Appaloosa's seven-kilometer-long mineralized structural zone and also expanded the work on Talapoosa.

During the second quarter, Newcrest drilled six core holes totaling 1900 meters on the Central Target at Appaloosa. The initial drill results were very encouraging with four holes intercepting significant thickness of a shallow, mineralized zone that appears laterally continuous. The drilling and on-going field work show Appaloosa's broad, mineralized hydrothermal gold bearing system is largely preserved.

Over the past year, the gold mining equities continue to be remarkably weak relative to gold's improved performance. Junior gold companies are challenged to raise capital with limited investor interest in this sector. Gunpoint maintains a strong balance sheet with \$1.6 million in cash and nearly \$600,000 in equity holdings from joint ventures and the monetization of its Mexican properties. Management's prudent financial discipline has protected value during the prolonged bear market for junior gold equities.

As always, I would like to thank our shareholders, both large and small, for your continued trust and loyal support. As President and the largest individual shareholder, I will strive to deliver the best leveraged business strategy to build upside shareholder value.

GUNPOINT EXPLORATION LTD.



P. Randy Reifel

President

September 18, 2023