IDAHO CHAMPION GOLD MINES CANADA INC.

December 31, 2021 and 2020

(Expressed in Canadian Dollars)

McGovern Hurley

Audit. Tax. Advisory.

Independent Auditor's Report

To the Shareholders of Idaho Champion Gold Mines Canada Inc.

Opinion

We have audited the consolidated financial statements of Idaho Champion Gold Mines Canada Inc. and its subsidiaries (the "Company"), which comprise the consolidated statements of financial position as at December 31, 2021 and 2020, and the consolidated statements of loss and comprehensive loss, consolidated statements of changes in shareholders' (deficiency) equity and consolidated statements of cash flows for the years then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Company as at December 31, 2021 and 2020 and its consolidated financial performance and its consolidated 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 consolidated financial statements section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Canada. 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.

Material uncertainty related to going concern

We draw attention to Note 1 in the consolidated financial statements, which indicates that the Company has incurred continuing losses and as of December 31, 2021, the Company's current liabilities exceeded its current assets. As stated in Note 1, these events or conditions, along with other matters as set forth in Note 1, indicate that material uncertainties exist that cast significant doubt on the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Other information

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

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

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially

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inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

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

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

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

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

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

Auditor's responsibilities for the audit of the consolidated financial statements

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

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

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The 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 consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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 is Chris Milios.

McGovern Hurley LLP

McGovern Hurley LLP

Chartered Professional Accountants
Licensed Public Accountants

Toronto, Ontario
April 29, 2022

IDAHO CHAMPION GOLD MINES CANADA INC.

Consolidated Statements of Financial Position

Expressed in Canadian dollars

As at	Note	December 31, 2021	December 31, 2020
Assets			
Current assets			
Cash		**$14,620**	$3,029,210
Accounts receivables and prepaids		**94,846**	112,470
Total current assets		**109,466**	3,141,680
Right of use asset	17	**—**	15,316
Long-term prepaid		**11,667**	24,167
Total assets		**$121,133**	$3,181,163
Liabilities			
Current liabilities			
Accounts payable and accrued liabilities	12,13	**$622,894**	$911,760
Lease liability	17	**—**	18,663
Total current liabilities		**622,894**	
Loan payable	7	**40,000**	40,000
Total liabilities		**662,894**	970,423
Shareholders' Equity (Deficiency)			
Share capital	8	**14,331,252**	13,307,290
Warrants	9	**3,000,377**	2,373,443
Contributed surplus	10	**777,928**	465,368
Accumulated deficit		**(18,651,318)**	(13,935,361)
Total equity (deficiency)		**(541,761)**	2,210,740
Total liabilities and equity		**$121,133**	$3,181,163

Nature of Operations and Going Concern **1**
Commitments and Contingencies **15,16**
Subsequent events **19**

On behalf of the Board,

"Signed"

Jonathan Buick

Jonathan Buick
Director

"Signed"

Bruce Reid

Bruce Reid
Director

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

IDAHO CHAMPION GOLD MINES CANADA INC.

Consolidated Statements of Loss and Comprehensive Loss

Expressed in Canadian dollars

For the years ended December 31,	Note	2021	2020
Operating expenses			
Exploration expenditures	6	**$3,147,386**	$4,358,417
Shareholder and investor relations		**735,569**	489,629
Management compensation		**358,951**	391,870
Share-based compensation expense	10	**328,560**	282,733
Professional and consulting fees		**57,883**	143,154
General and administrative expenses		**54,979**	74,534
Property acquisition costs	6	**29,322**	291,294
Amortization expense	17	**5,716**	11,433
Net loss for the year before the undernoted		**4,718,366**	6,043,064
Foreign exchange loss (gain)		**19,844**	(74,058)
Interest (income) expense		**(6,253)**	(4,372)
Loss (gain) on property divestment	6	**—**	(77,500)
Net loss and comprehensive loss for the year		**$(4,731,957)**	$(5,887,134)
Net loss per share - basic and diluted	14	**$(0.05)**	$(0.08)
Weighted average number of shares outstanding during the year – basic and diluted		**98,692,776**	74,059,302

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

IDAHO CHAMPION GOLD MINES CANADA INC.

Consolidated Statements of Changes in Shareholders' Equity (Deficiency)

For the years ended December 31, 2021 and 2020

Expressed in Canadian dollars

	Note	Shares Outstanding	Share Capital	Warrants	Contributed Surplus	Deficit	Total
Balance - December 31, 2019		**48,784,863**	**$6,790,953**	**$354,744**	**$182,635**	**$(8,048,227)**	**$(719,895)**
Net loss for the year		—	—	—		(5,887,134)	(5,887,134)
Share-based compensation	10	—	—	—	282,733	—	282,733
Shares issued for property purchase	6,8	250,000	58,000		—	—	58,000
Warrant exercise	8	1,551,573	270,801	(47,828)	—	—	222,973
Shares issued for private placement	8,9	11,495,315	495,854	386,868	—	—	882,722
Shares issued for debt	8,9	3,557,028	164,852	119,710	—	—	284,562
Shares issued for prospectus offering	8,9	27,410,000	5,512,936	1,559,949	—	—	7,072,885
Shares issued for services	8,9	55,569	13,894	—	—	—	13,894
Balance - December 31, 2020		**93,104,348**	**$13,307,290**	**$2,373,443**	**$465,368**	**$(13,935,361)**	**$2,210,740**
Net loss for the year		—	—	—	—	(4,731,957)	(4,731,957)
Share-based compensation	10	—	—	—	328,560	—	328,560
Shares issued for property purchase	6,8,9	50,000	6,750	—	—	—	6,750
Shares issued for private placement	8,9	4,686,664	453,644	249,355	—	—	702,999
Shares issued for private placement	8,9	5,312,333	498,694	298,156	—	—	796,850
Shares issued for private placement	8,9	1,101,666	104,906	60,344	—	—	165,250
Share issue costs	8,9	—	(95,394)	—	—	—	(95,394)
Warrants issued	9	—	(28,265)	28,265	—	—	—
Shares issued for services	8	219,115	29,442	—	—	—	29,442
Warrant exercise	8	300,000	54,185	(9,186)	—	—	44,999
Options expired	10	—	—	—	(16,000)	16,000	—
Balance - December 31, 2021		**104,774,126**	**$14,331,252**	**$3,000,377**	**$777,928**	**$(18,651,318)**	**$(541,761)**

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

Consolidated Statements of Cash Flows

Expressed in Canadian dollars

For the year ended December 31,	Note	2021	2020
OPERATING ACTIVITIES			
Net loss for the year		**$(4,731,957)**	$(5,887,134)
Adjustments to non-cash items:			
Share-based compensation expense	10	**328,560**	282,733
Property acquisition costs		**6,750**	58,000
Shares issued for services	8	**29,441**	13,894
Interest on lease liability	17	**1,120**	3,531
Amortization expense		**5,716**	11,433
Net change in non-cash working capital balances:			
Accounts receivables and prepaids		**17,624**	15,897
Accounts payable and accrued liabilities		**(288,865)**	445,436
Long-term prepaid expenses		**12,500**	10,000
Net cash flows used in operating activities		**(4,619,111)**	(5,046,210)
FINANCING ACTIVITIES			
Private placement proceeds	8	**1,665,100**	9,126,625
Share issue costs		**(95,394)**	(1,196,780)
Warrants exercise	17	**45,000**	108,162
Payment of principal portion of lease liability		**(10,183)**	(14,523)
Loan payable		--	40,000
Net cash flows used in financing activities		**1,604,522**	8,063,484
Net increase (decrease) in cash		**(3,014,590)**	3,017,274
Cash, beginning of year		**3,029,210**	11,936
Cash, end of year		**$14,620**	$3,029,211

Supplemental cash flow information

Units/shares issued in settlement of debt	8	$—	$300,562
Warrant exercises settled through debt	9	$—	$124,573
Shares issued for property	8	$—	$58,000
Finders' warrants issued	9	$32,880	$—
Compensation warrants issued	9	$28,265	$—

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

1. Nature of Operations and Going Concern

Idaho Champion Gold Mines Canada Inc., a company incorporated under the Canada Business Corporation Act, and its wholly owned subsidiaries (collectively the "**Company**" or "**Champion**") are engaged in the acquisition, exploration and development of precious metals. The Company is listed on the Canadian Securities Exchange ("CSE") under the symbol ITKO. The address of the registered office is Suite 2704, 401 Bay Street Toronto, Ontario, M5H 2Y4.

These consolidated financial statements have been prepared on the basis of accounting principles applicable to a going concern, which assumes the realization of assets and discharge of liabilities in the normal course of business. Accordingly, they do not give effect to adjustments 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 and commitments in other than the normal course of business and at amounts different from those in the accompanying consolidated financial statements; such adjustments could be material.

Mineral exploration projects, even when successful, require large amounts of exploration investment to prove mineable reserves, generally over long periods of time, prior to commencement of production. The ability of the Company to continue as a going concern is dependent upon, among other things, being able to obtain additional financing, the continued support of its existing shareholders, and the outlining and development of commercial deposits of metals at its project to generate positive cash flows from operations. While the Company has been successful in securing financing and identifying suitable properties to date, there is no assurance that the Company will continue to be successful in achieving these objectives. The Company had continuing losses during the year ended December 31, 2021 and a working capital deficiency as of that date. These conditions indicate that material uncertainties exist that cast significant doubt on the Company's ability to continue as a going concern.

The ability of the Company to realize the costs it has incurred to date on its properties is dependent upon the Company being able to identify economically recoverable reserves, to finance their development costs, and to resolve any environmental, regulatory or other constraints, which may hinder the successful development of the reserves. Although the Company has taken steps to verify title to the properties on which it is conducting exploration and development activities and in which it has an interest, in accordance with industry standards for the current stage of exploration and development of such properties, these procedures do not guarantee the Company's title. Property title may be subject to government licensing requirements or regulations, unregistered prior agreements, unregistered claims, and non-compliance with regulatory and environmental requirements.

Covid-19

Since March 2020, the outbreak of the novel strain of coronavirus, specifically identified as "COVID-19", has resulted in governments worldwide enacting emergency measures to combat the spread of the virus. These measures, which include the implementation of travel bans, self-imposing quarantine period and social distancing, have caused material disruption to businesses globally resulting in an economic slowdown. Governments and central banks have reacted with significant monetary and fiscal interventions designed to stabilize economic conditions. While COVID 19 has caused the Company to alter the way it conducts business, and has resulted in travel being curtailed, especially for Canadian-based management, it does not seem to have had any significant adverse effect on operations. The duration and impact of the COVID-19 outbreak is unknown currently, as is the efficacy of the government and central bank interventions. It is not possible to reliably estimate the length and severity of these developments and the impact on the financial results and condition of the Company and its operating subsidiaries in future periods.

2. Basis of Presentation

Statement of Compliance

The consolidated financial statements for the years ended December 31, 2021 and 2020 have been prepared in accordance with International Financial Reporting Standards ("IFRS"), as issued by the International Accounting Standards Board ("IASB") and the International Financial Reporting Interpretation Committee ("IFRIC").

Basis of Measurement

These consolidated financial statements were prepared on a going concern basis, under the historical cost convention and were authorized for issue in accordance with a resolution of the directors dated April 29, 2022.

Use of Estimates and Judgments

The preparation of consolidated financial statements in conformity with IFRS requires management ("Management") to make judgments, estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. Although these estimates are based on management's best knowledge of the amount, event or actions, actual results ultimately may differ from those estimates. Areas where estimates are significant to the consolidated financial statements are disclosed in note 4.

3. Summary of Significant Accounting Policies

The accounting policies set out below have been adopted for the years ended December 31, 2021 and 2020 and have been applied consistently to all periods presented in these consolidated financial statements, unless otherwise indicated.

a) Basis of Consolidation

These consolidated financial statements include the accounts of Champion and its wholly owned subsidiaries, Idaho Champion Gold Mines Ltd., Idaho Champion Gold Mines USA, Inc., Idaho Champion Gold Mines LLC., and Idaho Champion Cobalt USA, Inc. Control is achieved when Champion has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. The results of subsidiaries acquired or disposed of during the period are included in the consolidated statements of loss and comprehensive loss from the effective date of acquisition or to the date of disposal. Intergroup balances and transactions are eliminated on consolidation.

b) Functional and Presentation Currency

These consolidated financial statements are presented in Canadian dollars, which is the Company's presentation currency. The functional currency of Champion and its subsidiaries is the Canadian dollar. Monetary assets and liabilities in other currencies are translated at the closing rate at the reporting date. Non-monetary assets in other currencies are translated at historical rates. Income and expenses in other currencies are translated at the exchange rates at the dates of the transactions. All resulting exchange differences are recognized in income (loss).

c) Exploration and Evaluation (“E&E”) Expenditures

i) E&E Expenditures

The Company expenses the cost of its evaluation and exploration expenditures, which include the cost of acquiring interests in mineral rights, licenses and properties, asset acquisitions or option agreements.

The Company also expenses the cost of evaluation activity related to acquired exploration assets. Evaluation expenditures relate to costs incurred for and evaluation of potential mineral reserves and includes costs related to the following: conducting geological studies; exploratory drilling and sampling and evaluating the technical feasibility and commercial viability of extracting a mineral resource.

3. Summary of Significant Accounting Policies, continued

c) Exploration and Evaluation ("E&E") Expenditures, continued

ii) Pre-E&E (project generation) Expenditures

Pre-E&E (project generation) expenditures are incurred on activities that precede exploration for an evaluation of mineral resources, being all expenditures incurred prior to securing the legal rights to explore an area. Pre-E&E expenditures are expensed immediately through the consolidated statements of loss.

d) Related Party Transactions

Parties are considered to be related if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions. Related parties may be individuals or corporate entities. A transaction is considered to be a related party transaction when there is a transfer of resources, services or obligations between related parties.

e) Finance Income and Expenses

Finance income comprises interest income on funds invested. Interest income is recognized as it accrues using the effective interest method. Finance income is considered an operating activity for cash flow purposes.

Finance expenses comprise interest expense on borrowings, unwinding of the discount on provisions and impairment losses recognized on financial assets. Borrowing costs that are not directly attributable to the acquisition, construction or production of a qualifying asset are recognized using the effective interest method. Finance costs are considered an operating activity for cash flow purposes.

f) Taxes

Tax expense comprises current and deferred tax. Tax is recognized in the consolidated statements of loss, except to the extent it relates to items recognized in other comprehensive loss or directly in equity.

i) Current income tax

Current tax expense is based on the results for the period as adjusted for items that are not taxable or not deductible. Current tax is calculated using tax rates and laws that were enacted or substantively enacted at the end of the reporting period. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. Provisions are established where appropriate on the basis of amounts expected to be paid to the tax authorities.

ii) Deferred tax

Deferred taxes are the taxes expected to be payable or recoverable on differences between the carrying amounts of assets in the consolidated statement of financial position and their corresponding tax bases used in the computation of taxable profit and are accounted for using the balance sheet liability method.

Deferred tax liabilities are generally recognized for all taxable temporary differences between the carrying amounts of assets and their corresponding tax bases.

Deferred tax assets are recognized to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilized. Such assets and liabilities are not recognized where the temporary difference arises from the initial recognition of goodwill or from the initial recognition (other than in a business combination) of other assets in a transaction that affects neither the taxable profit nor the accounting profit.

g) Loss per share

Basic Loss Per Share is calculated by dividing total loss from continuing operations attributable to shareholders of the Company (the numerator) by the weighted average number of ordinary shares outstanding (the denominator) during the period. The denominator (number of shares) is calculated by adjusting the shares issued at the beginning of the period by the number of shares bought back or issued

3. Summary of Significant Accounting Policies, continued

g) Loss per share, continued

during the period, multiplied by a time-weighting factor.

Diluted Loss Per Share is calculated by adjusting the earnings and number of shares for the effects of dilutive options and other dilutive potential shares. The effects of anti-dilutive potential shares are ignored in calculating diluted Loss Per Share. All options and warrants are considered anti-dilutive when the Company is in a loss position.

h) Share-based compensation and warrants

The Company has a stock option plan (the " Plan"), which is described in note 10. The Plan allows Champion employees, directors and officers to acquire shares of the Company for a specified option amount set on the date of grant. Stock options awarded are accounted for using the fair value-based method. Fair value is calculated using the Black-Scholes option pricing model and is recorded as share-based compensation expense over the vesting period of the options. Consideration paid on the exercise of stock options is credited to share capital. The fair value associated with the options is transferred to share capital upon exercise or to deficit upon expiry.

Equity-settled share-based payment transactions with parties other than employees are measured at the fair value of the goods or services received, except where that fair value cannot be estimated reliably, in which case they are measured at the fair value of the equity instruments granted, measured at the date the entity obtains the goods or the counterparty renders the service.

Warrants are accounted for using the fair value-based method. Fair value is calculated using the Black-Scholes option pricing model. Consideration paid on the exercise of warrants is credited to share capital and the fair value recorded in warrants reserve is transferred to share capital upon exercise. Upon expiration, the fair value of the warrants is reclassified to contributed surplus.

i) Asset retirement obligations ("ARO")

ARO is obligation to incur restoration, rehabilitation and environmental costs arises when environmental disturbance is caused by the exploration, development, or ongoing production of a mineral property interest. Such costs arising for the decommissioning of plant and other site restoration work, discounted to their net present value, are provided for and capitalized to the carrying value of the asset, or expensed in the consolidated statements of loss if there is no related asset, as soon as the obligation to incur such costs arises.

Discount rates, using a pre-tax rate that reflects the time value of money, are used to calculate the net present value. These costs are charged against profit or loss over the economic life of the related asset through depreciation using either the unit-of-production or the straight-line method. The related liability is adjusted for each period for the unwinding of the impact of discounting and for changes to the current market-based discount rate, amount, or timing of the underlying cash flows needed to settle the obligation.

As at December 31, 2021 and 2020, the Company has no material restoration, rehabilitation and environmental costs as the environmental disturbance to date is minimal.

j) Financial Assets and Liabilities

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.

3. Summary of Significant Accounting Policies, continued

j) Financial Assets and Liabilities, continued

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. Cash and amounts 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.

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 consolidated statements of financial position with changes in fair value recognized in other income or expense in the consolidated statements of loss. The Company does not measure any financial assets at FVPL.

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 consolidated 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.

Dividends from such investments are recognized in other income in the consolidated statements of loss when the right to receive payments is established.

De-recognition

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.

Leases

At inception of the contract, the Company assesses whether a contract is, or contains, a lease by evaluating if the contract conveys the right to control the use of an identified asset. For contracts that contain a lease, the Company recognizes a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted by any initial direct costs, and costs to dismantle and remove the underlying asset less any lease incentives. The Right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the underlying asset or the end of the lease term.

The lease liability is initially measured at the present value of the lease payments to be paid subsequent to the commencement date of the lease, discounted either at the interest rate implicit in the lease or the Company's incremental borrowing rate. The lease payments measured in the initial lease liability include payments for an optional renewal period, if any, if the Company is reasonably certain that it will exercise a renewal extension option. The liability is measured at amortized cost using the effective interest method and will be re-measured when there is a change in either the future lease payments or assessment of whether an extension or other option will be exercised. The lease liability is subsequently adjusted for lease payments and the interest on the obligation. Interest expense on the lease obligation is included in the consolidated statements of loss.

3. Summary of Significant Accounting Policies, continued

j) Financial Assets and Liabilities, continued

The Company has elected not to recognize right-of-use assets and lease liabilities for leases with a lease term of less than 12 months and low-value assets and recognizes the lease payments associated with these leases as an expense on a straight-line basis over the term.

Impairment of financial assets

The Company's only financial assets subject to impairment are other accounts receivable, which are 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 have 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.

Financial liabilities

Initial recognition and measurement

Financial liabilities are measured at amortized cost, unless they are required to be measured at FVPL as is the case for held for trading or derivative instruments, or the Company has opted to measure the financial liability at FVPL. The Company's financial liabilities include accounts payable and accrued liabilities, and advances payable, which are each measured at amortized cost. All financial liabilities are recognized initially at fair value and in the case of long-term debt, net of directly attributable transaction costs.

Subsequent measurement – financial liabilities at amortized cost

After initial recognition, financial liabilities measured at amortized cost are subsequently measured at the end of each reporting period at amortized cost using the EIR. 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.

De-recognition

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

4. Critical Judgments and Accounting Estimates

The preparation of financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the application of the accounting policies to financial information presented. Actual results may differ from the estimates, assumptions and judgments made. Estimates and underlying assumptions are reviewed on an ongoing basis. Changes made to estimates are reflected in the period the changes are made.

The key sources of estimation uncertainty that have a significant risk of causing material adjustment to the amounts recognized in the consolidated financial statements are:

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 financial statement reporting

4. Critical Judgments and Accounting Estimates, continued

Income, Value Added, Withholding and Other Taxes, continued

period. 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.

Share-Based Payments

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 determined 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. Changes in these assumptions affect the fair value estimates.

Significant Accounting Judgments

The critical judgments that the Company's management has made in the process of applying the Company's accounting policies, apart from those involving estimations that have the most significant effect on the amounts recognized in the Company's consolidated financial statements, are related to the functional currency assessment, related parties, the provision for reclamation and obligation, when and if deferred taxes are recoverable and the assumption that the Company will continue as a going concern.

The Company made a determination that its functional currency and that of its subsidiaries is the Canadian dollar. Management considered all of the relevant primary and secondary factors in making this determination.

Contingencies

See notes 15, and 16.

5. New Accounting Standards and Future Accounting Changes

Certain new standards, interpretations, amendments and improvements to existing standards were issued by the IASB or IFRIC and were adopted by the Company on January 1, 2021. None of these had a significant effect on the Consolidated Financial Statements of the Company.

Future Accounting Changes

Certain new standards, interpretations, amendments and improvements to existing standards were issued by IASB or IFRIC that are mandatory for accounting periods beginning on January 1, 2022, or later. Updates that are not applicable or are not consequential to the Company have been excluded. The following have not been adopted and are being evaluated to determine their impact on the Company.

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 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. amendments are effective for year ends beginning on or after January 1, 2023.

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5. New Accounting Standards and Future Accounting Changes, continued

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.

6. Exploration Properties/Mining Interest

On June 29, 2021, Champion announced the signing of a property option agreement which gives the Company the option to acquire a 100% fee simple interest in new surface and mineral rights on properties within Champion's Champagne Gold Project in Idaho, USA ("Champagne").

Under the terms of the Agreement, the parties have agreed to a five-year term of the option, during which Champion will pay a total consideration of USD240,000 (CAD 432,000) and 500,000 common shares of the Company, structured as follows:

- An initial payment of USD10,000 (CAD12,800) and 50,000 common shares of the Company (completed);
- Annual payments of USD10,000 (CAD 12,800) and 50,000 common shares of the Company on the first and second anniversary dates of the Agreement, each of which is an option paid at the sole discretion of the Company;
- Annual payments of USD10,000 (CAD 12,800) and 75,000 common shares of the Company on the third and fourth anniversary dates of the Agreement, each of which is an option paid at the sole discretion of the Company; and
- On or before the fifth anniversary, Champion has the option to pay a final payment of USD190,000 (CAD243,200) and 200,000 common shares of the Company.

On April 27, 2020, Champion announced that it sold all its Nudulama Claims for cash proceeds of $80,000.

On May 6, 2020, Champion announced that it signed a further binding option agreement with which gives the Company the option to acquire additional claims, that are located within the Company's Champagne Project. Under the terms of the agreement, Champion shall make a cash payment of USD8,000 (paid) and issue 100,000 Champion common shares (issued). Further, the Company will pay USD8,000 on each anniversary date of the option agreement thereafter, for the first 20 years of the agreement. The agreement can be renewed for an additional 20 years, upon payment of USD15,000 and the issuance of shares with a value of USD20,000, on each anniversary date.

Champion can purchase a 100% interest in the claims by paying the following USD amounts:

- If option is exercised during years 1 to 10	$150,000
- If option is exercised during years 11 to 20	$200,000
- If option is exercised during years 21 to 30	$250,000
- If option is exercised during years 31 to 40	$300,000

On May 19, 2020, the Company announced that it had acquired additional mining claims ("Reliance") that are located within the Company's Champagne Project. Under the terms of the agreement, Champion purchased the Reliance claims for USD15,000 and the issuance of 150,000 Champion common shares.

6. Exploration Properties/Mining Interest, continued

During the year ended December 31, 2021, the Company incurred $3,147,386 of E&E costs and $29,322 property acquisition costs (2020 - $4,358,417 E&E and $291,294 property acquisition) for the Company's ongoing projects.

7. Loan Payable

As a result of COVID-19, the Canadian federal government created the Canada Emergency Business Account ("CEBA"), designed to provide some financial assistance to qualifying Canadian companies. In April 2020, Champion applied for this funding and received $40,000 as an unsecured, non-interest-bearing demand loan. This loan is due on or before December 31, 2022. If paid before this time, $10,000 of the loan is forgiven. If not paid by this date, interest at a rate of 5% per annum, will need to be paid monthly.

8. Share Capital

Authorized

The Company is authorized to issue an unlimited number of common shares. At December 31, 2021 there are 104,774,126 (2020 - 93,104,348) common shares issued and outstanding. See statements of changes to shareholders' equity (deficit).

Issuances

(i) On February 14, 2020, the Company completed the first tranche of a private placement offering previously announced on January 13, 2020 (the "January Offering"). For this first tranche, the Company issued 6,654,037 units for gross proceeds of $532,323. The Company paid a cash finders' fee of $10,240 and issued 178,000 finders' warrants. Each unit consists of one common share and one common share purchase warrant. Each warrant entitles the holder to purchase one common share at a price of $0.15, for a period of 60 months from date of the issue. Certain directors and officers participated in this first tranche, as a debt settlement transaction. A total of $260,823 of debt was settled with the issuance of 3,260,287 units.

(ii) On February 26, 2020, the Company closed the second tranche of the January Offering. The Company issued 2,148,306 units for gross proceeds of $171,864. Certain creditors of the Company agreed to settle $39,739 of debt owed to them, for the issuance of 496,741 units. Certain directors and officers participated in this second tranche for the settlement of debt owed to them. Accordingly, a total of $23,739 of debt was settled with the issuance of 296,741 units.

(iii) On March 6, 2020, the Company announced that it closed the final tranche of the oversubscribed January Offering. The Company issued 6,250,000 units for gross proceeds of $500,000. The Company paid a cash finders' fee of $21,880 and issued 273,500 finders' warrants.

See note 13 - *Related Party Transactions*.

(iv) As part of consideration paid for the acquisition of certain properties in Idaho, USA, Champion issued 250,000 common shares. See note 6 - *Exploration Properties/Mining Interest*. The fair value of the common shares was estimated based on the trading price of the Company's shares on the date of issuance.

(v) During the year ended December 31, 2020, a total of 1,551,573 warrants were exercised for gross proceeds of $108,163 and the settlement of $124,573 debt.

(vi) On July 30, 2020, the Company completed a prospectus offering of 26,910,000 units of the Company, at a price of $0.30 per unit, for aggregate gross proceeds of $8,073,000. Certain brokers to the transaction agreed to invest part of their work fee into an additional 500,000 units, for an additional $150,000. Each unit comprises one common share in the capital of the Company and one-half of one common share purchase warrant. Each whole warrant is exercisable to acquire one common share for a

8. Share Capital, continued

Issuances, continued

period of 36 months following the closing of the prospectus offering, at an exercise price of $0.45 per warrant.

(vii) On August 28, 2020, 55,569 shares were issued in settlement of debt as part of a contracted obligation to a third-party vendor.

(viii) During the year ended December 31, 2021, as part of consideration paid for the acquisition of certain properties in Idaho, USA, Champion issued 50,000 common shares. The fair value of the common shares was estimated based on the trading price of the Company's common shares, on the date of issuance.

(ix) On April 6, 2021, 300,000 warrants with an exercise price of $0.15 per share were exercised for proceeds of $45,000. To entice the exercise of these warrants, the Company granted an additional 300,000 warrants entitling the holder to purchase one common share at a price of $0.25 for a period of 60 months from date of the issue.

(x) On May 7, 2021, 52,893 shares were issued to contractors as compensation for services rendered. A value of $8,727 was assigned to these shares using market value.

(xi) On June 25, 2021, the Company closed the first tranche of a private placement offering ("June Offering"), with the issuance of 4,686,664 units, for gross proceeds of $703,000. The Company paid a cash finders' fee of $18,516 and issued 123,439 finders' warrants. See note 9 - *Warrants.*

(xii) On July 20, 2021, the Company closed the second tranche of the June Offering with the issuance of 5,312,333 units for gross proceeds of $796,850. The Company paid cash finders' fees of $54,460 and issued 363,066 finders' warrants. Each unit consists of one common share and one common share purchase warrant.

(xiii) On July 21, 2021, 64,574 shares were issued to contractors as compensation for services rendered. A value of $10,383 was assigned to these shares using market value.

(xiv) On August 18, 2021, the Company closed the third tranche of the June Offering. The Company issued 1,101,666 units for gross proceeds of $165,250. Each unit consists of one common share and one common share purchase warrant. Each warrant entitles the holder to purchase one common share at a price of $0.25 for a period of 48 months from date of the issue, subject to an acceleration clause whereby the Company may force exercise of the warrant any time before the end of the 48-month period if the Champion share price trades over $0.40 per share for 20 consecutive days. The Company paid a cash finders' fee of $7,320 and issued 48,800 finders' warrants.

(xv) On October 04, 2021, 101,648 shares were issued to contractors as compensation for services rendered. A value of $10,383 was assigned to these shares using market value.

9. Warrants

The total warrant value represents the fair value of outstanding warrants on the date of their issuance. The valuation is derived using a Black-Scholes option pricing model. As warrants are exercised, the fair value is transferred to share capital. Should warrants expire unexercised, the fair value is transferred as a component of contributed surplus to deficit.

i. On April 6, 2021, 300,000 warrants, with an exercise price of $0.15, were exercised for proceeds of $45,000. To induce the exercise of these warrants, the Company granted an additional 300,000 warrants entitling the holder to purchase one common share at a price of $0.25 for a period of 60 months from the date of issue. A value of $28,265 was assigned to these bonus warrants.

ii. On June 25, 2021, the Company closed the first tranche of the June Offering. The Company issued 4,686,664 warrants and 123,439 finders' warrants. Each warrant entitles the holder to purchase one common share at a price of $0.25 for a period of 48 months from date of the issue, subject to an

Expressed in Canadian dollars unless otherwise indicated

9. Warrants, continued

acceleration clause whereby the Company may force exercise of the warrant any time before the end of the 48-month period if the Champion share price trades over $0.40 per share for 20 consecutive days.

The following table summarizes the Black-Scholes assumptions used in items i and ii:

Issue date	April 6, 2021	June 25, 2021
Fair value, warrants	$28,265	$242,958
Fair value, finders' warrants	$—	$6,399
Share price	$0.155	$0.10
Risk free rate of return	0.70%	0.89%
Annualized volatility	100%	100%
Expected life	5	4
Dividend yield	0%	0%

iii. On July 20, 2021, the Company closed the second tranche of the June Offering. The Company issued 5,312,333 warrants and 363,066 finders' warrants. Each warrant entitles the holder to purchase one common share at a price of $0.25 for a period of 48 months from date of the issue, subject to an acceleration clause whereby the Company may force exercise of the warrant any time before the end of the 48-month period if the Champion share price trades over $0.40 per share for 20 consecutive days.

iv. On August 18, 2021, the Company closed the third and final tranche of the June Offering. The Company issued 1,101,666 warrants and 48,800 finders' warrants. Each warrant entitles the holder to purchase one common share at a price of $0.25 for a period of 48 months from date of the issue, subject to an acceleration clause whereby the Company may force exercise of the warrant any time before the end of the 48-month period if the Champion share price trades over $0.40 per share for 20 consecutive days.

The following table summarizes the Black-Scholes assumptions used in items iii and iv:

Issue date	July 20, 2021	August 18, 2021
Fair value, warrants	$274,973	$57,046
Fair value, finders' warrants	$23,183	$3,280
Share price	$0.25	$0.25
Risk free rate of return	0.70%	0.75%
Annualized volatility	100%	100%
Expected life	4	4
Dividend yield	0%	0%

Expressed in Canadian dollars unless otherwise indicated

9. Warrants, continued

A summary of warrant activity during the reporting period is as follows:

	Number of Warrants	Weighted Average Exercise Price
Balance, December 31, 2019	**9,683,928**	**$0.18**
Issued	31,092,543	0.29
Exercised	(1,551,573)	(0.15)
Balance, December 31, 2020	**39,224,898**	**$0.27**
Issued	11,935,968	0.25
Exercised	(300,000)	(0.15)
Balance, December 31, 2021	**50,860,866**	**$0.27**

At December 31, 2021, there are 50,860,866 regular and broker warrants outstanding, with each warrant entitling the holder to acquire one common share of the company at the prices noted below:

Number	Value Assigned	Exercise Price	Remaining Contractual Life in Years	Expiry Date
1,678,610	$49,092	$0.20	0.38	May 17, 2022
1,883,700	266,355	$0.30	0.58	July 29, 2022
13,705,000	1,293,594	$0.45	1.58	July 29, 2023
500,000	77,800	$0.50	1.72	September 18, 2023
2,438,730	71,311	$0.15	2.38	May 17, 2024
1,631,000	52,192	$0.15	2.44	June 7, 2024
2,397,500	73,405	$0.15	2.66	August 27, 2024
6,749,037	220,442	$0.15	3.13	February 14, 2025
1,417,821	45,338	$0.15	3.16	February 26, 2025
6,523,500	214,728	$0.15	3.18	March 6, 2025
4,686,664	242,958	$0.25	4.48	June 24, 2025
123,439	6,399	$0.25	4.48	June 24, 2025
5,312,333	274,971	$0.25	4.55	July 20, 2025
363,066	23,183	$0.25	4.55	July 20, 2025
1,101,666	57,046	$0.25	4.63	August 18, 2025
48,800	3,298	$0.25	4.63	August 18, 2025
300,000	28,265	$0.25	4.35	May 7, 2026
50,860,866	**$3,000,377**	**$0.27**	**3.11**	

Expressed in Canadian dollars unless otherwise indicated

10. Stock Options and Share-Based Compensation

Champion has established a stock option plan which provides for granting of incentive stock options up to a maximum of 10% of the Company's issued and outstanding common shares. Terms of the options granted are subject to the determination and approval by the Board of Directors. All shares issued as a result of the exercise of options, are subject to a four-month holding period from the date of grant, as required by the Canadian Securities Exchange.

i. On August 4, 2020, the Company issued and aggregate of 1,325,000 five-year stock options to a director, employee and consultant. These options vested immediately and have an exercise price of $0.30. The options were assigned a fair value of $264,868 based on the Black-Scholes option pricing model, using the following assumptions: share price - $0.275; risk free rate of return - 0.30%; annualized volatility - 100%; expected life - 5 years; and dividend yield - 0%.

ii. On March 24, 2021, the Company issued an aggregate of 1,950,000 five-year stock options to directors and consultants. These options vested immediately and have an exercise price of $0.20. The options were assigned a fair value of $247,260 based on the Black-Scholes option pricing model, using the following assumptions: share price - $0.175; risk free rate of return - 0.92%; annualized volatility - 100%; expected life - 5 years; and dividend yield - 0%.

iii. On March 31, 2021, 500,000 options with an exercise price of $0.10 expired, unexercised with $16,000 being reclassified from contributed surplus to deficit.

iv. On April 26, 2021, the Company issued an aggregate of 600,000, five-year stock options, to consultants. These options vested immediately and have an exercise price of $0.20. These options were assigned a fair value of $81,300 based on the Black-Scholes option pricing model using the following assumptions: share price – $0.185; risk free rate of return – 0.94%; annualized volatility – 100%; expected life – 5 years; dividend yield – 0%.

The expected volatility of 100% was estimated by looking at comparable companies.

A summary of stock option activity during the reporting period is as follows:

	Number of stock options outstanding	Weighted average exercise price	Weighted average remaining contractual life (years)
Balance, December 31, 2019	**4,875,000**	**$0.11**	**3.80**
Granted	1,325,000	$0.30	4.85
Balance, December 31, 2020	**6,200,000**	**$0.15**	**4.02**
Granted	2,550,000	0.20	4.74
Expired	(500,000)	(0.10)	---
Balance, issued and exercisable at December 31, 2021	**8,250,000**	**$0.17**	**4.38**

Expressed in Canadian dollars unless otherwise indicated

10. Stock Options and Share-Based Compensation, continued

A summary of the issued and outstanding stock options at December 31, 2021 is as follows:

Exercise Price	Number of Options Outstanding	Weighted Average Remaining Contractual Life – Years	Number of Options Exercisable	Expiry Date
$0.24	300,000	1.71	300,000	September 17, 2023
$0.10	4,075,000	2.87	4,075,000	November 12, 2024
$0.30	1,325,000	3.59	1,325,000	August 4, 2025
$0.20	1,950,000	4.23	1,950,000	March 24, 2026
$0.20	600,000	4.32	600,000	April 26, 2026
	8,250,000	**3.06**	**8,250,000**	

11. Capital Management

The Company's objective when managing capital is to safeguard its ability to continue as a going concern, so that it can continue to provide returns to shareholders and benefits for other stakeholders. The Company manages its capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying natural resource properties. The Company's objective is met by retaining adequate equity to guard against the possibility that cash flows from assets will not be sufficient to meet future cash flow requirements. The Company considers its capital structure to include cash and working capital. In order to maintain or adjust the capital structure, the Company may, from time-to-time issue shares and adjust its capital spending to manage current and projected debt levels. To assess capital and operating efficiency and financial strength, the Company continually monitors its net cash and working capital.

12. Financial Instruments and Risk Management

Set out below is a comparison, by category, of the carrying amounts and fair values of all of the Company's financial instruments that are carried in the financial statements and how the fair value of financial instruments is measured.

Fair values

Fair value represents the price at which a financial instrument could be exchanged in an orderly market, in an arm's length transaction between knowledgeable and willing parties who are under no compulsion to act.

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

The following table provides an analysis of the financial instruments that are measured subsequent to initial recognition at fair value, grouped into Levels 1 to 3 based on the degree to which the fair value is observable:

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in the active market for identical assets or liabilities.
- Level 2 fair value measurements are those derived from inputs other than quoted prices that are observable for the asset or liability, either directly (i.e. prices) or indirectly (derived from prices).

  Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

12. Financial Instruments and Risk Management, continued

As at December 31, 2021 and 2020, the Company did not have any financial instruments measured at fair value.

Categories of Financial Instruments	December 31, 2021	December 31, 2020
Financial Assets—amortized cost		
Cash	**$14,620**	$3,029,210
Accounts receivable and prepaids	**94,846**	112,470
Financial Liabilities—amortized cost		
Accounts payable and accrued liabilities	**$622,894**	$911,760
Loan payable	**40,000**	40,000

The fair values of all the Company's financial instruments approximate the carrying value due to the short-term nature of the financial instruments. The Company's activities expose it to a variety of financial risks: credit risk, liquidity risk and market risk (currency fluctuations, interest rates and commodity prices). The Company's overall risk management program focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the Company's financial performance.

Credit Risk

Credit risk is the risk of a financial loss to the Company if a customer is unable to meet its contractual obligations and arises principally from the Company's accounts receivable. The Company's cash is held with Canadian chartered banks.

Liquidity Risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they come due. The Company has established a standard of ensuring that it has enough resources available to withstand any downturn in the industry. As the Company's industry is very capital intensive, the majority of its spending is related to its capital programs. The Company prepares periodic capital expenditure budgets, which are regularly monitored and updated as considered necessary. Further, the Company utilizes authorizations for expenditures on both operated and non-operated projects to further manage capital expenditures. The Company's goal is to prudently spend its capital while maintaining its credit reputation amongst its suppliers. The Company also mitigates liquidity risk by maintaining an insurance program to minimize exposure to insurable losses.

Market Risk

Market risk is the risk that changes in interest rates, foreign exchange rates and commodity and equity prices will affect the Company's net earnings or the value of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable limits, while maximizing returns.

Interest rate risk

The Company has cash balances and no interest-bearing debt. The Company's current policy is to invest excess cash in certificates of deposit issued by a Canadian chartered bank with which it keeps its bank accounts. The Company periodically monitors the investments it makes and is satisfied with the creditworthiness of the Canadian chartered bank.

Foreign exchange risk

The Company engages in transactions and activities in currencies other than its reported currency. The Company's exploration activities are in the United States of America. Ongoing exploration expenses, assets and liabilities are exposed to foreign exchange fluctuations. The Company's exploration expenses are primarily transacted in US dollars.

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12. Financial Instruments and Risk Management, continued

Commodity and equity risk

The Company is exposed to price risk with respect to commodity and equity prices. Commodity price risk is the potential adverse impact on earnings and economic value due to commodity price movements and volatilities. Equity price risk is the potential adverse impact on the Company's comprehensive earnings due to movements in individual equity prices or general movements in the level of the stock market. The Company closely monitors commodity prices to determine the appropriate course of action to be taken by the Company. Commodity price risk could adversely affect the Company. In particular, the Company's future profitability and viability of development depend upon the world market price of certain precious and base metals. Precious and base metal prices have fluctuated widely in recent years. There is no assurance that, even if commercial quantities of precious and base metals are produced in the future, a profitable market will exist for them.

13. Related Party Transactions and Key Management Compensation

Related party transactions conducted in the normal course of operations are measured at the exchange value (the amount established and agreed to by the related parties). The following is a summary of the Company's related party transactions, including Key Management Compensation, for the years ended December 31, 2021 and 2020.

Related Party Transactions

i. During the year ended December 31, 2021, a director was paid a total of $972 (2020 - $10,820) for services rendered outside of his services as a director.

ii. During the year ended December 31, 2020, a company owned by a director billed Champion $876,895 (2020 - $143,230) for project and technical management services. Included in accounts payable at December 31, 2021, is $138,811 (2020 - $177,873) for unpaid services.

These amounts are unsecured, non-interest bearing and due on demand.

iii. During the year ended December 31, 2020, the following executives agreed to accept the issuance of units in settlement of the following debt:
- 985,570 units in settlement of $78,846 for the Chairman;
- 940,994 units in settlement of $75,280 for the CEO;
- 281,280 units in settlement of $22,500 for the former CFO; and
- An aggregate of 327,991 units for the settlement of $26,239 for certain directors.

iv. During the year ended December 31, 2020, the Company was billed $6,537 (2020 - $281,280) by a law firm in which a director is a partner. At December 31, 2021, $441 is owed to the law firm (2020 - $9,506) and is included in accounts payable. These amounts are unsecured, non-interest bearing and due on demand.

Key Management Compensation

For the year ended December 31,	2021	2020
Cash-based remuneration	**$195,000**	$197,500
Share-based compensation	**89,630**	59,970
	$284,630	$197,500

During the year ended December 31, 2021, the Company incurred a salary expense of $120,000 for the Company's CEO (December 31, 2020 - $110,000) and paid its former CFO $75,000 (December 31, 2020 - $87,500). Included in accounts payable balance at year end is $26,680 (2020 - $nil) due to the CEO.

Key Management Compensation, continued

The balance is unsecured, non-interest bearing and due on demand.

Commencing June, 2021, the Company engaged Grove Corporate Services Ltd. ("Grove") to provide professional corporate services to the Company. These include accounting and governance provided by a new Chief Financial Officer ("CFO") and Corporate Secretary, and services in the areas of investor relations and general administration. During the reporting period Grove billed the Company a total of $63,750. (2020 - nil). Included in the accounts payable at year end, is a balance owing to Grove of $26,696 (2020 - $nil) for unpaid services. This amount is unsecured, non-interest bearing and due on demand.

14. Loss Per Share

The calculation of basic loss per share for the years ended December 31, 2021 and 2020, was based on total loss attributable to common shareholders of $4,731,957 (2020 - $5,887,134) and a weighted average number of common shares outstanding of 98,692,776 (2019 – 74,059,302).

Diluted loss per share equals basic loss per share as all outstanding options and warrants were anti-dilutive for all periods presented.

15. Commitments

Pursuant to an agreement in place with an arm's length service provider ("ServiceCo"), the Company committed to issue 500,000 stock options.

In June 2021, the Company entered into an agreement with Grove to provide investor relation services for $5,000 per month plus HST. The agreement was amended effective November 1, 2021 to add accounting and governance services and the monthly fee increased to $13,500 per month. The Company may terminate the agreement with two months' written notice.

On October 28, 2021 the Company entered into Advisory agreements with the former CFO and another former staff member. Consideration for the advisory services is the retention of their vested stock options which expire on November 12, 2024.

See note 6 - *Exploration Properties/Mineral Interest.*

The Company has entered into an office lease agreement and, as at September 30, 2021, is committed to make $9,130 of lease payments over the next eleven months. See note 17- RIght-of-Use Asset and Lease Liability.

16. Environmental Contingencies

The Company has exploration and evaluation properties in the United States and has conducted exploration activities. Management maintains that no material damage has been done to the land, and on that basis, management has not recorded a provision for an asset retirement obligation or for property reclamation**.**

17. Right-of-Use Asset and Lease Liability

On May 31, 2018, the Company entered into a lease agreement for office space in Ontario, Canada. The monthly rent payable under the terms of the lease is $812 for June 1, 2018 to May 31, 2019 and $830 for June 1, 2019 to May 31, 2022. The rent payable is subject to changes. The lease is for fixed term of four years commencing June 1, 2018. The Company used a discount rate of 15 % in determining the present value of the lease payments. As of July 1, 2021, the lease was terminated.

Expressed in Canadian dollars unless otherwise indicated

17. Right-of-Use Asset and Lease Liability, continued

	2021	2020
Lease liability at beginning of year	**$18,663**	$29,655
Interest expense	**1,120**	3,531
Lease payments	**(7,262)**	(14,523)
Lease termination	**(12,521)**	—
Lease liability at end of year	**$—**	$18,663

Below summarizes the right of use asset as at December 31, 2021 and 2020:

	2021	2020
Net book value at beginning of year	**$15,316**	$26,749
Amortization expense	**(5,716)**	(11,433)
Lease termination	**(9,600)**	—
Net book value at end of year	**$—**	$15,316

18. Income Taxes

a) Provision for Income Taxes

The reconciliation of the combined Canadian federal and provincial statutory income tax rate of 26.5% (December 31, 2020 – 26.5%) to the effective tax rate is as follows:

	2021 $	**2020 $**
Loss before income taxes	**(4,731,957)**	(5,887,134)
Expected income tax recovery based on statutory rate	**(1,254,000)**	(1,560,000)
Adjustment to expected income tax benefit:		
Share-based Compensation	**87,000**	75,000
Non-deductible expenses and other	**823,000**	978,000
Change in benefit of tax assets not recognized	**344,000**	507,000
Deferred income tax (recovery)	**---**	**---**

Expressed in Canadian dollars unless otherwise indicated

18. Income Taxes, continued

b) Deferred Income Taxes

Deferred taxes are a result of temporary differences that arise due to the differences between the income tax values and the carrying amount of assets and liabilities.

	2021 $	2020 $
Unrecognized deferred tax assets Deferred income tax assets have not been recognized in respect of the following deductible temporary differences:		
Non-capital loss carry-forwards	**5,804,000**	4,367,000
Share issue costs	**713,000**	852,000
Total	**6,517,000**	5,219,000

Deferred tax assets have not been recognized in respect of these items because it is not probable that future taxable profit will be available against which the Company can use the benefits. The non-capital losses expire as follows:

Year	Amount
2028	$101,000
2029	64,000
2030	167,000
2031	230,000
2032	201,000
2033	98,000
2034	148,000
2035	---
2036	75,000
2037	619,000
2038	904,000
2039	675,000
2040	1,085,000
2041	1,437,000
Total	$5,804,000

19. Subsequent Events

i. Subsequent to December 31, 2021 a director loaned $60,000 to the Company pursuant to a step promissory note. The loan is short-term, non-interest bearing and due on demand.

On April 19, 2022, the Company granted an aggregate of 1,150,000 stock options to two consultants, at a price of $0.15, with an expiry date of April 19, 2027. The options vested immediately.