



Windfall Geotek Inc.

Condensed Interim Consolidated Financial Statements

For the Six Months Ended August 31, 2022 and August 31, 2021
(Unaudited – Expressed in Canadian Dollars)



Management's Responsibility for Consolidated Financial Statements

The accompanying condensed interim consolidated financial statements of Windfall Geotek Inc. (the "Company") are the responsibility of management and the Board of Directors.

The condensed interim consolidated financial statements have been prepared by management, on behalf of the Board of Directors, in accordance with the accounting policies disclosed in the notes to the condensed interim consolidated financial statements. Where necessary, management has made informed judgments and estimates in accounting for transactions which were not complete at the financial position date. In the opinion of management, the condensed interim consolidated financial statements have been prepared within acceptable limits of materiality and are in compliance with all applicable International Financial Reporting Standards as issued by the International Accounting Standards Board.

Management has established processes, which are in place to provide it sufficient knowledge to support management representations that it has exercised reasonable diligence that (i) the condensed interim consolidated financial statements do not contain any untrue statement of material fact or omit to state a material fact required to be stated or that is necessary to make a statement not misleading in light of the circumstances under which it is made, as of the date of, and for the periods presented by, the condensed interim consolidated financial statements and (ii) the condensed interim consolidated financial statements fairly present in all material respects the financial condition, results of operations and cash flows of the Company, as of the date of and for the periods presented by the condensed interim consolidated financial statements.

The Board of Directors is responsible for reviewing and approving the condensed interim consolidated financial statements together with other financial information of the Company and for ensuring that management fulfills its financial reporting responsibilities. An Audit Committee assists the Board of Directors in fulfilling this responsibility. The Audit Committee meets with management to review the financial reporting process and the condensed interim consolidated financial statements together with other financial information of the Company. The Audit Committee reports its findings to the Board of Directors for its consideration in approving the condensed interim consolidated financial statements together with other financial information of the Company for issuance to the shareholders.

Management recognizes its responsibility for conducting the Company's affairs in compliance with established financial standards, and applicable laws and regulations, and for maintaining proper standards of conduct for its activities.

(signed)
Dinesh Kandanchatha
Chief Executive Officer

(signed)
Scott Kelly
Chief Financial Officer

October 24, 2022

Notice to Reader

Under National Instrument 51-102, Part 4, subsection 4.3(3)(a), if an auditor has not performed a review of the condensed interim consolidated financial statements, they must be accompanied by a notice indicating that the condensed interim consolidated financial statements have not been reviewed by an auditor.

The accompanying unaudited condensed interim consolidated financial statements of the Company have been prepared by and are the responsibility of the Company's management.

The Company's independent auditor has not performed a review of these condensed interim consolidated financial statements in accordance with the standards established by the Chartered Professional Accountants of Canada for a review of interim financial statements by an entity's auditor.

Windfall Geotek Inc.

Condensed Interim Consolidated Statements of Financial Position

(Unaudited - Expressed in Canadian Dollars)

	Note	August 31, 2022	February 28, 2022
Current Assets			
Cash		\$ 1,414,936	\$ 1,873,426
Amounts receivable	5	320,616	25,518
Prepaid expenses	7	35,350	-
Marketable securities	6	931,094	1,263,490
Subscriptions paid	6	100,000	100,000
		<u>2,801,996</u>	<u>3,262,434</u>
Non-current assets			
Office equipment	7	14,895	18,249
Intangible asset – CARDS	8	1	1
Exploration and evaluation assets	4 & 9	1	1
		<u>14,897</u>	<u>18,251</u>
TOTAL ASSETS		<u>\$ 2,816,893</u>	<u>\$ 3,280,685</u>
Liabilities			
Accounts payable and accrued liabilities	10	\$ 111,046	\$ 131,325
CEBA loan	12	-	10,000
		<u>111,046</u>	<u>141,325</u>
Equity			
Share capital	13	42,914,048	42,832,254
Contributed surplus	14	7,698,237	7,543,196
Warrants	13	1,759,027	1,777,821
Deficit		(49,665,465)	(49,013,911)
		<u>2,705,847</u>	<u>3,139,360</u>
TOTAL LIABILITIES AND EQUITY		<u>\$ 2,816,893</u>	<u>\$ 3,280,685</u>

Nature of operations (Note 1)

Events after the reporting period (Note 20)

Approved by the Board of Directors:

“Simran Kamboj”
Director

“Dinesh Kandanchatha”
Director

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

Windfall Geotek Inc.

Condensed Interim Consolidated Statements of Operations

For the three and six months ended August 31, 2022 and August 31, 2021

(Unaudited - Expressed in Canadian Dollars)

	Note	Three months ended August 31,		Six months ended August 31,	
		2022	2021	2022	2021
Revenue					
CARDS services		\$ 435,000	\$ 75,000	\$ 517,176	\$ 357,000
Operating expenses					
Amortization and depreciation	7 & 8	(1,677)	(39,177)	(3,354)	(78,354)
Commissions – CARDS and property	4	-	-	-	(33,200)
Exploration and evaluation expenditures	9	(20,520)	(339,286)	(73,675)	(527,777)
General and administration	15 & 16	(325,268)	(725,599)	(734,264)	(1,953,843)
Share-based compensation	14 & 16	(17,371)	(230,557)	(155,041)	(1,128,975)
		(364,836)	(1,334,619)	(966,334)	(3,722,149)
Operating loss					
		70,164	(1,259,619)	(449,158)	(3,365,149)
Unrealized gain (loss) on marketable securities	6	(296,574)	(151,836)	(531,828)	(168,292)
Gain on disposal of mining assets	9	-	30,000	310,000	30,000
Gain on CEBA loan	12	-	-	10,000	-
Other revenue		9,432	2,289	9,432	2,289
		(287,142)	(119,547)	(202,396)	(136,003)
Net (loss) income and comprehensive (loss) income for the period					
		\$ (216,978)	\$ (1,379,166)	\$ (651,554)	\$ (3,501,152)
Weighted average number of outstanding common shares					
Basic and diluted		133,478,237	123,894,541	133,086,932	116,056,790
(Loss) per share					
Basic and diluted		\$ (0.00)	\$ (0.01)	\$ (0.00)	\$ (0.03)

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

Windfall Geotek Inc.
Condensed Interim Consolidated Statements of Changes in Equity
For the six months ended August 31, 2022 and August 31, 2021
(Unaudited - Expressed in Canadian Dollars)

	Number of Common Shares	Share Capital (Note 15)	Subscriptions Received (Note 15)	Contributed Surplus (Note 16)	Warrants (Note 15)	Deficit	Total Equity
Balance, February 28, 2021	110,065,548	\$ 39,582,545	\$ 100,000	\$ 6,285,441	\$ 633,614	\$ (43,645,760)	\$ 2,955,840
Issued in private placements	10,000,080	3,500,028	(100,000)	-	-	-	3,400,028
Warrants issued in private placements	-	(1,408,398)	-	-	1,408,398	-	-
Share issue costs	-	(37,554)	-	-	-	-	(37,554)
Warrants exercised	3,480,000	321,938	-	-	(84,138)	-	237,800
Options exercised	550,000	78,471	-	(37,971)	-	-	40,500
Share-based compensation	-	-	-	1,128,975	-	-	1,128,975
Net loss and comprehensive loss for the period	-	-	-	-	-	(3,501,152)	(3,501,152)
Balance, August 31, 2021	124,095,628	42,037,030	-	7,376,445	1,957,874	(47,146,912)	4,224,437
Issued in private placements	-	-	-	-	-	-	-
Warrants issued in private placements	-	-	-	-	-	-	-
Share issue costs	-	-	-	-	-	-	-
Warrants exercised	8,400,000	768,053	-	-	(180,053)	-	588,000
Options exercised	200,000	27,171	-	(13,171)	-	-	14,000
Share-based compensation	-	-	-	179,922	-	-	179,922
Net loss and comprehensive loss for the period	-	-	-	-	-	(1,866,999)	(1,866,999)
Balance, February 28, 2022	132,695,628	42,832,254	-	7,543,196	1,777,821	(49,013,911)	3,139,360
Warrants exercised	900,000	81,794	-	-	(18,794)	-	63,000
Share-based compensation	-	-	-	155,041	-	-	155,041
Net loss and comprehensive loss for the period	-	-	-	-	-	(651,554)	(651,554)
Balance, August 31, 2022	133,595,628	\$ 42,914,048	\$ -	\$ 7,698,237	\$ 1,759,027	\$ (49,665,465)	\$ 2,705,847

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

Windfall Geotek Inc.
Condensed Interim Consolidated Statements of Cash Flows
For the six months ended August 31, 2022 and August 31, 2021
(Unaudited - Expressed in Canadian Dollars)

	Six months ended	
	2022	August 31, 2021
Operating activities		
Net (loss) income for the year	\$ (651,554)	\$ (3,501,152)
Items not affecting cash:		
Amortization and depreciation	3,354	78,354
Unrealized loss (gain) on marketable securities	531,828	168,292
Revenue received as common shares	(9,432)	(153,000)
Gain on CEBA loan	(10,000)	-
Share-based compensation	155,041	1,128,975
	<u>19,237</u>	<u>(2,278,531)</u>
Changes in working capital items:		
Amounts receivable	(295,098)	(79,383)
Prepaid expenses	(35,350)	(319,101)
Accounts payable and accrued liabilities	(20,279)	(32,443)
Contract liabilities	-	(79,000)
Cash flows used in operating activities	<u>(331,490)</u>	<u>(2,788,458)</u>
Investing activities		
Purchase of marketable securities	(190,000)	(10,000)
Purchase of office equipment	-	(3,802)
Cash flows provided by (used in) investing activities	<u>(190,000)</u>	<u>(13,802)</u>
Financing activities		
Issuance of common shares, net of share issuance costs	-	3,640,746
Proceeds received for exercise of warrants	63,000	-
Repayment of CEBA loan	-	(15,000)
Cash flows provided by financing activities	<u>63,000</u>	<u>3,625,746</u>
Net change in cash	(458,490)	823,486
Cash, beginning of period	<u>1,873,426</u>	<u>1,516,723</u>
Cash, end of period	<u>\$ 1,414,936</u>	<u>\$ 2,340,209</u>

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

Windfall Geotek Inc.

Notes to the condensed interim consolidated financial statements

For the six months ended August 31, 2022 and August 31, 2021

(Unaudited - Expressed in Canadian Dollars)

1 Nature of Operations

Windfall Geotek Inc. ("Windfall" or the "Company") was incorporated under the Canada Business Corporations Act (Alberta) on February 23, 1996. The nature of operations involves the acquisition, exploration and development of mineral resource properties. Windfall Geotek Inc. and its subsidiaries (hereinafter the "Company") are in the exploration stage and do not derive any revenue from the development of their properties. The Company also offers CARDS artificial intelligence and data mining services (Notes 4 and 6). The Company is exploring a new business model through which it will advance projects where the CARDS artificial intelligence software platform has identified high-potential targets. This transition from pure service revenues to service revenues plus asset accumulation is part of the Company's strategy to maximize returns to investors. The Company's common shares are listed on the TSX Venture Exchange ("TSX.V") (the "Exchange") under the symbol WIN. The Company obtained a listing on the OTCQB effective October 21, 2020 under the symbol WINKF.

The Company's office is located at 7005 Taschereau Boulevard Suite 265, Brossard, Quebec, Canada, J4Z 1A7.

As at August 31, 2022, the Company had current assets of \$2,801,996 (February 28, 2022 - \$3,262,434) to settle current liabilities of \$111,046 (February 28, 2022 - \$141,325) and had working capital of \$2,690,950 (February 28, 2022 - \$3,121,109).

These condensed interim consolidated financial statements have been prepared on the basis that the Company will be able to realize its assets and discharge its liabilities in the normal course of business. The ability of the Company to continue as a going concern is dependent on its ability to generate revenue from the CARDS artificial intelligence software, realize gains on marketable securities or obtaining additional financing if required through the issuance of debt or equity. There is a risk that additional financing will not be available on a timely basis or on terms acceptable to the Company. These financial statements do not reflect the adjustments or reclassifications that would be necessary if the Company were unable to continue operations in the normal course of business.

These consolidated financial statements were approved and authorized for issue by the board of directors on October 24, 2022.

Windfall Geotek Inc.

Notes to the condensed interim consolidated financial statements

For the six months ended August 31, 2022 and August 31, 2021

(Unaudited - Expressed in Canadian Dollars)

2 STATEMENT OF COMPLIANCE, BASIS OF PRESENTATION, AND CONSOLIDATION

These condensed interim consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board (“IASB”) for interim information, specifically International Accounting Standards (“IAS”) 34 – Interim Financial Reporting. In addition, these condensed interim consolidated financial statements have been prepared using interpretations issued by the International Financial Reporting Interpretations Committee (“IFRIC”) in effect at August 31, 2022 and the same accounting policies and methods of their application as the most recent annual financial statements for the Company. These condensed interim consolidated financial statements do not include all the disclosures normally provided in the annual financial statements and should be read in conjunction with the Company’s audit financial statements for the year ended February 28, 2022.

In management’s opinion, all adjustments necessary for fair presentation have been included in these condensed interim consolidated financial statements. Interim results are not necessarily indicative of the results expected for the year ended February 28, 2023.

These condensed interim consolidated financial statements incorporate the financial statements of the Company and its subsidiaries. Subsidiaries are entities controlled by the Company. The Company controls a subsidiary when it is exposed, or has rights, to variable returns from its involvement with the subsidiary and has the ability to affect those returns through its power over the subsidiary. All significant inter-company balances and transactions have been eliminated upon consolidation.

The following companies have been consolidated within these consolidated financial statements:

Name of subsidiary	Place of incorporation	Ownership interest	Principal activity
Private Ontario Corp.	Ontario, Canada	100%	Holding company
Tropic Diamonds Inc.	Ontario, Canada	100%	Holding company
Ampanihy Resources S.A.R.L	Madagascar	100%	Holding company
SIMACT Alliance Copper Gold Inc.	Montreal, Canada	100%	Exploration company

Windfall Geotek Inc.

Notes to the condensed interim consolidated financial statements

For the six months ended August 31, 2022 and August 31, 2021

(Unaudited - Expressed in Canadian Dollars)

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The preparation of these condensed interim consolidated financial statements in conformity with IFRS requires management to make certain estimates, judgments and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and reported amount of expenses during the reporting period. Actual outcomes could differ from these estimates. These financial statements include estimates that, 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 future periods if the revision affects both current and future periods. These estimates are based on historical experience, current and future economic conditions and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Information about significant areas of estimation uncertainty in applying accounting policies that have the most significant effect on the amounts recognized in the financial statements are noted below with further details of the assumptions contained in the relevant note.

The preparation of these condensed interim consolidated financial statements requires management to make judgments regarding the going concern of the Company as discussed in Note 1.

The critical estimates and judgments applied in the preparation of the unaudited condensed interim consolidated financial statements for the three months ended August 31, 2022 are consistent with those applied and disclosed in Note 4 to the Company's audited consolidated financial statements for the year ended February 28, 2022.

a) *Foreign currency translation*

The functional currency of the Company and its subsidiaries is the Canadian dollar. Foreign currency transactions are translated into the functional currency of the Company using the exchange rates prevailing at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are translated into the functional currency at the exchange rate in effect at the financial statement date. Exchange gains or losses arising from these translations are recognized in profit or loss for the reporting period.

Windfall Geotek Inc.

Notes to the condensed interim consolidated financial statements

For the six months ended August 31, 2022 and August 31, 2021

(Unaudited - Expressed in Canadian Dollars)

4 ASSET PURCHASE AGREEMENT

On March 13, 2017, the Company signed an Asset Purchase Agreement (the "Agreement") with Diagnos Inc. ("Diagnos") for the purchase of the assets from Diagnos' mining division, including the Computer Aided Resources Detection System (the "CARDS"), for total value of \$800,000.

Under the terms of the Agreement, the Company issued 8,000,000 common shares to Diagnos, at a price of \$0.10 per share, in payment for the acquisition of the assets, consisting of Diagnos' mining claims, mineral property royalty agreements and the CARDS.

Per the Agreement, the allocation of the purchase price was as follows:

CARDS	\$750,000
Mining claims	26,000
Royalty agreements	24,000
	<u>\$800,000</u>

The Company will remit to Diagnos (i) 50% of any payment that the Company receives from the royalty agreements forming part of the acquired assets; and (ii) 5% of revenues generated by the commercialization of the CARDS in the mining sector activity.

Subsequent to the Agreement date, the Company wrote down the royalty agreements to \$1.

5 ACCOUNTS RECEIVABLE

	August 31, 2022 \$	February 28, 2022 \$
Option payment receivable	10,000	10,000
CARDS services receivable	280,589	-
GST/QST receivable	-	25,518
Other receivable	40,027	-
	<u>330,616</u>	<u>35,518</u>
Allowance for doubtful accounts	(10,000)	(10,000)
Net	<u>320,616</u>	<u>25,518</u>

The allowance for doubtful accounts provision was as follows:

	August 31, 2022 \$	February 28, 2022 \$
Balance – Beginning of period	10,000	20,000
Write-offs and recoveries	-	(10,000)
Balance – End of period	<u>10,000</u>	<u>10,000</u>

Windfall Geotek Inc.

Notes to the condensed interim consolidated financial statements

For the six months ended August 31, 2022 and August 31, 2021

(Unaudited - Expressed in Canadian Dollars)

6 MARKETABLE SECURITIES

Marketable securities

Marketable securities consist of equity securities of customers purchased by the Company and received as option payments by the Company and which it does not have control or significant influence over.

In 2020, the Company's service agreements ("SA") typically included a "Warranties and Covenants" clause whereby the customer warrants to the Company that the Company will participate in the next private placement of the customer with a minimum subscription amount equal to the price paid by the customer pursuant to the SA. During 2021, the nature of the SAs changed in that the Company is no longer acquiring shares of customers. In some instances, the customer has the option of making the second payment under the SA in cash or common shares.

Continuity table:

	May 31, 2022	February 28, 2022
	\$	\$
Balance – beginning of period	1,263,490	1,368,179
Purchases	190,000	170,000
Received as revenue	9,432	169,250
Unrealized gain (loss) on marketable securities	(531,828)	(443,939)
Balance – end of period	931,094	1,263,490

Windfall Geotek Inc.

Notes to the condensed interim consolidated financial statements

For the six months ended August 31, 2022 and August 31, 2021

(Unaudited - Expressed in Canadian Dollars)

6 MARKETABLE SECURITIES (continued)

As at August 31, 2022, the Company held the following marketable securities:

Company	Shares Held	Cost	Fair Value	Fair Value Increase/(Decrease)
Big Tree Carbon Inc (Formerly AurCrest Gold Inc) (6)	700,000	\$ 96,000	\$ 119,000	\$ 23,000
Blue Thunder Mining Inc.	1,250,000	50,000	12,500	(37,500)
Canadian Copper Inc (4)	37,728	9,432	4,905	(4,527)
BWR Exploration Inc. (1)	1,500,000	75,000	30,000	(45,000)
Power Nickel Inc. (Formerly Chilean Metals Inc.) (5)	1,400,000	140,000	140,000	-
Dios Exploration Inc (7)	1,000,000	91,250	40,000	(51,250)
Flow Metals Corp. (2)	110,000	115,000	3,850	(111,150)
Pacton Gold Inc. (3)	145,833	175,000	16,771	(158,229)
Platinex Inc	1,000,000	50,000	40,000	(10,000)
Playfair Mining Ltd.	2,000,000	100,000	120,000	20,000
Puma Exploration Inc. (4)	1,200,000	215,000	300,000	85,000
MacDonald Mines Exploration (8)	3,000,000	120,000	45,000	(75,000)
Quebec Precious Metals	562,553	123,762	59,068	(64,694)
		\$ 1,360,444	\$ 931,094	\$ (429,350)

- (1) 750,000 share purchase warrants exercisable at \$0.075 per share for two years and \$0.10 per share for the third year were also received.
- (2) The Company received 100,000 common shares pursuant to the Option Agreement. On June 22, 2020, the company's shares were listed for trading on the Canadian Securities Exchange and the Company received 500,000 common shares. An additional 500,000 common shares were received on the first anniversary of the Option Agreement (Note 9).
- (3) 1,458,333 share purchase warrants exercisable at \$0.18 per share for two years were also received. On June 9, 2020, a 10 for 1 share consolidation reduced the number of shares held to 145,833.
- (4) 7,000,000 common shares were purchased and a 10 for 1 share consolidation reduced the number of shares held to 700,000. On November 17, 2020, the Company sold 200,000 shares for an amount of \$44,232 resulting in a \$14,232 realized gain. On June 7, 2022, the Company paid Puma Exploration Inc ("PUMA") \$140,000 to exercise 700,000 share purchase warrants exercisable at \$0.20 per common share. On July 20, 2022, the Company received 37,728 common shares (\$9,432) of Canadian Copper Inc as a result of PUMA distributing shares of Canadian Copper Inc to its share holders. As a result, \$9,432 is included in operations as other revenue.
- (5) 1,400,000 half share purchase warrants, (700,000 full warrants) exercisable at \$0.15 per share until September 27, 2022 were also received.
- (6) The Company received 400,000 common shares (2021 – 300,000 common shares) from Big Tree Carbon Inc. (Formerly AurCrest Gold Inc.) from a CARDS agreement signed on August 31, 2020.

Windfall Geotek Inc.

Notes to the condensed interim consolidated financial statements

For the six months ended August 31, 2022 and August 31, 2021

(Unaudited - Expressed in Canadian Dollars)

6 MARKETABLE SECURITIES (continued)

(7) The Company received 250,000 share purchase warrants exercisable at \$0.10 per share that expire on August 12, 2026.

(8) The Company also received 1,500,000 share purchase warrant exercisable at \$0.07 per share that expire on November 9, 2023.

Pursuant to a CARDS agreement signed on June 22, 2020, for each target that Durango Resources Inc. ("Durango") stakes or options from another company, the Company will receive a 2% net smelter return royalty ("NSR"). Durango will have the option to acquire 1% of this NSR for \$1,000,000 anytime within five years of the economic discovery.

The Company received 200,000 options from BTU Metals Corp., exercisable at \$0.30 for 18 months from a CARDS agreement signed on July 5, 2020. During the year ended February 28, 2022, these options expired unexercised.

As at August 31, 2022, the Company held the following warrants on marketable securities:

Company	Number of purchase warrants held	Exercise price \$	Expiry Date
<u>Warrants</u>			
BWR Exploration Inc.	750,000	0.10	September 30, 2022
Blue Thunder Mining Inc.	1,250,000	0.07	December 29, 2024
Catalyst Mines Ltd	500,000	0.20	January 3, 2024
Power Nickel Inc. (Formerly Chilean Metals Inc.)	700,000	0.15	September 27, 2022
Platinex Inc	500,000	0.07	May 4, 2025
Dios Exploration Inc.	250,000	0.10	August 12, 2026
MacDonald Mines Exploration	1,500,000	0.07	November 9, 2023

Subscriptions Paid

The Company subscribed for 1,000,000 units of a private company, Catalyst Mines Inc. ("Catalyst"), at \$0.10 per unit for a total of cost of \$100,00. The units include a half-warrant with a full warrant exercisable into one common share of Catalyst for a period of two years from closing at an exercise price of \$0.20 per common share.

Windfall Geotek Inc.

Notes to the condensed interim consolidated financial statements

For the six months ended August 31, 2022 and August 31, 2021

(Unaudited - Expressed in Canadian Dollars)

7 OFFICE EQUIPMENT

	August 31, 2022 \$	February 28, 2022 \$
Cost:		
Balance – Beginning of year	33,548	29,746
Additions during the year	-	3,802
Balance – End of year	33,548	33,548
Accumulated depreciation:		
Balance – Beginning of year	(15,299)	(8,591)
Additions during the year	(3,354)	(6,708)
Balance – End of year	(18,653)	(15,299)
Net book value:		
Balance – Beginning of year	18,249	21,155
Decrease during the year	(3,354)	(2,906)
Balance – End of year	14,895	18,249

8 INTANGIBLE ASSET – CARDS

	August 31, 2022 \$	February 28, 2022 \$
Cost:		
Balance – Beginning and end of period	750,000	750,000
Accumulated depreciation:		
Balance – Beginning of period	(749,999)	(600,000)
Additions during the period	-	(149,999)
Balance – End of period	(749,999)	(749,999)
Net book value:		
Balance – Beginning of period	1	150,000
Decrease during the period	-	(149,999)
Balance – End of period	1	1

See Note 4.

Windfall Geotek Inc.

Notes to the condensed interim consolidated financial statements

For the six months ended August 31, 2022 and August 31, 2021

(Unaudited - Expressed in Canadian Dollars)

9 EXPLORATION AND EVALUATION ASSETS

Ashuanipi

On February 21, 2020, the Company entered into the Properties Option Agreement on the Ashuanipi Project (the "Option Agreement") with private company Flow Metals Corp. ("FM") pursuant to which FM was granted a sole and exclusive option to acquire a 100% undivided interest in the Company's rights, title and interest in and to the 115 claims comprising the Ashuanipi Gold Property. On April 21, 2020, the Company entered into an Amendment Agreement to the Option Agreement, whereby certain of the conditions were deleted and replaced.

On February 16, 2022, FM provided notice to the Company that it was returning the property and cancelling the Option Agreement.

During the year ended February 28, 2022, the Company received a \$30,000 cash payment from FM in connection with the Option Agreement and recognized a corresponding gain on disposal of mining assets.

During the year ended February 28, 2021, the Company received 1,100,000 common shares from FM in connection with the Option Agreement and recognized a gain on disposal of mining assets in the amount of \$115,000.

Windfall Geotek Inc.

Notes to the condensed interim consolidated financial statements

For the six months ended August 31, 2022 and August 31, 2021

(Unaudited - Expressed in Canadian Dollars)

9 EXPLORATION AND EVALUATION ASETS (continued)

Chapais

On September 30, 2021, the Company entered into a property option agreement (“Option Agreement 2”) with a private company (“GPR”), pursuant to which GPR was granted the option to earn up to an undivided 90% interest in and to the 36 claims comprising the Chapais project. In order for GPR to acquire an undivided 90% interest in the claims, it must:

- Pay \$100,000 in cash and issue 1,000,000 common shares to the Company within 90 days of the date of Option Agreement 2;
- Pay \$25,000 in cash and issue 200,000 common shares to the Company within 100 days of the date of Option Agreement 2;
- Pay \$250,000 in cash and issue that number of common shares to the Company such that the total number of common shares issued to the Company is equal to 20% of all of the issued and outstanding common shares of the resulting issuer (the “Participation Interest”) and incurring \$200,000 in work commitment expenditures (“WCE”, and as defined) on or before January 31, 2022 and upon completion of a going public transaction (as defined), whereafter GPR will have earned a 51% legal and beneficial interest in the claims;
- Incur \$200,000 in additional WCE on or before September 30, 2022, whereafter GPR will have earned a 75% legal and beneficial interest in the claims;
- Pay \$250,000 in cash on or before September 30, 2023; and
- Incur \$250,000 in additional WCE on or before December 31, 2023, whereafter GPR will have earned a 90% legal and beneficial interest in and to the claims.

GPR may, at its option, accelerate all payments of cash or issuance of common shares provided that accelerated WCE incurred by GPR will be carried over and credited to GPR only upon the next due date for WCE. IF GPR exercises the option, the Company is entitled to a 1% NSR. The Company has the right, at any time, to purchase an additional 1% NSR from GPR for \$500,000. Upon GPR completing the above-noted requirements, to acquire any interest in the property, whether 51%, 75% or 90%, GPR will be deemed to have exercised the applicable portion of the option in full and the Company will assign and transfer 90% of the claims to a wholly-owned subsidiary of GPR. Upon conclusion of the option period, the Company and GPR will negotiate and enter into a joint venture agreement regarding the development and exploitation of the property.

The Company is entitled to appoint or elect one nominee to the board of directors of GPR and/or the resulting issuer and the right, but not the obligation to participate in any issuance and sale of common shares, directly or indirectly, completed by the resulting issuer following the going public transaction to maintain its Participation Interest in the resulting issuer. GPR has the right to terminate Option Agreement 2 at any time without any further obligation to the Company and any payments made will be retained by the Company. This transaction is subject to Exchange approval.

Windfall Geotek Inc.

Notes to the condensed interim consolidated financial statements

For the six months ended August 31, 2022 and August 31, 2021

(Unaudited - Expressed in Canadian Dollars)

9 EXPLORATION AND EVALUATION ASSETS (continued)

During the year ended February 28, 2022, the Company invested \$10,000 in common shares of GPR. GPR has not met the obligations of Option Agreement 2 and has been unresponsive. As a result, the Company wrote off the \$10,000 during the year ended February 28, 2022. It is uncertain whether the terms of the property option agreement will be fulfilled.

Corallen Lake

On July 16, 2021, the Company entered into a property option agreement ("Option Agreement 3") with Golden Eye Resources Corp. ("GER"), pursuant to which GER was granted the option to earn up to an undivided 95% interest in the 348 claims comprising the Corallen Lake property. In order for GER to acquire an undivided 95% interest in the claims, it must:

- Pay \$250,000 in cash and issue 3,000,000 common shares to the Company within 30 days following receipt of approval from the Exchange;
- On or before December 31, 2021, incurring two hundred thousand dollars (\$200,000) in WCE whereafter the optionee shall have earned 25% legal interest in the property;
- On or before December 31, 2022, entering into a master services agreement ("MSA") with the Company to provide services for artificial intelligence for \$150,000 pursuant to the MSA and incurring an additional \$300,000 in WCE whereafter the optionee shall have earned in total, 50% legal interest in the property;
- On or before December 31, 2023, hiring the Company to provide services for artificial intelligence for \$150,000 pursuant to the MSA and incurring an additional \$400,000 in WCE whereafter the optionee shall have earned in total, 75% legal interest in the property; and
- On or before December 31, 2024, pay \$150,000 in cash for the Company to provide services for artificial intelligence and incurring an additional \$450,000 in WCE whereafter the optionee shall have earned in total, 95% legal interest in the property.

Upon exercise of the option, the Company shall become entitled to a 2% NSR.

Upon conclusion of the option period, the Company and GPR will negotiate and enter into a joint venture agreement regarding the development and exploitation of the property.

In the event GER acquires, by way of an asset purchase, joint-venture, option any or any right to acquire any part of the area of interest, as defined in the Option Agreement 3, the Company shall become entitled to a 0.5% NSR on such area of interest.

GER has not met the obligations of the property option agreement and has been unresponsive. It is uncertain whether the terms of the property option agreement will be fulfilled.

Windfall Geotek Inc.

Notes to the condensed interim consolidated financial statements

For the six months ended August 31, 2022 and August 31, 2021

(Unaudited - Expressed in Canadian Dollars)

9 EXPLORATION AND EVALUATION ASSETS (continued)

Marshall Lake

On March 17, 2022, the Company entered into a property option agreement with a private Canadian company ("Private-Co"), pursuant to which Private-Co was granted the option to earn up to an undivided 90% interest in the 20 claims comprising the Marshall Lake property. In order for Private-Co to acquire an undivided 90% interest in the claims, it must:

- Pay \$10,000 (received) in cash to the Company and incur \$75,000 in WCE within 30 days following the effective date of the option agreement whereafter the optionee shall have earned 20% legal interest in the property;
- On or before March 17, 2023, pay \$10,000 in cash to the Company and incur an additional \$100,000 in WCE whereafter the optionee shall have earned 40% legal interest in the property; and
- On or before March 17, 2024, pay \$10,000 in cash to the Company and incur an additional \$150,000 in WCE whereafter the optionee shall have earned 90% legal interest in the property.

Upon exercise of the option, the Company shall become entitled to a 2% NSR.

Upon conclusion of the option period, the Company and Private-Co will negotiate and enter into a joint venture agreement regarding the development and exploitation of the property.

Ring of Fire, Northern Ontario

On March 18, 2022, the Company sold 880 claims in northern Ontario for total proceeds of \$300,000 cash (received) plus a 2% NSR. The purchaser can buy back 1% of the NSR for \$1,000,000.

Windfall Geotek Inc.

Notes to the condensed interim consolidated financial statements

For the six months ended August 31, 2022 and August 31, 2021

(Unaudited - Expressed in Canadian Dollars)

9 EXPLORATION AND EVALUATION ASSETS (continued)

Ontario Claims 1

On August 17, 2022, the Company entered into a property option agreement with a private Canadian company ("the Optionee"), pursuant to which the Optionee was granted the option to earn up to a 100% interest in 1,366 claims in the province of Ontario. In order for the Optionee to acquire a 100% interest in the claims, it must:

- a) The Optionee shall complete the \$3,000,000 of Work Commitment Expenditures as follows:
 - i) \$600,000 by the earlier of: (a) 12 months from the effective date of the agreement (the "Proposed Listing Date"), and (b) the 1st year anniversary of The Optionee's shares being listed on the TSX Venture Exchange (the "IPO Date");
 - ii) an additional \$700,000 by the earlier of the 2nd year anniversary of: (a) the Proposed Listing Date, and (b) the IPO Date;
 - iii) an additional \$800,000 by the earlier of the 3rd year anniversary of: (a) the Proposed Listing Date, and (b) the IPO Date; and
 - iv) an additional \$900,000 by the earlier of the 4th year anniversary of: (a) the Proposed Listing Date, and (b) the 4th year anniversary of the IPO Date.

- b) The Optionee shall pay the the Company the \$940,000 cash payments in the following amounts:
 - i) \$23,000 within 30 days of signing the agreement
 - ii) an additional \$46,000 by the earlier of: (a) the Proposed Listing Date, and (b) the IPO Date;
 - iii) an additional \$46,000 by the earlier of four months following: (a) the Proposed Listing Date, and (b) the IPO Date;
 - iv) an additional \$175,000 by the earlier of the 1st year anniversary of: (a) the Proposed Listing Date, and (b) the IPO Date;
 - v) an additional \$250,000 by the 2nd year anniversary of the IPO Date; and
 - vi) an additional \$400,000 by the 3rd year anniversary of the IPO Date.

- c) The Optionee shall issue a total of 1,750,000 common shares of the Optionee to the Company in the following amounts:
 - i) 250,000 shares on or before the earlier of: (a) the Proposed Listing Date and
 - ii) (b) the IPO Date;
 - iii) an additional 350,000 shares on or before the earlier of the 1st year anniversary of: (a) the Proposed Listing Date or (b) the IPO Date;
 - iv) an additional 500,000 shares by the 2nd year anniversary of the IPO Date; and
 - v) an additional 650,000 shares by the 3rd year anniversary of the IPO Date.

All Work Commitment Expenditures are considered minimum annual expenditure amounts to be completed within the required expenditure requirement date and any excess exploration expenditures in any period shall be carried over to any future period. The Optionee may within 10 days following the expiry of any expenditure requirement date pay any deficiency in required Work Commitment Expenditures in cash to the Company in lieu of incurring such expenditures.

Windfall Geotek Inc.

Notes to the condensed interim consolidated financial statements

For the six months ended August 31, 2022 and August 31, 2021

(Unaudited - Expressed in Canadian Dollars)

9 EXPLORATION AND EVALUATION ASETS (continued)

Ontario Claims 1 (continued)

The Optionee may, at its option, accelerate its right to earn 100% of the property by completing all of the requirements as follows:

- Completing \$1,400,000 in Work Commitment Expenditures or making cash payments to the Company in lieu of any such Work Commitment Expenditures;
- Issuing 900,000 common shares of The Optionee to the Company; and
- Paying \$425,000 cumulative cash in total to the Company.

Upon exercise of the option, the Company shall become entitled to a 2% NSR. The Optionee shall have the right to purchase a portion of the Royalty from the Company as follows:

- 0.5% of the Royalty for \$500,000 within 6 months of completing and filing a Preliminary Economic Assessment on SEDAR; and
- 0.5% of the Royalty for \$1,000,000 within 10 years of filing a Preliminary Economic Assessment on SEDAR.

Ontario Claims 2

On August 17, 2022, the Company entered into a property option agreement with the Optionee, pursuant to which the Optionee was granted the option to earn up to a 100% interest in 425 claims in the province of Ontario. In order for the Optionee to acquire a 100% interest in the claims, it must:

- a) The Optionee shall complete the following Work Commitment Expenditures:
 - i) \$200,000 by the earlier of: (a) 12 months from the effective date of the agreement (the "Proposed Listing Date"), and (b) the 1st year anniversary of The Optionee's shares being listed on the TSX Venture Exchange (the "IPO Date");
 - ii) an additional \$250,000 by the earlier of the 2nd year anniversary of: (a) the Proposed Listing Date, and (b) the IPO Date;
 - iii) an additional \$300,000 by the earlier of the 3rd year anniversary of: (a) the Proposed Listing Date, and (b) the IPO Date; and
 - iv) an additional \$350,000 by the earlier of the 4th year anniversary of: (a) the Proposed Listing Date, and (b) the 4th year anniversary of the IPO Date.
- b) The Optionee shall pay the Company the following cash payments:
 - i) \$10,000 within 30 days of signing the agreement
 - ii) an additional \$20,000 by the earlier of: (a) the Proposed Listing Date, and (b) the IPO Date;
 - iii) an additional \$20,000 by the earlier of four months following: (a) the Proposed Listing Date, and (b) the IPO Date;
 - iv) an additional \$75,000 by the earlier of the 1st year anniversary of: (a) the Proposed Listing Date, and (b) the IPO Date;
 - v) an additional \$100,000 by the 2nd year anniversary of the IPO Date; and
 - vi) an additional \$200,000 by the 3rd year anniversary of the IPO Date.

Windfall Geotek Inc.

Notes to the condensed interim consolidated financial statements

For the six months ended August 31, 2022 and August 31, 2021

(Unaudited - Expressed in Canadian Dollars)

9 EXPLORATION AND EVALUATION ASSETS (continued)

Ontario Claims 2 (Continued)

- c) The Optionee shall issue common shares of the Optionee to the Company in the following amounts:
- i) 60,000 shares on or before the earlier of: (a) the Proposed Listing Date and (b) the IPO Date;
 - ii) an additional 40,000 shares on or before the earlier of four months following: (a) the Proposed Listing Date, and (b) the IPO Date;
 - iii) an additional 150,000 shares on or before the earlier of the 1st year anniversary of: (a) the Proposed Listing Date or (b) the IPO Date;
 - iv) an additional 250,000 shares by the 2nd year anniversary of the IPO Date; and
 - v) an additional 400,000 shares by the 3rd year anniversary of the IPO Date.

All Work Commitment Expenditures are considered minimum annual expenditure amounts to be completed within the required expenditure requirement date and any excess exploration expenditures in any period shall be carried over to any future period. The Optionee may within 10 days following the expiry of any expenditure requirement date pay any deficiency in required Work Commitment Expenditures in cash to the Company in lieu of incurring such expenditures.

The Optionee may, at its option, accelerate its right to earn 100% of the property by completing all of the requirements as follows:

- Completing \$1,400,000 in Work Commitment Expenditures or making cash payments to the Company in lieu of any such Work Commitment Expenditures;
- Issuing 900,000 common shares of The Optionee to the Company; and
- Paying \$425,000 cumulative cash in total to the Company.

Upon exercise of the option, the Company shall become entitled to a 2% NSR. The Optionee shall have the right to purchase a portion of the Royalty from the Company as follows:

- 0.5% of the Royalty for \$500,000 within 6 months of completing and filing a Preliminary Economic Assessment on SEDAR; and
- 0.5% of the Royalty for \$1,000,000 within 10 years of filing a Preliminary Economic Assessment on SEDAR.

Windfall Geotek Inc.

Notes to the condensed interim consolidated financial statements

For the six months ended August 31, 2022 and August 31, 2021

(Unaudited - Expressed in Canadian Dollars)

9 EXPLORATION AND EVALUATION ASETS (continued)

Ontario properties

At August 31, 2022, the Company owns a total of 5,802 claims (February 28, 2022 - 5,240 claims) in the province of Ontario.

Quebec properties

At August 31, 2022, the Company owns a total of 1,314 claims (February 28, 2022 – 1,078 claims) in the province of Quebec.

New Brunswick properties

At August 31, 2022, the Company owns a total of 11 claims (February 28, 2022 - 11 claims) in the province of New Brunswick.

Exploration and Evaluation Expenditures

During the six months ended August 31, 2022 and 2021, the Company incurred the following expenses relating to its mineral claims:

	Three months August, 31 2022	Three months August, 31 2021	Six months August, 31 2022	Six months August, 31 2021
Claim staking	\$ -	\$ 202,438	\$ 20,192	\$ 202,438
Geological consulting	20,520	16,848	53,483	105,339
Geophysics	-	120,000	-	220,000
	<u>\$ 20,520</u>	<u>\$ 339,286</u>	<u>\$ 73,675</u>	<u>\$ 527,777</u>

Windfall Geotek Inc.

Notes to the condensed interim consolidated financial statements

For the six months ended August 31, 2022 and August 31, 2021

(Unaudited - Expressed in Canadian Dollars)

10 ACCOUNTS PAYABLE and ACCRUED LIABILITIES

	August 31, 2022 \$	February 28, 2022 \$
Accounts payable (Note 16)	101,046	52,158
Accrued liabilities (Note 16)	10,000	79,167
	<u>111,046</u>	<u>131,325</u>

11 CONTRACT LIABILITIES

	August 31, 2022 \$	February 29, 2022 \$
Balance – Beginning of year	-	79,000
Payments for revenue prior to performance obligation	-	-
Recognized as revenue	-	(79,000)
Balance – End of year	<u>-</u>	<u>-</u>

12 CEBA LOAN

On April 27, 2020, the Company received, through the Bank of Montreal, a \$40,000 loan (“Principal”). During the initial term expiring on December 31, 2023, the Company is not required to repay any portion of the loan and no interest will be paid. The loan can be repaid at any time without penalty. If the Company repays at least 75% of the loan on or before December 31, 2023, the remaining balance of the loan will be forgiven (“Early Repayment Forgiveness”). During the extended term starting January 1, 2023 and expiring on December 31, 2025, the Company will pay interest at the rate of 5% on a monthly basis. In the event there is no Early Repayment Forgiveness, the Principal must be repaid in full on December 31, 2025. Commencing January 15, 2021, the Company began repaying the CEBA loan. During the six months ended August 31, 2022, the Company recognized a gain on CEBA loan of \$10,000 relating to the amount of the Early Payment Forgiveness.

Windfall Geotek Inc.

Notes to the condensed interim consolidated financial statements

For the six months ended August 31, 2022 and August 31, 2021

(Unaudited - Expressed in Canadian Dollars)

13 SHARE CAPITAL AND WARRANTS

a) Share issuance

There were no share issuances during the six months ended August 31, 2022.

Fiscal 2022

- (i) On March 17, 2021, the Company completed a non-brokered private placement by issuing 10,000,080 units of the Company for gross proceeds of \$3,500,000. Each unit consists of (i) one common share at a price of \$0.35 per common share and (ii) one common share purchase warrant. Each warrant entitles the holder thereof to acquire one additional common share in the capital of the Company at a price of \$0.50 per common share for a period of 24 months expiring on March 17, 2023.

In connection with the private placement, the Company paid total cash issuance costs of \$37,554.

The 10,000,080 warrants issued in connection with this private placement have been recorded at a value of \$1,408,398 based on the proportional method using the Black Scholes pricing model, using the following assumptions: share price of \$0.38, an average exercise price of \$0.50, risk free interest rate of 0.27%, expected life of warrants of 2 years, annualized volatility rate of 150% and a dividend rate of 0%.

b) Warrants Exercised

- i. During the six months ended August 31, 2022, 900,000 warrants with an exercise price of \$0.07 were exercised for total proceeds of \$63,000. As a result, \$18,794 was allocated to share capital from warrant reserve.

Fiscal 2022

- i. On January 19, 2022, 8,400,000 warrants were exercised at \$0.07 for gross proceeds of \$588,000. As a result, \$180,053 was allocated to share capital from warrant reserve.
- ii. On June 25, 2021, 100,000 warrants were exercised at \$0.08 for gross proceeds of \$8,000. As a result, \$2,618 was allocated to share capital from warrant reserve.
- iii. On August 19, 2021, 200,000 warrants were exercised at \$0.08 for gross proceeds of \$16,000. As a result, \$5,236 was allocated to share capital from warrant reserve.
- iv. On May 28, 2021, 1,600,000 warrants were exercised at \$0.08 for gross proceeds of \$128,000. As a result, \$41,887 was allocated to share capital from warrant reserve.
- v. On March 11, 2021, 40,000 warrants were exercised at \$0.07 for gross proceeds of \$2,800. As a result, \$835 was allocated to share capital from warrant reserve.
- vi. On March 11, 2021, 1,240,000 warrants were exercised at \$0.05 for gross proceeds of \$62,000. As a result, \$27,297 was allocated to share capital from warrant reserve.
- vii. On March 11, 2021, 300,000 warrants were exercised at \$0.07 for gross proceeds of \$21,000. As a result, \$6,265 was allocated to share capital from warrant reserve.

Windfall Geotek Inc.

Notes to the condensed interim consolidated financial statements

For the six months ended August 31, 2022 and August 31, 2021

(Unaudited - Expressed in Canadian Dollars)

13 SHARE CAPITAL AND WARRANTS (continued)

c) Changes in Company warrants are as follows:

	Number of warrants	Weighted average exercise price
Balance, February 28, 2021	26,162,847	\$ 0.07
Exercised	(11,880,000)	0.07
Issued	10,000,080	0.50
Balance, February 28, 2022	24,282,927	\$ 0.25
Exercised	(900,000)	0.07
Expired	(3,750,000)	0.07
Issued	-	-
Balance, August 31, 2022	19,632,927	\$ 0.25

The weighted average contractual life of all warrants outstanding as at August 31, 2022, is 1.65 years (February 28, 2022 – 2.15 years).

The number of outstanding warrants which could be exercised for an equivalent number of common shares is as follows:

Number of warrants	Exercise price \$	Expiry Date
1,536,180	0.095	April 11, 2024
8,096,667	0.08	January 20, 2023
10,000,080	0.50	March 17, 2023
19,632,927		

Windfall Geotek Inc.

Notes to the condensed interim consolidated financial statements

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(Unaudited - Expressed in Canadian Dollars)

14 SHARE-BASED PAYMENTS

The Company has a stock option plan whereby the Board of Directors may grant to directors, officers or consultants of the Company options to acquire common shares. The Board of Directors has the authority to determine the terms and conditions of the grant of options. The Board of Directors approved a “rolling” stock option plan (the “Plan”) reserving a maximum of 10% of the shares of the Company at the time of the stock option grant, with a vesting period allowed of zero up to 18 months, when the grant of option is made at market price, for the benefit of its directors, officers, employees and consultants. The Plan provides that no single person may hold options representing more than 5% of the outstanding common shares. The number of stock options granted to a beneficiary and the vesting period are determined by the Board of Directors.

The exercise price of any option granted under the Plan is fixed by the Board of Directors at the time of the grant and cannot be less than the market price per common share the day before the grant. The term of an option will not exceed five years from the date of grant. Options are not transferable and can be exercised while the beneficiary remains a director, an officer, an employee or consultant of the Company and between three and 12 months after the beneficiary has left.

The changes to the number of stock options granted by the Company and their weighted average exercise price are as follows:

	August 31, 2022		February 28, 2022	
	Number	Weighted average exercise price \$	Number	Weighted average exercise price \$
Stock options				
Balance – Beginning of period	7,762,500	0.10	4,150,000	0.08
Granted	1,655,000	0.075	5,300,000	0.29
Exercised	-	-	(750,000)	0.07
Expired	(1,250,000)	0.10	-	-
Balance – End of period	9,105,000	0.10	8,700,000	0.10
Options exercisable – End of period	8,265,000	0.10	7,762,500	0.10

Windfall Geotek Inc.

Notes to the condensed interim consolidated financial statements

For the six months ended August 31, 2022 and August 31, 2021

(Unaudited - Expressed in Canadian Dollars)

14 SHARE-BASED PAYMENTS (continued)

As at August 31, 2022, the Company had the following stock options outstanding:

Expiry date	Exercise price \$	Options granted	Number of options exercisable	Remaining contracts life (years)
January 31, 2023	0.10	200,000	200,000	0.41
September 18, 2023	0.05	800,000	800,000	1.04
November 25, 2024	0.07	50,000	50,000	2.21
July 7, 2025	0.09	1,300,000	1,300,000	2.81
March 23, 2026	0.10	2,500,000	2,500,000	3.52
March 29, 2026	0.10	1,100,000	1,100,000	3.53
April 20, 2026	0.42	200,000	200,000	3.59
May 11, 2026	0.30	105,000	35,000	3.65
October 8, 2026	0.165	45,000	-	4.25
December 22, 2026	0.095	900,000	300,000	4.25
February 1, 2027	0.085	250,000	125,000	4.36
October 4, 2022	0.075	1,655,000	1,655,000	5.00
		<u>9,105,000</u>	<u>8,265,000</u>	<u>3.50</u>

a) Options Granted

Six months ended August 31, 2022

- (i) On May 11, 2022, the Company approved the issuance of 1,655,000 options to certain Directors, consultants and employees. The options are exercisable for five years at an exercise price of \$0.075 per option and vested 100% on the date of grant. As a result, \$117,206 has been recognized as share-based compensation in the consolidated statement of operations.
- (ii) During the six months ended August 31, 2022, \$37,835 has been recognized as share-based compensation in the consolidated statement of operations relating to the vesting of previously grant options.

Windfall Geotek Inc.

Notes to the condensed interim consolidated financial statements

For the six months ended August 31, 2022 and August 31, 2021

(Unaudited - Expressed in Canadian Dollars)

14 SHARE-BASED PAYMENTS (continued)

Fiscal 2022

- (iii) On March 23, 2021, the Company granted 2,500,000 options to the Chief Technical Officer (“CTO”). The options are exercisable for five years at an exercise price of \$0.365 per option. These options were subsequently repriced to \$0.10 per option. The options vest in four equal tranches with 25% vesting on March 23rd and 25% on each of June 30, 2021, September 30, 2021 and December 31, 2021. As a result, \$817,677 has been recognized as share-based compensation in the consolidated statement of operations.
- (iv) On March 29, 2021, the Company granted 1,300,000 options to Officers and employees. The options are exercisable for five years at an exercise price of \$0.295 per option. These options were subsequently repriced to \$0.10 per option. As a result, \$348,423 has been recognized as share-based compensation in the consolidated statement of operations.
- (v) On April 20, 2021, the Company granted 200,000 options to a consultant. The options are exercisable for five years at an exercise price of \$0.42 per option. As a result, \$75,778 has been recognized as share-based compensation in the consolidated statement of operations.
- (vi) On May 11, 2021, the Company granted 105,000 options to employees. The options are exercisable for five years at an exercise price of \$0.30 per option. The options vest in three equal tranches with one-third vesting on each of the first, second and third year of employment. As a result, \$20,750 has been recognized as share-based compensation in the consolidated statement of operations.
- (vii) On October 8, 2021, the Company granted 45,000 options to an employee. The options are exercisable for five years at an exercise price of \$0.165 per option. The options vest in three equal tranches with one-third vesting on each of the first, second and third year of employment. As a result, \$1,572 has been recognized as share-based compensation in the consolidated statement of operations.
- (viii) On December 17, 2021, the Company repriced 2,500,000 options from \$0.365 to \$0.10 and 1,300,000 from \$0.295 to \$0.10.
- (ix) On December 22, 2021, the Company granted 900,000 options to a director. The options are exercisable for five years at an exercise price of \$0.095 per option. The options vest in three equal tranches with one-third vesting on the grant date and one-third vesting on each of the second and third year anniversaries. As a result, \$37,599 has been recognized as share-based compensation in the consolidated statement of operations.
- (x) On February 1, 2022, the Company granted 250,000 options to an officer. The options are exercisable for five years at an exercise price of \$0.085 per option. The options vest in four equal tranches with one-quarter vesting on the grant date and one-quarter vesting every six months from the date of grant. As a result, \$7,098 has been recognized as share-based compensation in the consolidated statement of operations.

Windfall Geotek Inc.

Notes to the condensed interim consolidated financial statements

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(Unaudited - Expressed in Canadian Dollars)

14 SHARE-BASED PAYMENTS (continued)

b) Options exercised

Six months ended May 31, 2022

There were no options exercised during the six months ended August 31, 2022.

Fiscal 2022

- (i) On March 9, 2021, 100,000 stock options were exercised at a price of \$0.09 per share for gross proceeds of \$9,000. An amount of \$8,300 representing the fair value allocated at the date of issue for the options was reclassified from the contributed surplus reserve to share capital.
- (ii) On April 12, 2021, 400,000 stock options were exercised at a price of \$0.07 per share for gross proceeds of \$28,000. An amount of \$26,343 representing the fair value allocated at the date of issue for the options was reclassified from the contributed surplus reserve to share capital.
- (iii) On April 16, 2021, 50,000 stock options were exercised at an average price of \$0.07 per share for gross proceeds of \$3,500. An amount of \$3,328 representing the fair value allocated at the date of issue for the options was reclassified from the contributed surplus reserve to share capital.
- (iv) On October 18, 2021, 200,000 stock options were exercised at an average price of \$0.07 per share for gross proceeds of \$14,000. An amount of \$13,171 representing the fair value allocated at the date of issue for the options was reclassified from the contributed surplus reserve to share capital.

Windfall Geotek Inc.

Notes to the condensed interim consolidated financial statements

For the six months ended August 31, 2022 and August 31, 2021

(Unaudited - Expressed in Canadian Dollars)

14 SHARE-BASED PAYMENTS (continued)

During the six months ended August 31, 2022 and year ended February 28, 2022, the following assumptions were used in valuing share purchase options granted:

Grant Date	May 11 2022	February 1 2022	December 22 2021	October 8 2021
Number of options	1,655,000	250,000	900,000	45,000
Exercise price	\$0.075	\$0.085	\$0.095	\$0.165
Risk free interest	2.78%	1.57%	1.19%	1.37%
Expected volatility	136.43%	138.11%	138.49%	139.22%
Expected life (years)	5	5	5	5
Estimated fair value per option	\$0.071	\$0.089	\$0.098	\$0.146
Estimated fair value	\$117,206	\$22,309	\$88,161	\$6,567
Forfeiture rate	0.00%	0.00%	0.00%	0.00%

Grant Date	May 11 2021	April 20 2021	March 29 2021	March 23 2021
Number of options	105,000	200,000	1,300,000	2,500,000
Exercise price	\$0.30	\$0.42	\$0.295	\$0.365
Risk free interest	0.73%	0.73%	0.74%	0.73%
Expected volatility	145.04%	147.25%	150.17%	150.47%
Expected life (years)	5	2	5	5
Estimated fair value per option	\$0.269	\$0.379	\$0.268	\$0.327
Estimated fair value	\$28,256	\$75,778	\$348,423	\$817,678
Forfeiture rate	0.00%	0.00%	0.00%	0.00%

The underlying expected volatility was determined by reference to historical data of the Company's shares on the Exchange over the expected average life of the options. No special features inherent in the options granted were incorporated into measurement of fair value.

Windfall Geotek Inc.

Notes to the condensed interim consolidated financial statements

For the six months ended August 31, 2022 and August 31, 2021

(Unaudited - Expressed in Canadian Dollars)

15 GENERAL AND ADMINISTRATION

	Three months August, 31 2022	Three months August, 31 2021	Six months August, 31 2022	Six months August, 31 2021
Consulting fees and salaries (Note 16)	\$ 265,667	\$ 227,201	\$ 594,086	\$ 487,543
Travel and promotion	4,480	366,069	37,397	1,205,110
Shareholder information	22,528	31,474	45,813	40,329
Professional fees	16,146	51,839	19,514	106,081
General & Administration	16,447	49,016	37,454	114,780
	\$ 325,268	\$ 725,599	\$ 734,264	\$ 1,953,843

16 RELATED PARTY TRANSACTIONS

Related party transactions are recorded at the exchange amount as agreed by the parties. Related party transactions not otherwise disclosed in the financial statements are:

	Three months August, 31 2022	Three months August, 31 2021	Six months August, 31 2022	Six months August, 31 2021
Consulting fees	\$ 45,000	\$ 46,500	\$ 90,000	\$ 93,000
Comissions	-	-	-	13,300
Salaries and benefits	51,154	47,500	145,000	92,692
Share-based compensation	17,257	227,099	119,498	933,857
	\$ 113,411	\$ 321,099	\$ 354,498	\$ 1,132,849

Due to/from related parties

As at August 31, 2022, the amount due to related parties is \$Nil (2021 - \$Nil) and the amount due from related parties is \$Nil (2021 - \$Nil).

Windfall Geotek Inc.

Notes to the condensed interim consolidated financial statements

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17 SEGMENT INFORMATION

The Company has determined that it operates in two segments, being acquisition, exploration and development of mineral properties for economically recoverable reserves in Canada and providing services using CARDS.

18 MANAGEMENT OF CAPITAL

The Company's objectives when managing capital are to safeguard its ability to pursue its objectives. The Company measures its capital as its shareholders' equity. The Company's primary source of capital is the issuance of equity.

The Company manages and adjusts its capital structure whenever changes in economic conditions occur. To maintain or adjust the capital structure, the Company may seek additional funding.

The Company may require additional funding to meet its administrative overhead expenses in the long term. The Company believes it will be able to raise capital as required but recognizes there will be risks involved that may be beyond its control.

The Company expects its current capital resources will be sufficient to carry out its exploration plans and operations through at least the next twelve months. There are no external restrictions on the Company's capital.

Windfall Geotek Inc.

Notes to the condensed interim consolidated financial statements

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(Unaudited - Expressed in Canadian Dollars)

19 FINANCIAL INSTRUMENTS AND MANAGEMENT OF FINANCIAL RISK

Measurement categories

Financial assets and liabilities have been classified into categories that determine their basis of measurement and, for items measured at fair value, whether changes in fair value are recognized in the consolidated statement of operations. For assets, those categories are amortized cost, FVTPL and FVTOCI and, for liabilities, amortized cost and FVTPL.

The following table shows the carrying values of assets and liabilities for each of these categories:

Financial instruments	August 31, 2022 \$	February 28, 2022 \$
Assets – Amortized cost		
Cash	1,414,936	1,873,426
Amounts receivable (except GST/QST)	320,616	2,500
	<u>1,735,552</u>	<u>1,875,926</u>
Assets – FVTPL		
Marketable securities	1,031,094	1,363,490
	<u>2,766,646</u>	<u>3,239,416</u>
Liabilities – Amortized cost		
Accounts payable and accrued liabilities	111,046	131,325
CEBA loan	-	10,000
	<u>111,046</u>	<u>141,325</u>

As at August 31, 2022, the carrying values of cash, accounts receivable (except GST/QST), accounts payable and accrued liabilities and CEBA loan approximate their fair value due to their relative short maturities.

Fair value hierarchy

The following table classifies financial assets and liabilities that are recognized at fair value in a hierarchy that is based on the significance of the inputs used in making the measurements. The levels in the hierarchy are:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities and CEBA loan. As at August 31, 2022 and February 28, 2022, marketable securities were categorized as level 1.

Level 2: Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly or indirectly. As at August 31, 2022 and February 28, 2022, no financial assets and liabilities were categorized as level 2.

Level 3: Inputs for the assets or liabilities that are not based on observable market data. As at August 31, 2022 and February 28, 2022, no financial assets and liabilities were categorized as level 3.

Windfall Geotek Inc.

Notes to the condensed interim consolidated financial statements

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(Unaudited - Expressed in Canadian Dollars)

19 FINANCIAL INSTRUMENTS AND MANAGEMENT OF FINANCIAL RISK (continued)

The Company's is exposed to credit risk, liquidity risk and market risk. The Company's overall risk management program seeks to minimize potential adverse effects on the Company's financial performance.

i) Credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. The Company is subject to concentrations of credit risk through cash and amounts receivable (except GST/QST). The Company reduces its credit risk by maintaining part of its cash in financial instruments held with a Canadian chartered bank.

The Company's management considers that financial assets that are not impaired or past due for each of the reporting dates under review are of good credit quality. None of the Company's financial assets are secured by collateral or other credit enhancements.

ii) Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet the obligations associated with its financial liabilities. Management estimates that the funds as at August 31, 2022 will be sufficient to meet the Company's obligations and budgeted expenditures for the next twelve months. Any additional funding may be met in the future in a number of ways, including but not limited to, the issuance of new equity instruments. Cash flow forecasting is performed by the Company which monitors rolling forecasts of the Company's liquidity requirements to ensure it has sufficient cash to meet operational needs at all times. Surplus cash over and above balances required for working capital management are invested in interest bearing short-term deposits with a maturity within months, which are selected with appropriate maturities or sufficient liquidity to provide sufficient head-room as determined by the above-mentioned forecasts.

iii) Market risk

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

a) Foreign currency risk

The Company's functional and reporting currency is the Canadian dollar and major purchases are transacted in Canadian dollars. The Company is therefore not exposed to fluctuations in the value of assets and liabilities as they are denominated in Canadian dollars.

b) Equity price risk

Equity price risk is defined as the potential adverse impact on the Company's earnings due to movements in individual equity prices or general movements in the level of the stock market.

As at August 31, 2022, the Company holds shares of publicly listed companies (Note 6). The Company is exposed to market risk from unfavourable or favourable market conditions.

Windfall Geotek Inc.

Notes to the condensed interim consolidated financial statements

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20 EVENTS AFTER THE REPORTING PERIOD

There were no events subsequent to August 31, 2022.