Baselode Energy Corp.

Annual Financial Statements

For the years ended December 31, 2021 and 2020
(In Canadian Dollars)

McGovern Hurley

Audit. Tax. Advisory.

Independent Auditor's Report

To the Shareholders of Baselode Energy Corp.

Opinion

We have audited the financial statements of Baselode Energy Corp. (the "Company"), which comprise the statements of financial position as at December 31, 2021 and 2020, and the statements of loss and comprehensive loss, statements of changes in shareholders' equity and statements of cash flows for the years then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2021 and 2020 and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards ("IFRS").

Basis for opinion

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

Other information

Management is responsible for the other information. The other information comprises 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 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.

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McGovern
Hurley

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 IFRS, 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 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 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 judgement 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 risks 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.

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.

The engagement partner of the audit resulting in this independent auditor's report Jessica Glendinning.

McGovern Hurley LLP

McGovern Hurley LLP

Chartered Professional Accountants
Licensed Public Accountants

Toronto, Ontario
April 29, 2022

Baselode Energy Corp.
Statements of Financial Position
(expressed in Canadian dollars)

		December 31, 2021		December 31, 2020
ASSETS				
Current				
Cash	$	20,197,903	$	6,240,023
Due from related party (note 11)		44,104		26,290
Prepaid expenses		212,262		44,690
GST/HST receivable		98,310		49,258
Total current assets		20,552,579		6,360,261
Equipment (note 5)		204,315		120,610
TOTAL ASSETS	$	20,756,894	$	6,480,871
LIABILITIES				
Current				
Accounts payable and accrued liabilities (note 11)	$	206,560	$	282,626
Flow-through share premium liability (note 9)		-		296,454
TOTAL LIABILITIES		206,560		579,080
SHAREHOLDERS' EQUITY				
Share capital (note 10)		24,073,364		7,134,493
Share-based payment reserve (note 10)		6,175,045		1,473,041
Deficit		(9,698,075)		(2,705,743)
TOTAL SHAREHOLDERS' EQUITY		20,550,334		5,901,791
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	$	20,756,894	$	6,480,871

Nature of operations (Note 1)
Going concern (Note 2)
Commitments and contingencies (Notes 6 and 12)
Event subsequent to year end (Note 14)

Approved by the Board:

Signed "Stephen Stewart"
Director

Signed "Alex Stewart"
Director

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

Baselode Energy Corp.
Statements of Loss and Comprehensive Loss
(expressed in Canadian dollars)

For the years ended		December 31, 2021		December 31, 2020
EXPENSES				
Exploration expenses (note 6, 11)	$	3,947,421	$	1,853,780
Share-based compensation (note 10)		2,411,392		198,000
Consulting and management fees (note 11)		400,522		111,242
Transfer agent, filing fees and shareholder communications		363,165		290,747
Professional fees (note 11)		92,924		142,107
Office, rent and general (note 11)		32,076		21,081
Amortization (note 5)		41,286		14,259
TOTAL EXPENSES	$	7,288,786	$	2,631,216
(Loss) from operations for the year		(7,288,786)		(2,631,216)
Flow-through share premium liability renunciation (note 9, 12)		296,454		45,913
NET (LOSS) FOR THE YEAR	$	(6,992,332)	$	(2,585,303)
Weighted average number of shares - basic and diluted		58,973,643		20,637,003
(Loss) per share – basic and diluted	$	(0.12)	$	(0.13)

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

Baselode Energy Corp.
Statements of Changes in Shareholders' Equity
(expressed in Canadian dollars)

	Number of shares	Amount	Share-based Reserve	(Deficit)	Total Equity
Balance at December 31, 2019	4,500,000	$ 281,921	$ 46,924	(120,440)	$ 208,405
Loss for the year	-	-	-	(2,585,303)	(2,585,303)
Shares issued to acquire Mann Property	17,857,143	1,499,029	-	-	1,499,029
Shares issued on flow-through private placement	18,554,997	5,721,933	-	-	5,721,933
Value of warrants issued	-	(875,000)	875,000	-	-
Premium allocated to flow-through shares	-	(342,367)	-	-	(342,367)
Shares issued on hard-dollar private placement	8,339,336	1,483,077	-	-	1,483,077
Value of warrants issued	-	(352,000)	352,000	-	-
Finders' warrants issued	-	-	145,794	-	145,794
Share issuance costs	-	(463,621)	(98,036)	-	(561,657)
Share-based payments	-	-	198,000	-	198,000
Stock options exercised	370,000	64,698	(27,698)	-	37,000
Warrants exercised	629,333	116,823	(18,943)	-	97,880
Balance at December 31, 2020	50,250,809	$ 7,134,493	$ 1,473,041	(2,705,743)	$ 5,901,791

	Number of shares	Amount	Share-based Reserve	(Deficit)	Total Equity
Balance at December 31, 2019	50,250,809	$ 7,134,493	$ 1,473,041	(2,705,743)	$ 5,901,791
Loss for the year	-	-	-	(6,992,332)	(6,992,332)
Shares issued on flow-through private placement	13,297,499	5,193,800	1,189,000	-	6,382,800
Shares issued on hard-dollar private placement	10,549,234	8,527,001	1,897,000	-	10,424,001
Shares issued for consulting expense	200,000	118,000	-	-	118,000
Finders' warrants issued	-	-	398,045	-	398,045
Shares issuance costs	-	(1,347,555)	(278,223)	-	(1,625,778)
Stock options exercised	1,125,000	522,071	(214,071)	-	308,000
Warrants exercised	8,211,324	3,925,554	(701,139)	-	3,224,415
Share-based payments	-	-	2,411,392	-	2,411,392
Balance at December 31, 2021	83,633,866	24,073,364	6,175,045	(9,698,075)	20,550,334

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

Baselode Energy Corp.
Statements of Cash Flows
(expressed in Canadian dollars)

For the years ended	December 31, 2021	December 31, 2020
Operating activities		
(Loss) for the year	$ (6,992,332)	$ (2,585,303)
Items not involving cash		
Amortization	41,286	14,259
Flow-through share premium liabiity renunciation	(296,454)	(45,913)
Share-based payments	2,411,392	198,000
Shares and warrants issued for consulting expenses	118,000	-
Shares issued for Mann project	-	1,499,029
Changes in non-cash working capital items		
Amounts receivable	-	(10,693)
Prepaid expenses	(167,572)	(44,690)
GST/HST receivable	(49,052)	(49,258)
Accounts payable and accrued liabilities	(76,066)	270,767
Net cash (used in) operating activities	$ (5,010,798)	$ (753,802)
Financing activities		
Issue of common shares and warrants	16,806,801	7,205,010
Share issue costs	(1,227,733)	(415,863)
Exercise of warrants	3,224,415	97,880
Exercise of stock options	308,000	37,000
Net cash provided by financing activities	$ 19,111,483	$ 6,924,027
Investing activities		
Purchase of equipment	(124,991)	(134,869)
Advances to related parties	(17,814)	(15,598)
Net cash used in investing activities	$ (142,805)	$ (150,467)
Net increase in cash	13,957,880	6,019,758
Cash, beginning of year	6,240,023	220,265
Cash, end of year	$ 20,197,903	$ 6,240,023

Supplement cash flow information:		
Broker warrants issued	$ 398,045	$ 145,794

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

1. NATURE OF OPERATIONS

Baselode Energy Corp. (Formerly Rider Investment Capital Corp.) (the "Company" or "Baselode") was incorporated under the Alberta Business Corporations Act on January 30, 2018 and was a Capital Pool Company, as defined in the Policy 2.4 of the TSX Venture Exchange.

The Company issued 2,500,000 common shares for an amount of $250,000, and on April 23, 2018, the Company's prospectus for an Initial Public Offering of the Company's common shares was accepted by the regulatory authorities. The Initial Public Offering closed on May 18, 2018 and the total of 2,500,000 common shares were issued at a price of $0.10 per common share.

On June 10, 2020, the Company closed an agreement to acquire the Mann Mine from QC Copper and Gold Inc. ("QC Copper"), a company listed on the TSX Venture Exchange. The purchase was an arm's length transaction and a part of and conditional upon the Company's qualifying transaction for the Company's full listing on the TSX Venture Exchange. On June 10, 2020, the Company began trading under the symbol "FIND" and concurrently changed its name to Baselode Energy Corp.

Baselode's principal business is the acquisition and exploration of mineral properties. To date, the Company has not earned any revenue as it is in the exploration stage. The Company's head office is located at 55 University Avenue, Suite 1805, Toronto, Ontario, M5J 2H7.

2. GOING CONCERN

The Company is in the process of exploring its mineral properties and has not yet determined whether the properties contain reserves that are economically recoverable. The recoverability of the amounts shown as exploration and evaluation assets is dependent upon future profitable production or proceeds from the disposition of properties.

The business of mining and exploration involves a high degree of risk and there can be no assurance that the Company's exploration programs will result in profitable mining operations. The Company's continued existence is dependent upon the discovery of economically recoverable reserves and resources, securing and maintaining title and beneficial interest in its properties, making the required payments pursuant to mineral property option agreements and/or securing additional financing; all of which are uncertain.

Although the Company has taken steps to verify title to the properties on which it is conducting its exploration activities, these procedures do not guarantee the Company's title. Property title may be subject to government licensing requirements or regulations, unregistered prior agreements, social licensing requirements, aboriginal land claims and non-compliance with regulatory and environmental requirements. The Company's property interests may also be subject to increases in taxes and royalties, renegotiation of contracts, currency exchange fluctuations and restrictions, and political uncertainty.

The Company raised funds during the year ended December 31, 2021 and utilized these funds for its exploration programs and working capital requirements. The ability of the Company to arrange such financing in the future will depend in part upon the prevailing capital market conditions as well as the business performance of the Company. There can be no assurance that the Company will be successful in its efforts to arrange additional financing on terms satisfactory

2. GOING CONCERN (cont'd)

to the Company. If additional financing is raised by the issuance of shares from the treasury of the Company, control of the Company may change and existing shareholders may have their interest diluted. If adequate financing is not available, the Company may be required to relinquish rights to certain of its interests or terminate its operations. Management is also closely evaluating the impact of COVID-19 on the Company's business. In order for the Company to continue as a going concern and fund its operations, the Company will require additional financing. The availability of financing will be affected by, among other things, the state of the capital markets considering the impact of COVID-19 and strategic partnership arrangements.

As at December 31, 2021, the Company had working capital of $20,346,019 (December 31, 2020 - $5,781,181), and an accumulated deficit of $9,698,075 (December 31, 2020 - $2,705,743). The Company has no proven history of performance, earnings or success.

Management believes the Company has sufficient funds or access to sufficient funds to cover planned operations throughout the next twelve-month period. However, management plans on securing additional financing through the issue of new equity, among other things. Nevertheless, there is no assurance that these initiatives will be successful. These financial statements have been prepared on the basis of accounting principles applicable to a going concern, which assumes the Company will continue in operation for the foreseeable future and will be able to realize its assets and discharge its liabilities in the normal course of operations. Accordingly, it does not give effect to adjustments, if any that would be necessary should the Company be unable to continue as a going concern and, therefore, be required to realize its assets and liquidate its liabilities in other than in the normal course of business and at amounts that may differ from those shown in these financial statements. Such adjustments could be material.

The financial statements were authorized for issue on April 29, 2022 by the directors of the Company

3. SIGNIFICANT ACCOUNTING POLICIES AND BASIS OF PREPARATION

Statement of compliance
The financial statements of the Company comply with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and interpretations of the International Financial Reporting Interpretations Committee ("IFRIC"). The policies applied in these financial statements are based on IFRS issued and effective as of December 31, 2021.

Basis of presentation
The financial statements of the Company have been prepared on an accrual basis except for cash flow information and are based on historical costs, except for certain financial instruments which are measured at fair value, as explained in the accounting policies.

Functional and presentation currency
The functional currency of the Company is determined using the currency of the primary economic environment in which that entity operates. The financial statements are presented in Canadian dollars which is the Company's functional and presentation currency. The Company does not have any significant expenditures in foreign currencies.

3. SIGNIFICANT ACCOUNTING POLICIES AND BASIS OF PREPARATION (cont'd)

Transactions in currencies other than the functional currency are recorded at the rates of exchange prevailing on the dates of the transactions. At each reporting date, monetary assets and liabilities that are denominated in foreign currencies are translated at the rates prevailing at the date of the statement of financial position. Exchange differences are recognized in operations in the period in which they arise.

Significant accounting judgements, estimates and assumptions
The preparation of these financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and reported amounts of expenses during the reporting period. Actual outcomes could differ from these estimates. These financial statements include estimates, which, by their nature, are uncertain. The impacts of such estimates are pervasive throughout the financial statements and may require accounting adjustments based on future occurrences. Revisions to accounting estimates are recognized in the period in which the estimate is revised and the revision affects both current and future periods. Such estimates and assumptions affect the carrying value of assets, the determination of impairment charges of non-current assets, and affect estimates for asset retirement obligations and reclamation costs. Other significant estimates made by the Company include factors affecting valuations of share-based payments, warrants and income tax accounts. The Company regularly reviews its estimates and assumptions; however, actual results could differ from these estimates and these differences could be material.

(a) Estimation of decommissioning and restoration costs and timing of expenditure

Decommissioning, restoration and similar liabilities are estimated based on the Company's interpretation of current regulatory requirements and constructive obligations and are measured at fair value. Fair value is determined based on the net present value of estimated future cash expenditures for the settlement of decommissioning, restoration or similar liabilities that may occur upon decommissioning of the mine. Such estimates are subject to change based on changes in laws and regulations and negotiations with regulatory authorities.

The cost estimates are updated annually during the life of a project to reflect known developments, (e.g. revisions to cost estimates and to the estimated lives of operations) and are subject to review at regular intervals.

(b) Income, value added, withholding and other taxes
The Company is subject to income, value added, withholding and other taxes. Significant judgment is required in determining the Company's provisions for taxes. 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. The determination of the Company's income, value added, withholding and other tax liabilities requires interpretation of complex laws and regulations. The Company's interpretation of taxation law as applied to transactions and activities may not coincide with the interpretation of the tax authorities. All tax related filings are subject to government audit and potential reassessment subsequent to the reporting date.

3. SIGNIFICANT ACCOUNTING POLICIES AND BASIS OF PREPARATION (cont'd)

Where the final tax outcome of these matters is different from the amounts that were initially recorded. Such differences will impact the tax related accruals and deferred income tax provisions in the period in which such determination is made.

(c) Impairment of non-financial assets
At each reporting date, the Company reviews the carrying amounts of its non-financial assets to determine whether there is an indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash-generating unit to which the assets belong.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognized immediately in the statement of loss.

(d) Share-based payments and warrants
Management determines costs for share-based payments using market-based valuation techniques. The fair value of the market-based and performance-based share awards are estimated at the date of grant using generally accepted valuation techniques. Assumptions are made and judgment used in applying valuation techniques. These assumptions and judgments include estimating the future volatility of the stock price, expected dividend yield, future employee turnover rates and future employee stock option exercise behaviors and corporate performance. Such judgments and assumptions are inherently uncertain. Warrants are valued in a similar way. Changes in these assumptions affect the fair value estimates.

(e) Contingencies – Refer to Note 12

Exploration and evaluation expenditures
Mineral property acquisition costs are expensed as incurred. Exploration expenditures are the costs incurred in the initial search for mineral deposits with economic potential. Exploration expenditures typically include costs associated with prospecting, sampling, mapping, diamond drilling and other work involved in searching for ore. All exploration expenditures are expensed as incurred.

When economically viable reserves have been determined and the decision to proceed with development has been approved, the expenditures incurred subsequent to this date related to development and construction are capitalized as construction-in-process and classified as a component of property, plant and equipment.

Government tax credits are recorded as a reduction to exploration expense.

3. SIGNIFICANT ACCOUNTING POLICIES AND BASIS OF PREPARATION (cont'd)

Once the technical feasibility and commercial viability of the extraction of mineral resources in an area of interest are demonstrable, exploration and evaluation assets attributable to that area of interest are first tested for impairment and then reclassified to mining property and development assets within property, plant and equipment.

Mining properties and process facility assets are amortized upon commencement of commercial production either on a unit-of-production basis over measured and indicated resources included in the mine plan or the life of mine.

Impairment of non-financial assets
At each reporting date, the Company reviews the carrying amounts of its non-financial assets to determine whether there is an indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash-generating unit to which the assets belong.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognized immediately in the statement of loss.

Share-based payments
The Company has adopted an employee stock option plan. Share-based payments to employees are measured at the fair value of the instruments issued and amortized 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 the fair value of the goods or services cannot be reliably measured, and are recorded at the date the goods or services are received. Share-based payments to employees and others providing similar services are measured at the fair value of the equity instruments issued at the grant date. The corresponding amount is recorded to the share-based payment reserve. The fair value of options is determined using a Black–Scholes pricing model which incorporates market and vesting conditions. 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.

The share-based payment reserve records items recognized as share-based payments expense until such time that the stock options are exercised, at which time the corresponding amount will be transferred to share capital. If the options expire unexercised, the amount remains in share-based payment reserve.

3. SIGNIFICANT ACCOUNTING POLICIES AND BASIS OF PREPARATION (cont'd)

Loss per share
The Company presents basic and diluted loss per share data for its common shares, calculated by dividing the loss attributable to common shareholders of the Company by the weighted average number of common shares outstanding during the period. The diluted loss per share calculation assumes that any proceeds from the exercise of dilutive stock options and warrants would be used to repurchase common shares at the average market price during the period, with the incremental number of shares being included in the denominator of the diluted loss per share calculation. Diluted loss per share does not adjust the loss attributable to common shareholders or the weighted average number of common shares outstanding when the effect is anti-dilutive. All of the Company's outstanding stock options and warrants were anti-dilutive for the year ended December 31, 2021 and 2020.

Financial instruments

Financial assets

Initial recognition and measurement
Non-derivative financial assets within the scope of IFRS 9 are classified and measured as "financial assets at fair value", as either fair value through profit or loss ("FVPL") or fair value through other comprehensive income ("FVOCI"), and "financial assets at amortized costs", as appropriate. The Company determines the classification of financial assets at the time of initial recognition based on the Company's business model and the contractual terms of the cash flows.

All financial assets are recognized initially at fair value plus, in the case of financial assets not at FVPL, directly attributable transaction costs on the trade date at which the Company becomes a party to the contractual provisions of the instrument. Financial assets with embedded derivatives are considered in their entirety when determining their classification at FVPL or at amortized cost. Other accounts receivable held for collection of contractual cash flows are measured at amortized cost.

Subsequent measurement – Financial assets at amortized cost
After initial recognition, financial assets measured at amortized cost are subsequently measured at the end of each reporting period at amortized cost using the Effective Interest Rate ("EIR") method. Amortized cost is calculated by taking into account any discount or premium on acquisition and any fees or costs that are an integral part of the EIR. The EIR amortization is included in other income in the statements of net loss. The Company's cash, and amounts due from related party, are measured at amortized cost.

Subsequent measurement - Financial assets at FVPL
Financial assets measured at FVPL include financial assets management intends to sell in the short term and any derivative financial instrument that is not designated as a hedging instrument in a hedge relationship. Financial assets measured at FVPL are carried at fair value in the statements of financial position with changes in fair value recognized in other income or expense in the statement of loss. The Company has no assets classified as financial assets at FVPL.

3. SIGNIFICANT ACCOUNTING POLICIES AND BASIS OF PREPARATION (cont'd)

Subsequent measurement - Financial assets at FVOCI
Financial assets measured at FVOCI are non-derivative financial assets that are not held for trading and the Company has made an irrevocable election at the time of initial recognition to measure the assets at FVOCI. The Company does not measure any financial assets at FVOCI.

After initial measurement, investments measured at FVOCI are subsequently measured at fair value with unrealized gains or losses recognized in other comprehensive income or loss in the statements of comprehensive loss. When the investment is sold, the cumulative gain or loss remains in accumulated other comprehensive income or loss and is not reclassified to profit or loss

Derecognition
A financial asset is derecognized when the contractual rights to the cash flows from the asset expire, or the Company no longer retains substantially all the risks and rewards of ownership.

Impairment of financial assets
The Company's only financial asset subject to impairment is the amount due from related party, which is measured at amortized cost. The Company has elected to apply the simplified approach to impairment as permitted by IFRS 9, which requires the expected lifetime loss to be recognized at the time of initial recognition of the receivable. To measure estimated credit losses, accounts receivable has been grouped based on shared credit risk characteristics, including the number of days past due. An impairment loss is reversed in subsequent periods if the amount of the expected loss decreases and the decrease can be objectively related to an event occurring after the initial impairment was recognized.

<u>Financial liabilities</u>

Initial recognition and measurement
Financial liabilities are measured at amortized cost, unless they are required to be measured at FVPL as is the case for held for trading or derivative instruments, or the Company has opted to measure the financial liability at FVPL. The Company's financial liabilities include accounts payable and accrued liabilities, which are each measured at amortized cost. All financial liabilities are recognized initially at fair value.

Subsequent measurement - financial liabilities at amortized cost
After initial recognition, financial liabilities measured at amortized cost are subsequently measured at the end of each reporting period at amortized cost using the Effective Interest Rate ("EIR") method. Amortized cost is calculated by taking into account any discount or premium on acquisition and any fees or costs that are an integral part of the EIR. The EIR amortization is included in finance cost in the statements of net loss.

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

3. SIGNIFICANT ACCOUNTING POLICIES AND BASIS OF PREPARATION (cont'd)

Financial instruments fair value hierarchy

Financial instruments recorded at fair value on the statement of financial position are classified using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

- Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly; and
- Level 3: Inputs for the assets or liabilities that are not based on observable market data.

Equipment

Equipment is stated at historical cost less accumulated amortization and accumulated impairment losses.

Amortization is provided at rates calculated to write off the equipment, less their estimated residual value, using the declining balance method over their expected useful lives, at the following annual rates.

Class	Amortization rate
Automotive equipment	30%
Computer equipment	30%
Mining equipment	20%

Income tax

Income tax expense is comprised of both current and deferred income taxes. Income tax expense is recognized in the statement of loss and comprehensive loss except to the extent that it relates to items recognized directly in equity, in which case it is recognized in equity. Current tax is the expected tax payable on the taxable income for the period, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred income tax is provided for temporary differences at the reporting date 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) 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.

3. SIGNIFICANT ACCOUNTING POLICIES AND BASIS OF PREPARATION (cont'd)

Flow-through share issuances

The Company finances a portion of its exploration activities through the issue of flow-through shares issued pursuant to the Canadian Income Tax Act ("Tax Act"). Proceeds received from the issuance of flow-through shares are restricted to be used only for qualifying Canadian exploration and development expenses as defined in the Tax Act.

Pursuant to the terms of the flow-through share subscription agreements, these shares transfer the tax deductibility of qualifying expenditures to flow-through investors. On issuance, the Company allocates a portion of the subscription proceeds as a flow-through share premium, equal to the estimated premium, if any, that investors pay for the flow-through feature, which is recognized as a flow-through share premium liability. As expenditures are incurred and applied against the Company's associated flow-through commitment, the premium liability is reduced proportionately, charged as a recovery in operations.

Asset retirement obligations ("ARO")

The Company records the present value of estimated costs of legal and constructive obligations required to restore operating locations in the period in which the obligation is incurred. The nature of these restoration activities includes dismantling and removing structures, rehabilitating mines and tailings dams, dismantling operating facilities, closure of plant and waste sites, and restoration, reclamation and re-vegetation of affected areas.

The obligation generally arises when the asset is installed or the ground / environment is disturbed at the production location. When the liability is initially recognized, the present value of the estimated cost is capitalized by increasing the carrying amount of the related mining assets to the extent that it was incurred prior to the production of related ore.

Over time, the discounted liability is increased for the change in present value based on the discount rates that reflect current market assessments and the risks specific to the liability. The periodic unwinding of the discount is recognized in loss as a finance cost. Additional disturbances or changes in rehabilitation costs will be recognized as additions or charges to the corresponding assets and rehabilitation liability when they occur. For closed sites, changes to estimated costs are recognized immediately in loss. The Company does not currently have any such significant legal or constructive obligations and therefore, no rehabilitation provision has been recorded as at December 31, 2021 and December 31, 2020.

4. ADOPTION OF NEW AND REVISED STANDARDS AND INTERPRETATIONS

Certain pronouncements were issued by the IASB or the IFRIC that are mandatory for accounting periods commencing on or after January 1, 2022. Many are not applicable or do not have a significant impact to the Company and have been excluded. Management is currently evaluating the impact of these pronouncements on the Company's financial statements.

IAS 1 – In February 2021, the IASB issued 'Disclosure of Accounting Policies' with amendments that are intended to help preparers in deciding which accounting policies to disclose in their financial statements. The amendments are effective for year ends beginning on or after January 1, 2023.

4. ADOPTION OF NEW AND REVISED STANDARDS AND INTERPRETATIONS (cont'd)

IAS 8 – In February 2021, the IASB issued 'Definition of Accounting Estimates' to help entities distinguish between accounting policies and accounting estimates. The amendments are effective for year ends beginning on or after January 1, 2023.

IAS 12 – In May 2021, the IASB issued 'Deferred Tax Related to Assets and Liabilities Arising from a Single Transaction' that clarifies how entities account for deferred tax on transactions such as leases and decommissioning obligations. The amendments are effective for year ends beginning on or after January 1, 2023.

IAS 1 – Presentation of Financial Statements ("IAS 1") was amended in January 2020 to provide a more general approach to the classification of liabilities under IAS 1 based on the contractual arrangements in place at the reporting date. The amendments clarify that the classification of liabilities as current or noncurrent is based solely on a company's right to defer settlement at the reporting date. The right needs to be unconditional and must have substance. The amendments also clarify that the transfer of a company's own equity instruments is regarded as settlement of a liability, unless it results from the exercise of a conversion option meeting the definition of an equity instrument. The amendments are effective for annual periods beginning on January 1, 2023.

IAS 37 – Provisions, Contingent Liabilities, and Contingent Assets ("IAS 37") was amended. The amendments clarify that when assessing if a contract is onerous, the cost of fulfilling the contract includes all costs that relate directly to the contract – i.e. a full-cost approach. Such costs include both the incremental costs of the contract (i.e. costs a company would avoid if it did not have the contract) and an allocation of other direct costs incurred on activities required to fulfill the contract – e.g. contract management and supervision, or depreciation of equipment used in fulfilling the contract. The amendments are effective for annual periods beginning on January 1, 2022.

IAS 16 – Property, Plant and Equipment ("IAS 16") was amended. The amendments introduce new guidance, such that the proceeds from selling items before the related property, plant and equipment is available for its intended use can no longer be deducted from the cost. Instead, such proceeds are to be recognized in profit or loss, together with the costs of producing those items. The amendments are effective for annual periods beginning on January 1, 2022.

(amounts in Canadian dollars)

5. EQUIPMENT

	Automotive equipment	Computer equipment	Mining equipment	Total
Cost				
Balance, December 31, 2019	$ -	$ -	$ -	$ -
Additions	12,185	3,263	119,421	134,869
Balance, December 31, 2020	12,185	3,263	119,421	134,869
Additions	62,980	4,074	57,937	124,991
Balance, December 31, 2021	**$ 75,165**	**$ 7,337**	**$ 177,358**	**$ 259,860**

	Automotive equipment	Computer equipment	Mining equipment	Total
Accumulated amortization				
Balance, December 31, 2019	$ -	$ -	$ -	$ -
Amortization	1,828	489	11,942	14,259
Balance, December 31, 2020	1,828	489	11,942	14,259
Amortization	12,554	1,442	27,290	41,286
Balance, December 31, 2021	**14,382**	**1,931**	**39,232**	**55,545**
Net book value, December 31, 2020	10,357	2,774	107,479	120,610
Net book value, December 31, 2021	**$ 60,783**	**$ 5,406**	**$ 138,126**	**$ 204,315**

6. EXPLORATION EXPENSES

The following are details of the Company's exploration and evaluation expenses for the years ended:

	December 31, 2021	**December 31, 2020**	**Cumulative Since Property Inception to December 31,2021**
Mann property, Ontario	$ -	$ 1,502,029	$ 1,502,029
Shadow, Hook and Catharsis Property, Saskatchewan	3,947,421	351,751	4,299,172
	$ 3,947,421	$ 1,853,780	$ 5,801,201

Mann Project

The Company has 100% ownership of the Mann Silver-Cobalt Mine Project which is in the Shining Tree district of Ontario. The Mann Project consists of 18 contiguous mining claims and the Project is subject to various NSR ranging from 2% to 4% with rights to buyback of 1% of the NSR. The Project was acquired as part of the qualifying transaction whereby the Company issued 17,857,143 common shares at an estimated valuation of $1,499,029 as consideration. The value of share consideration was based on the price of shares issued pursuant to the June 3, 2020 private placement. See note 10.

Shadow Project

In June 2020, the Company acquired 100% ownership of the Shadow Uranium Project in the Athabasca Basin area of northern Saskatchewan, Canada. The Project was acquired at the

6. EXPLORATION EXPENSES (cont'd)

original staking cost of $25,113 from a director of the Company and is free of any option agreement or underlying royalties.

Hook Project
In July 2020, the Company acquired 100% ownership of the Hook Uranium Project in the Athabasca Basin area of northern Saskatchewan, Canada. The Project was acquired at the original staking cost of $17,962 from a director of the Company and is free of any option agreement or underlying royalties. During the period ended December 31, 2021, the Company acquired additional Project at the original staking cost of $7,192 from a director of the Company. The property is free of any option agreement or underlying royalties

Catharsis Project
In March 2021, the Company acquired 100% ownership of the Catharsis Uranium Project in the Athabasca Basin area of northern Saskatchewan, Canada. The Project was acquired at the original staking cost of $49,805 from a director of the Company and is free of any option agreement or underlying royalties.

7. CAPITAL MANAGEMENT

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern, so that it can provide returns to shareholders and benefits to other stakeholders. The Company considers the items included in equity as capital. The Company manages the capital structure and adjusts it in light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Company may issue new shares through equity offerings or return capital to shareholders.

There can be no assurance that the Company will be successful in its efforts to arrange additional financing, if needed, on terms satisfactory to the Company.

Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Company, is reasonable. There were no changes in the Company's approach to capital management during the years ended December 31, 2021 and 2020.

The Company is not subject to any capital requirements imposed by a lending institution or regulatory body, other than of the TSX Venture Exchange ("TSXV") which requires adequate working capital or financial resources of the greater of (i) $50,000 and (ii) an amount required in order to maintain operations and cover general and administrative expenses for a period of 6 months.

8. FINANCIAL RISK MANAGEMENT

The Company is exposed in varying degrees to a variety of financial instrument related risks. The type of risk exposure and the way in which such exposure is managed is provided as follows:

Fair value of financial instruments
The fair value of financial instruments approximates their carrying value due to the short-term

(amounts in Canadian dollars)

8. FINANCIAL RISK MANAGEMENT (cont'd)

maturity of these instruments. As at December 31, 2021 and December 31, 2020, the Company has no financial instruments to classify in the fair value hierarchy. The fair value of the Company's financial instruments approximate their carrying amount given their short term nature.

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. GST/HST receivable is due from the Government of Canada and the Company believes the risk of loss related to these is remote. The Company's exposure to credit risk is on its cash held in bank accounts. Cash is held with major banks in Canada. Management assesses credit risk of cash as remote.

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 strives to ensure that there are sufficient funds to meet its short-term business requirements, taking into account its anticipated cash flows from operations and its holdings of cash. The Company's accounts payable and accrued liabilities generally have contractual maturities of less than 30 days and are subject to normal trade terms. In the long-term, the Company may have to issue additional equity to ensure there is sufficient capital to meet long-term objectives.

Currency and interest rate risk
The Company is not exposed to any significant foreign exchange risk or interest rate risk.

Classification of financial instruments

Financial assets and liabilities included in the statement of financial position are as follows:

	December 31, 2021	December 31, 2020
Financial assets at amortized cost:		
Cash	$20,197,903	$6,240,023
Due from related party	44,104	26,290
	$20,242,007	$6,266,313

	December 31, 2021	December 31, 2020
Financial liabilities at amortized cost:		
Accounts payable and accrued liabilities	$206,560	$282,626
	$206,560	$282,626

9. FLOW-THROUGH SHARE PREMIUM LIABILITY

The issuance of flow-through common shares requires the Company to incur an amount equivalent to the proceeds of the issued flow-through common shares on Canadian qualifying exploration expenditures. The Company may be required to indemnify the holders of such shares

9. FLOW-THROUGH SHARE PREMIUM LIABILITY (cont'd)

for any tax and other costs payable by them in the event the Company has not incurred the required exploration expenditures. As expenditures are incurred, the flow-through share premium liability is reversed. At December 31, 2021, the flow-through share premium liability was $nil (December 31, 2020 - $296,454). During the year ended December 31, 2021, the Company recognized a flow-through share premium renunciation of $296,454 (2020 - $45,913) in the statement of loss.

10. SHARE CAPITAL

Authorized share capital
Unlimited number of voting common shares without par value.

Issued share capital
(a) On June 10, 2020, the Company completed a non-brokered flow-through private placement of 2,033,333 units at a price of $0.12 per unit, to raise proceeds of $244,000. Each unit consists of one flow-through common share and one-half of one share purchase warrant, with each whole warrant entitling the holder to purchase one additional common share at $0.17 per share, until June 3, 2022. The valuation of the warrants was estimated in the amount of $31,000 using the Black-Scholes option pricing model. In addition, the Company received subscriptions for a non-brokered hard dollar private placement of 4,560,000 units at a price of $0.10 per unit, to raise proceeds of $456,000. Each unit consists of one common share and one-half of one share purchase warrant with each whole warrant entitling the holder to purchase one additional common share, at $0.15 per share, until June 3, 2022. The valuation of the warrants was estimated in the amount of $73,000 using the Black-Scholes option pricing model. Total aggregate private placement proceeds were $700,000. In connection with the private placements, the Company incurred cash finders' fees, legal fees and corporate finance fees of $12,720 and also issued 102,833 finders' warrants to acquire shares at $0.10 per share until December 3, 2021. The fair value of the finders' warrants was estimated at $2,394 using the Black-Scholes option pricing model.

The following assumptions were used in the Black-Scholes option pricing model calculations: expected dividend yield rate of 0%, expected volatility of 100% based on comparable entities, risk free interest rate of 0.32%, share price of $0.08 and an expected life ranging from 1.5 to 2 years.

(b) On June 3, 2020, the Company closed an agreement to acquire the Mann Mine from QC Copper and Gold Inc., a company listed on the TSX Venture Exchange. In exchange for QC Copper and Gold Inc.'s 100% interest in the Mann Mine, the Company issued 17,857,143 shares at an estimated valuation of $1,499,029 based on the price of shares issued pursuant to the June 3, 2020 private placement. The Company incurred $27,767 in legal costs with respect to the transaction.

(c) On October 16, 2020, the Company completed a private placement totaling $3,000,010. It consisted of 8,076,664 flow-through units at a price of $0.26 per unit for gross proceeds of $2,099,933, where each unit consists of one flow through common share and one half of one common share purchase warrant. Each whole warrant will entitle the holder to purchase one additional common share of the Company at a price of $0.40 until April 16, 2023. The valuation

10. SHARE CAPITAL (cont'd)

of the warrants was estimated in the amount of $302,000 using the Black-Scholes option pricing model. In addition, the Company received subscriptions for 3,461,836 hard-dollar units at a price of $0.26 per unit for gross proceeds of $900,077, where each unit consists of one common share and one common share purchase warrant. Each whole warrant will entitle the holder to purchase one additional common share of the Company at a price of $0.40 until April 16, 2023. The valuation of the warrants was estimated in the amount of $259,000 using the Black-Scholes option pricing model. In connection with the financing, the Company has issued 698,588 finders' warrants. Each finder's warrant entitles the holder, on exercise thereof, to purchase one common share at a price of $0.26 until October 16, 2022. The valuation of the finders' warrants was estimated in the amount of $56,900 using the Black-Scholes option pricing model Also, in connection with financing the Company incurred cash finders' fees, legal expenses and other financing costs of $182,632.

The following assumptions were used in the Black-Scholes option pricing model calculations: expected dividend yield rate of 0%, expected volatility of 100% based on comparable entities, risk free interest rate of 0.235%, share price of $0.19 and an expected life ranging from 2 to 2.5 years.

(d) On December 14, 2020, the Company completed a private placement totaling $3,505,000. It consisted of 8,445,000 flow-through units at a price of $0.40 per unit for gross proceeds of $3,378,000, where each unit consists of one flow through common share and one half of one common share purchase warrant. Each whole warrant will entitle the holder to purchase one additional common share of the Company at a price of $0.60 until December 14, 2022. The valuation of the warrants was estimated in the amount of $542,000 using the Black-Scholes option pricing model. In addition, the Company received subscriptions for 317,500 hard-dollar units at a price of $0.40 per unit for gross proceeds of $127,000, where each unit consists of one common share and one common share purchase warrant. Each whole warrant will entitle the holder to purchase one additional common share of the Company at a price of $0.60 until December 14, 2022. The valuation of the warrants was estimated in the amount of $20,000 using the Black-Scholes option pricing model. In connection with the financing, the Company has issued 536,779 finders' warrants. Each finder's warrant entitles the holder, on exercise thereof, to purchase one common share at a price of $0.40 until December 14, 2022. The valuation of the finders' warrants was estimated in the amount of $86,500 using the Black-Scholes option pricing model Also, in connection with financing the Company incurred cash finders' fees, legal expenses and other financing costs of $220,512.

The following assumptions were used in the Black-Scholes option pricing model calculations: expected dividend yield rate of 0%, expected volatility of 100% based on comparable entities, risk free interest rate of 0.25%, share price of $0.34 and an expected life of 2 years.

(e) On August 30, 2021, the Company completed a private placement totaling $3,661,298. It consisted of 7,627,704 flow-through units at a price of $0.48 per unit for gross proceeds of $3,661,298, where each unit consists of one flow through common share and one half of one common share purchase warrant. Each whole warrant will entitle the holder to purchase one additional common share of the Company at a price of $0.75 until August 30, 2023. The valuation

10. SHARE CAPITAL (cont'd)

of the warrants was estimated in the amount of $760,000 using the Black-Scholes option pricing model. In connection with the financing, the Company has issued 533,939 finders' warrants. Each finder's warrant entitles the holder, on exercise thereof, to purchase one common share at a price of $0.48 until August 30, 2023. The valuation of the finders' warrants was estimated in the amount of $106,345 using the Black-Scholes option pricing model Also, in connection with financing the Company incurred cash finders' fees of $258,291.

The following assumptions were used in the Black-Scholes option pricing model calculations: expected dividend yield rate of 0%, expected volatility of 100% based on comparable entities, risk free interest rate of 0.43%, share price of $0.48 and an expected life of 2 years.

(f) On September 28, 2021, the Company completed a private placement totaling $3,944,870. It consisted of 5,669,795 flow-through units at a price of $0.48 per unit for gross proceeds of $2,721,502, where each unit consists of one flow through common share and one half of one common share purchase warrant. Each whole warrant will entitle the holder to purchase one additional common share of the Company at a price of $0.75 until September 28, 2023. The valuation of the warrants was estimated in the amount of $429,000 using the Black-Scholes option pricing model. In addition, the Company received subscriptions for 2,548,684 hard-dollar units at a price of $0.48 per unit for gross proceeds of $1,223,368, where each unit consists of one common share and one common share purchase warrant. Each whole warrant will entitle the holder to purchase one additional common share of the Company at a price of $0.75 until September 28, 2023. The valuation of the warrants was estimated in the amount of $193,000 using the Black-Scholes option pricing model. In connection with the financing, the Company has issued 500,453 finders' warrants. Each finder's warrant entitles the holder, on exercise thereof, to purchase one common share at a price of $0.48 until September 28, 2023. The valuation of the finders' warrants was estimated in the amount of $77,737 using the Black-Scholes option pricing model Also, in connection with financing the Company incurred cash finders' fees and other financing costs of $246,293.

The following assumptions were used in the Black-Scholes option pricing model calculations: expected dividend yield rate of 0%, expected volatility of 100% based on comparable entities, risk free interest rate of 0.50%, share price of $0.40 and an expected life of 2 years.

(f) On November 30, 2021, the Company completed a hard-dollar private placement consisting of 8,000,550 units at a price of $1.15 per unit for gross proceeds of $9,200,633, where each unit consists of one common share and one half of one common share purchase warrant. Each whole warrant will entitle the holder to purchase one additional common share of the Company at a price of $1.60 until May 30, 2024. The valuation of the warrants was estimated in the amount of $1,704,000 using the Black-Scholes option pricing model. In connection with the financing, the Company has issued 480,033 finders' warrants. Each finder's warrant entitles the holder, on exercise thereof, to purchase one common share at a price of $1.15 until November 30, 2023. The valuation of the finders' warrants was estimated in the amount of $218,963 using the Black-Scholes option pricing model Also, in connection with financing the Company incurred cash finders' fees and other financing costs of $653,426.

(amounts in Canadian dollars)

10. SHARE CAPITAL (cont'd)

The following assumptions were used in the Black-Scholes option pricing model calculations: expected dividend yield rate of 0%, expected volatility of 100% based on comparable entities, risk free interest rate of 0.95%, share price of $0.94 and an expected life of 2 years.

Warrants

A summary of the changes in the Company's warrants is set out as follows:

For the years ended	December 31, 2021			December 31, 2020		
	Number of warrants	Weighted average exercise price	Weighted average life (years)	Number of warrants	Weighted average exercise price	Weighted average life (years)
Warrants outstanding, beginning of year	16,139,453	$ 0.40	2.00	250,000	$ 0.10	0.38
Warrants issued - flow-through financing	6,648,750	0.75	1.70	9,279,999	0.47	2.04
Warrants issued – hard-dollar financing	5,274,617	1.39	1.87	5,900,587	0.31	1.95
Finders' warrants issued	1,514,265	0.88	1.77	1,338,200	0.31	1.80
Warrants exercised	(8,211,324)	0.39	2.07	(629,333)	(0.16)	(1.38)
Warrants expired	(805)	(0.10)	-	-	-	-
Warrants outstanding, end of year	21,364,956	$ 0.79	1.41	16,139,453	$ 0.40	2.00

As at December 31, 2021, the following warrants were outstanding:

Number of warrants outstanding	Exercise Price	Expiry Date
250,000	$0.10	10-Jun-22
490,000	$0.17	3-Jun-22
425,000	$0.15	3-Jun-22
1,589,949	$0.26	16-Oct-22
2,678,375	$0.60	14-Dec-22
100,485	$0.60	14-Dec-22
157,650	$0.40	14-Dec-22
2,077,115	$0.40	16-Apr-23
158,750	$0.40	16-Apr-23
3,813,852	$0.75	30-Aug-23
533,779	$0.48	30-Aug-23
2,834,898	$0.75	28-Sep-23
1,274,342	$0.75	28-Sep-23
500,453	$0.48	28-Sep-23
4,000,275	$1.60	30-Nov-23
480,033	$1.15	30-Nov-23
21,364,956	$0.78	

10. SHARE CAPITAL (cont'd)

Stock options

The Board of Directors of the Company has adopted a stock option plan which permits the Company to grant to directors, officers and consultants of the Company, non-transferable options to purchase common shares, provided that the number of common shares reserved for issuance will not exceed 20% of the issued and outstanding common shares and be exercisable for a period of up to five years from the date of grant. The number of common shares reserved for issuance to any individual director or officer will not exceed 5% of the issued and outstanding common shares and the number of common shares reserved for issuance to any one consultant or individual conducting investor relations activities will not exceed 2% of the issued and outstanding shares. Otherwise specified otherwise by the Board of Directors options vest on the date of grant.

On June 4, 2020, the Company granted 4,100,000 stock options to directors and officers of the Company. Each option, vested immediately and is exercisable to acquire one common share at a price of $0.10 and a term of 5 years. These options vested immediately. The total fair value of $198,000 was estimated using the Black-Scholes option pricing model assuming an expected life of 5 years, a risk-free interest rate of 0.48%, an expected volatility of 100% based on comparable entities, share price of $0.07 and expected dividend yield of rate of 0%. The granting of these options resulted in a share-based payment expense of $198,000 being recorded during the year ended December 31, 2020.

On June 10, 2021, the Company granted 3,000,000 stock options to directors and officers of the Company. Each option, vested immediately and is exercisable to acquire one common share at a price of $0.56 and a term of 5 years. The total fair value of $1,272,466 was estimated using the Black-Scholes option pricing model assuming an expected life of 5 years, a risk-free interest rate of 0.92%, an expected volatility of 100% based on comparable entities, share price of $0.57 and expected dividend yield of rate of 0%. The granting of these options resulted in a share-based payment expense of $1,272,466 being recorded during the year ended December 31, 2021.

On December 20, 2021, the Company granted 1,925,000 stock options to directors and officers of the Company. Each option is exercisable to acquire one common share at a price of $1.00 and a term of 5 years, with 1,825,000 of these options vesting immediately, and the remaining 100,000 vesting in 12 months. The total fair value of $1,138,926 was estimated using the Black-Scholes option pricing model assuming an expected life of 5 years, a risk-free interest rate of 1.22%, an expected volatility of 100% based on comparable entities, share price of $0.86 and expected dividend yield of rate of 0%. The granting of these options resulted in a share-based payment expense of $1,138,927 being recorded during the year ended December 31, 2021.

A summary of the changes in the Company's stock options is set out below:

(amounts in Canadian dollars)

10. SHARE CAPITAL (cont'd)

For the years ended	December 31, 2021				December 31, 2020			
	Number of options		Weighted average exercise price	Weighted average life (years)	Number of options		Weighted average exercise price	Weighted average life (years)
Options outstanding, beginning of year	4,180,000	$	0.10	4.39	450,000	$	0.10	3.38
Options granted	4,925,050		0.73	4.65	4,100,000		0.10	4.42
Options exercised	(1,125,000)		0.27	(2.44)	(370,000)		(0.10)	(2.38)
Options outstanding, end of year	7,980,050	$	0.50	3.26	4,180,000	$	0.10	4.39
Options exercisable, end of year	7,880,050	$	0.50	3.26	4,180,000	$	0.10	4.39

The following incentive stock options were outstanding and exercisable at December 31, 2021:

Number of options outstanding	Number of options exercisable	Exercise Price	Expiry Date
80,000	80,000	$0.10	18-May-23
3,400,000	3,400,000	$0.10	4-Jun-25
2,575,050	2,575,050	$0.56	10-Jun-26
1,925,000	1,825,000	$0.23	20-Dec-26
7,980,050	7,880,050	$0.50	

The weighted average fair value of the grants in the period ended December 31, 2021 was $0.50 (2020 - $0.05) per share. The weighted average share price at time of exercise was $0.07.

11. RELATED PARTY TRANSACTIONS

Key management personnel compensation

Key management includes directors and officers. Unless disclosed elsewhere, related party transactions for the period ended December 31, include:

		December 31, 2021		December 31, 2020
Geological consulting included in exploration expenses	$	231,500	$	77,799
Management and consulting fees		334,431		100,458
Share-based payments		1,859,764		198,000
	$	2,425,695	$	376,257

		December 31, 2021		December 31, 2020
Due from Standard Ore Corporation	$	44,104	$	15,598

11. RELATED PARTY TRANSACTIONS (cont'd)

Standard Ore Corporation ("Standard Ore") is controlled by a director of the Company. Standard Ore provides corporate, consulting and premises rental services to the Company. The Company incurred $8,742 (2020 - $5,055) in rental expenses, $25,000 (2020 - $Nil) in expenses for consulting and management fee services and $27,930 (2020 - $12,500) in expenses for CFO services during the period ended December 31, 2021. The balance receivable is unsecured, non-interest bearing and due on demand.

12. COMMITMENTS AND CONTINGENCIES

(i) During 2021, the Company received $6,382,800 (2020 - $5,681,266) from the issue of flow-through shares. Through December 31, 2021, the Company expended $3,674,963 in eligible exploration expenditures and, as a result is committed to spend a further $8,149,259 by December 31, 2022.

The Company has indemnified the subscribers of the flow-through share offerings against any tax-related amounts that become payable by the shareholder as a result of the Company not meeting its expenditure commitments.

(ii) The Company's exploration activities are subject to various federal and provincial laws and regulations governing the protection of the environment. These laws and regulations are continually changing and generally becoming more restrictive. The Company has made and expects to make in the future, expenditures to comply with such laws and regulations.

(iii) Since March 31, 2020, the COVID-19 pandemic is causing a widespread health crisis that has affected economies and financial markets around the world resulting in an economic downturn. In response to the outbreak, governmental authorities in Canada and internationally have introduced various recommendations and measures to try to limit the pandemic, including travel restrictions, border closures, non-essential business closures, quarantines, self-isolations, shelters-in-place and social distancing. The COVID-19 outbreak and the response of governmental authorities to try to limit it are having a significant impact on the private sector and individuals, including unprecedented business, employment and economic disruptions. The continued spread of COVID-19 nationally and globally could have an adverse impact on the Company's business, operations and financial results, as well as a deterioration of general economic conditions including a possible national or global recession. Due to the speed with which the COVID-19 situation is developing and the uncertainty of its magnitude, outcome and duration, it is not possible to estimate its impact on the Company's business, operations or financial results, including the Company's ability to secure financing; however, the impact could be material. The Company has not had any material impact from COVID-19 to-date.

13. INCOME TAXES

The income tax provision differs from income taxes, which would result from applying the expected tax rate to net loss before income taxes. The differences between the "expected" income tax expenses and the actual income tax provision are summarized as follows:

(amounts in Canadian dollars)

12. INCOME TAXES (cont'd)

	2021	2020
Loss for the year before tax	$ (6,992,332)	$ (2,585,303)
Statutory tax rate	26.5%	26.5%
Expected income tax recovery	(1,853,000)	(685,000)
Share-based payments	639,000	52,000
Flow-through renunciation	921,000	64,000
Other	6,000	1,000
Change in benefit of tax assets not recognized	287,000	568,000
Income tax expense	$ -	$ -

At December 31, 2021 and 2020, the Company's unrecognized deductible temporary differences are as follows:

	2021	2020
Share issue costs	$ 1,248,000	$ 355,000
Mineral property costs	1,868,000	1,612,000
Other temporary differences	56,000	14,000
Non-capital loss carry-forward	1,810,000	695,000
Unrecognized deductible temporary differences	$ 4,982,000	$ 2,676,000

The non-capital loss carry forward balance reflected above of $1,810,000 is available to reduce future years' income for tax purposes. These losses, expire as follows:

Year of expiry	2021
2041	$ 1,108,000
2040	616,000
2039	29,000
2038	58,000
Total	$ 1,811,000

14. EVENTS SUBSEQUENT TO YEAR END

(a) Subsequent to December 31, 2021, 1,624,303 warrants were exercised for proceeds of $776,696.

(b) Subsequent to December 31, 2021, 100,000 stock options were exercised for proceeds of $56,000.

(c) On April 2, 2022, the Company granted 810,000 stock options with an exercise price of $1.12 and a term of five years, with 710,000 of these options vesting immediately, and the remaining 100,000 vesting in 12 months.