CONSOLIDATED FINANCIAL STATEMENTS

Years Ended

December 31, 2021 and 2020

(Expressed in Canadian Dollars)

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of
Supernova Metals Corp.

Opinion

We have audited the accompanying consolidated financial statements of Supernova Metals Corp. (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, changes in shareholders' equity, and cash flows for the years then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

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

Basis for Opinion

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

Material Uncertainty Related to Going Concern

We draw attention to Note 1 of the consolidated financial statements, which indicates that the Company's working capital is insufficient to support ongoing operations and the Company has incurred ongoing losses and will require additional funding to continue operations for the upcoming year. As stated in Note 1, the above conditions may 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 obtained at the date of this auditor's report includes 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 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 to cease operations, or has no realistic alternative but to do so.

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

Auditor's Responsibilities for the Audit of the 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 the 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 judgment 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 risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the 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.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

The engagement partner on the audit resulting in this independent auditor's report is Guy Thomas.

Davidson & Company LLP

Vancouver, Canada Chartered Professional Accountants

April 22, 2022

Supernova Metals Corp.

Consolidated Statements of Financial Position

(Expressed in Canadian Dollars)

	December 31, 2021	December 31, 2020
	($)	($)
ASSETS		
Current assets		
Cash	105,899	527,607
Prepaid expenses	1,667	7,034
Receivables (Note 4)	8,473	114,894
Short-term investment (Note 5)	22,500	-
	138,539	649,535
Exploration and evaluation assets (Notes 7 and 12)	652,009	250,149
Oil properties (Notes 8 and 17)	-	35,820
Reclamation bond (Note 6)	11,106	39,461
	801,654	974,965
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities		
Accounts payable and accrued liabilities (Notes 9 and 12)	124,024	159,272
Asset retirement obligation (Note 11)	-	72,600
Notes payable (Note 10)	60,000	60,000
	184,024	291,872
Shareholders' equity		
Share capital (Note 13)	6,971,873	6,186,276
Reserves (Note 13)	602,547	462,019
Deficit	(6,956,790)	(5,965,202)
	617,630	683,093
	801,654	974,965

Nature of Operations and Going Concern (Note 1)
Subsequent Events (Note 20)

On behalf of the Board:

"Ken Brophy"
Ken Brophy - Director

"Sean McGrath"
Sean McGrath - Director

See accompanying notes to the consolidated financial statements

Supernova Metals Corp.

Consolidated Statements of Loss and Comprehensive Loss

(Expressed in Canadian Dollars)

	Year Ended December 31, 2021	Year Ended December 31, 2020
	($)	**($)**
Expenses		
Consulting fees (Note 12)	240,168	221,325
Director fees (Note 12)	-	40,000
General and administrative	38,806	48,234
Management fees (Note12)	102,000	20,000
Professional fees (Note 12)	134,655	160,044
Share-based payments (Notes 12 and 13)	150,000	60,601
Transfer agent and filing fees	35,238	45,268
	(700,867)	(595,472)
Finance expense	(5,747)	(2,089)
Impairment of exploration and evaluation assets (Note 7)	(387,406)	(984,892)
Interest and other income	61,999	396
Unrealized loss on short-term investments (Note 5)	(25,000)	-
	(356,154)	(986,585)
Loss from continuing operations	(1,057,021)	(1,582,057)
Gain on disposal of oil properties (Notes 8 and 17)	47,663	-
Income from discontinued operations (Note 17)	17,770	5,892
Loss and comprehensive loss for the year	(991,588)	(1,576,165)
Basic and diluted income (loss) per share:		
Continuing operations	(0.17)	(0.61)
Discontinued operations	0.00	0.00
Weighted average common shares outstanding:		
Basic	6,283,618	2,591,764
Diluted	6,283,618	2,591,764

Supernova Metals Corp.

Consolidated Statements of Changes in Shareholders' Equity

(Expressed in Canadian Dollars)

	Share capital		Reserves				
	Number of Shares	Amount	Options	RSUs	Warrants	Deficit	Total
		($)	($)	($)	($)	($)	($)
Balance at December 31, 2019	2,249,732	4,025,206	424,176	-	26,530	(4,389,037)	86,875
Share issuance - property acquisitions	625,000	760,000	-	-	-	-	760,000
Share issuance - private placement	1,500,000	1,100,000	-	-	-	-	1,100,000
Share issuance - option exercises	250,000	195,388	(89,388)	-	-	-	106,000
Share issuance - debt settlement	558,734	111,747	-	-	-	-	111,747
Share issuance - warrant exercises	125,000	70,000	-	-	-	-	70,000
Share issuance costs	-	(76,065)	-	-	40,100	-	(35,965)
Stock options vested	-	-	60,601	-	-	-	60,601
Comprehensive loss	-	-	-	-	-	(1,576,165)	(1,576,165)
Balance at December 31, 2020	5,308,466	6,186,276	395,389	-	66,630	(5,965,202)	683,093
Share issuance - property acquisitions	225,000	131,000	-	-	-	-	131,000
Share issuance - private placement	1,473,125	633,875	-	-	-	-	633,875
Share issuance - stock options	28,125	20,722	(9,472)	-	-	-	11,250
RSUs vested	-	-	-	150,000	-	-	150,000
Comprehensive loss	-	-	-	-	-	(991,588)	(991,588)
Balance at December 31, 2021	7,034,716	6,971,873	385,917	150,000	66,630	(6,956,790)	617,630

Supernova Metals Corp.

Consolidated Statements of Cash Flows
(Expressed in Canadian Dollars)

	Year Ended December 31, 2021	Year Ended December 31, 2020
	($)	($)
CASH PROVIDED BY (USED IN)		
OPERATING ACTIVITIES		
Loss for the year	(991,588)	(1,576,165)
Items not affecting cash:		
Impairment of exploration and evaluation assets	387,406	984,892
Gain on disposal of oil properties	(47,663)	-
Interest and other income	(41,753)	2,089
Share-based payments	150,000	60,601
Shares receved as option payment	(36,501)	-
Unrealized loss on short-term investments	25,000	-
Changes in non-cash working capital items:		
Receivables	106,421	(112,558)
Prepaids	5,367	(5,338)
Accounts payable and accrued liabilities	41,300	69,868
	(402,011)	(576,611)
Discontinued operations	5,883	41,780
	(396,128)	(534,831)
INVESTING ACTIVITIES		
Exploration and evaluation expenditures	(698,313)	(377,506)
Reclamation bond	28,355	(39,461)
Disposal (acquisition) of oil property	5,000	(5,000)
	(664,958)	(421,967)
FINANCING ACTIVITIES		
Common shares issued for cash, net of issuance costs	645,125	1,240,035
Interest paid on note payable	(5,747)	(122)
Proceeds from notes payable	100,000	115,000
Repayment of notes payable	(100,000)	-
	639,378	1,354,913
Change in cash during the year	(421,708)	398,115
Cash - beginning of year	527,607	129,492
Cash - end of year	105,899	527,607

Supplemental Cash Flow Information (Note 19)

See accompanying notes to the consolidated financial statements

1. NATURE OF OPERATIONS AND GOING CONCERN

Supernova Metals Corp. ("Supernova" or the "Company") was incorporated on November 20, 2000 under the laws of the province of Alberta, Canada and was continued into the province of British Columbia in 2010. The Company's offices are located at 1090 Hamilton Street, Vancouver, BC, Canada, V6B 2R9. The Company's shares are traded on the Canadian Securities Exchange ("CSE") under the symbol "SUPR".

On January 10, 2022, the Company completed a consolidation of its common shares at a ratio of one new share for every eight old shares. Consequently, all share and per share amounts in these financial statements have been restated to reflect the share consolidation.

The Company's principal business activities are the exploration and evaluation of resource properties (and formerly oil production) in North America. The Company is in the process of exploring its resource properties, but it has not yet determined whether these properties contain ore reserves that are economically recoverable. The recoverability of the amounts shown for exploration and evaluation assets are dependent upon the existence of economically recoverable reserves, the ability of the Company to obtain necessary financing to complete the development of those reserves and upon future profitable production or from proceeds of disposition. To date, the Company has not received any revenue from mining operations and is considered to be in the exploration stage.

The Company's continuation as a going concern is dependent upon its ability to raise equity capital or borrowings sufficient to meet current and future obligations. If for any reason, the Company is unable to continue as a going concern, then this could result in adjustments to the amounts and classifications of assets and liabilities in the Company's financial statements and such adjustments could be material.

These financial statements have been prepared on the assumption that the Company will continue as a going concern, meaning it will continue in operation for the foreseeable future and will be able to realize assets and discharge liabilities in the ordinary course of operations. The Company's working capital is insufficient to support ongoing operations and the Company has incurred ongoing losses and will require additional funding to continue operations for the upcoming year. The above conditions may cast significant doubt on the Company's ability to continue as a going concern.

In March 2020 the World Health Organization declared coronavirus COVID-19 a global pandemic. This contagious disease outbreak, which has continued to spread, and any related adverse public health developments, has adversely affected workforces, economies, and financial markets globally, potentially leading to an economic downturn. It is not possible for the Company to predict the duration or magnitude of the adverse results of the outbreak and its effects on the Company's business or ability to raise funds.

2. BASIS OF PREPARATION

Statement of compliance

The Company prepares its financial statements in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and interpretations from the International Financial Reporting Interpretations Committee ("IFRIC").

These audited annual financial statements were approved for issue by the Company's Board of Directors on April 22, 2022.

2. BASIS OF PREPARATION (continued)

Basis of measurement

All references to dollar amounts in these financial statements and related notes are in Canadian dollars, unless otherwise indicated.

These financial statements have been prepared on a historical cost basis, using the accrual basis of accounting, except for cash flow information.

Basis of consolidation

These consolidated financial statements include the accounts of Supernova and its wholly-owned subsidiary Supernova Metals (US) Corp. ("SMUC") which was incorporated in Arizona, USA.

All inter-company transactions and balances have been eliminated upon consolidation.

Control exists where the parent entity has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. Subsidiaries are included in the consolidated financial statements from the date control commences until the date control ceases.

Functional and presentation currency

The functional currency is the currency of the primary economic environment in which the entity operates and has been determined for each entity within the Company. The functional currency of both the Company and SMUC is the Canadian dollar.

At the end of each reporting period, assets and liabilities of the entities whose functional currency is not the Canadian dollar are translated at the rate of exchange at the statement of financial position date. Revenues and expenses are translated at the exchange rates approximating those in effect on the date of the transactions. Exchange gains and losses arising on translation are reflected in other comprehensive income or loss for the year.

Transactions in currencies other than the Canadian dollar are recorded at exchange rates prevailing on the dates of the transactions. At the end of each reporting period, assets and liabilities of the Company that are denominated in foreign currencies are translated at the rate of exchange at the statement of financial position date. Revenues and expenses are translated at the exchange rates approximating those in effect on the date of the transactions. Exchange gains and losses arising on translation are reflected in profit or loss for the year.

Significant Accounting Judgments, Estimates and Assumptions

The preparation of the Company's financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the reported amounts of assets, liabilities and contingent liabilities at the date of the financial statements and reported amounts of revenues and expenses during the reporting period. Estimates and assumptions are continuously evaluated and are based on management's experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. However, actual outcomes can differ from these estimates.

2. BASIS OF PREPARATION (continued)

The following areas required a significant degree of estimation:

Recoverability of exploration and evaluation assets

Management has determined that exploration, evaluation and related costs incurred which were capitalized may have future economic benefits and may be economically recoverable. Management uses several criteria in its assessments of economic recoverability and probability of future economic benefits including geologic and other technical information, history of conversion of mineral deposits with similar characteristics to its own properties to proven and probable mineral reserves, scoping and feasibility studies, accessible facilities and existing permits.

Recoverability of oil properties

The oil and gas properties were depreciated on a unit of production ("UOP") basis at a rate calculated by reference to proved reserves determined in accordance with National Instrument 51-101 "Standards of Disclosure for Oil and Gas Activities" and incorporated the estimated future cost of developing and extracting those reserves. Proved reserves were determined using estimates of oil in place, recovery factors and future prices. Future development costs were estimated using assumptions as to the number of wells required to produce the reserves, the cost of such wells and associated production facilities and other capital costs. Proved reserves were estimated using independent reserve engineer reports and represented the estimated quantities of oil which geological, geophysical and engineering data demonstrated with a specified degree of certainty to be recoverable in future years from known reservoirs and which were considered commercially producible. Proved reserves are those reserves that can be estimated with a high degree of certainty to be recoverable.

Share-based compensation

The fair value of stock options issued are subject to the limitation of the Black-Scholes option pricing model, which incorporates market data and involves uncertainty in estimates used by management in the assumptions. The Black-Scholes option pricing model requires the input of highly subjective assumptions, including the volatility of share prices, and, as a result, changes in subjective input assumptions can materially affect the fair value estimate.

Decommissioning provisions

Restoration costs will be incurred by the Company in connection with certain exploration activities conducted on exploration and evaluation assets and previously its oil properties. The Company estimates abandonment and reclamation costs based on a combination of publicly available industry benchmarks and internal site-specific information. The ultimate restoration liability is uncertain and can vary in response to many factors including changes to relevant legal requirements, the emergence of new restoration techniques, experience at other sites, or changes in the risk-free discount rate. The expected timing and amount of expenditure can also change in response to changes in laws and regulations or their interpretation. As a result, there could be significant adjustments to the provisions established which would affect future financial results.

Income taxes

The calculation of income taxes requires judgment in applying tax laws and regulations, estimating the timing of the reversals of temporary differences, and estimating the reliability of deferred tax assets. These estimates impact current and deferred income tax assets and liabilities, and current and deferred income tax expense (recovery).

2. BASIS OF PREPARATION (continued)

The following areas required a significant degree of judgment:

Functional Currency

The functional currency of the Company and its subsidiary is the currency of the primary economic environment in which each entity operates. The Company has determined the functional currency of each entity to be the Canadian dollar. Determination of the functional currency may involve certain judgments to determine the primary economic environment. The functional currency may change if there is a change in events and conditions which determines the primary economic environment.

Non-monetary transactions

Assets exchanged or transferred in non-monetary transactions are measured at the fair value of the asset given up or the fair value of the asset received, whichever is more reliable.

Going Concern

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

3. SIGNIFICANT ACCOUNTING POLICIES

Foreign currency translation

At the end of each reporting period, assets and liabilities of the entities whose functional currency is not the Canadian dollar are translated at the rate of exchange at the statement of financial position date. Revenues and expenses are translated at the exchange rates approximating those in effect on the date of the transactions. Exchange gains and losses arising on translation are reflected in other comprehensive income or loss for the year.

Transactions in currencies other than the Canadian dollar are recorded at exchange rates prevailing on the dates of the transactions. At the end of each reporting period, assets and liabilities of the Company that are denominated in foreign currencies are translated at the rate of exchange at the statement of financial position date. Revenues and expenses are translated at the exchange rates approximating those in effect on the date of the transactions. Exchange gains and losses arising on translation are reflected in profit or loss for the year.

Loss per share

Basic loss per share is calculated by dividing the loss of the Company by the weighted average number of common shares outstanding during the year. Diluted loss per share is determined by adjusting the loss attributable to common shareholders and the weighted average number of common shares outstanding for the effects of dilutive instruments such as options granted to employees. The calculation assumes that proceeds received from the exercise of in-the-money stock options are used to repurchase common shares at the average market price. For the years presented, this calculation proved to be anti-dilutive.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Oil properties

Oil properties are stated at cost, less accumulated depletion and accumulated impairment losses.

The initial cost of an asset comprises its purchase price or construction cost, and any costs directly attributable to bringing the asset into operation and decommissioning costs. The purchase price or construction cost is the aggregate amount paid and the fair value of any other consideration given to acquire the asset.

Where commercial production in an area of interest has commenced, oil properties are depleted on a unit-of-production basis over the proved reserves of the field concerned, except in the case of assets whose useful life is shorter than the lifetime of the field, in which case the straight-line method is applied. Rights and concessions are depleted on the unit-of-production basis over the total proved reserves of the relevant area. The unit-of-production rate for the depletion of field development costs takes into account expenditures incurred to date, together with future development expenditures to develop the proved reserves. Changes in factors such as estimates of proved reserves that affect unit-of-production calculations are dealt with on a prospective basis.

Exploration and evaluation assets

Costs related to the acquisition, exploration and evaluation of exploration and evaluation assets are capitalized by property. Costs incurred before the Company has obtained the legal rights to explore an area are recognized through profit or loss. If commercially profitable ore reserves are developed, capitalized costs of the related exploration and evaluation assets are first tested for impairment and then reclassified as mining assets and amortized using the unit of production method. If, after management review, it is determined that capitalized costs are not recoverable over the estimated economic life of the exploration and evaluation assets, or the exploration and evaluation assets are abandoned, or management deems there to be an impairment in value, the exploration and evaluation assets are written down to their recoverable amount. Any option payments received by the Company from third parties or tax credits refunded to the Company are credited to the capitalized cost of the exploration and evaluation assets. If payments received exceed the capitalized cost of the exploration and evaluation assets, the excess is recognized as income in the year received. The amounts shown for exploration and evaluation assets do not necessarily represent present or future values. Their recoverability is dependent upon the discovery of economically recoverable reserves, the ability of the Company to obtain the necessary financing to complete the development, and future profitable production or proceeds from the disposition thereof.

Flow-through shares

Canadian Income Tax Legislation permits an enterprise to issue securities referred to as flow-through shares, whereby the investor can claim the tax deductions arising from the renunciation of the related resource expenditures by the Company. Proceeds from the issuance of flow-through shares need to be allocated between the offering of the flow-through share and the premium paid for the implied tax benefit received by the investors as a result of acquiring the flow-through shares. The calculated tax benefit is recognized as a liability until the Company renounces the expenditures, at which point the liability is reversed and recorded as other income on the statements of loss and comprehensive loss. The Company records a deferred tax liability when the Company makes the expenditures. At the time of recognition of the deferred tax liability, an offsetting entry is made to tax expense.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Decommissioning provisions

The Company recognizes liabilities for statutory, contractual, constructive or legal obligations associated with the retirement of long-term assets, when those obligations result from the acquisition, construction, development or normal operation of the assets. The net present value of future restoration cost estimates arising from the decommissioning of exploration and evaluation assets or well sites is capitalized to the exploration and evaluation assets or the oil and gas properties along with a corresponding increase in the restoration provision in the period incurred. The Company uses a pre-tax discount rate that reflects the time value of money to calculate the net present value of the decommissioning provisions. The restoration asset will be depreciated on the same basis as the exploration and evaluation assets or the oil and gas properties.

The Company's estimates of restoration costs could change as a result of changes in regulatory requirements, discount rates and assumptions regarding the amount and timing of the future expenditures. These changes are recorded directly to the exploration and evaluation assets or the oil and gas properties with a corresponding entry to the restoration provision, except when the related exploration and evaluation assets or oil and gas property is closed or the carrying value has been reduced to a $nil value. Changes in estimates of restoration costs for closed exploration and evaluation assets or oil and gas properties are recorded in profit or loss. The Company's estimates are reviewed each reporting date for changes in regulatory requirements, discount rates, effects of inflation and changes in estimates.

The restoration provisions are accreted to full value over time through charges to finance expenses in profit or loss.

Income taxes

Income tax is recognized in profit or loss except to the extent that it relates to items recognized directly in equity.

Current income tax assets and liabilities for the current period are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date, in the jurisdictions where the Company operates and generates taxable income.

Deferred income tax is provided based on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

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

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

Government assistance

The Company recognizes government grants and assistance when there is reasonable assurance that the grant will be received, and any conditions associated with the grant have been met. The Company has received funds from the Government of Canada under the CEBA loan program, but no recognition of the forgivable portion can be recognized until the remainder is repaid prior to the stipulated repayment date.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Revenue

For crude oil, the transfer of control over oil and the associated pricing both generally occur at the time the product reaches a trucking terminal or pipeline. Revenue is measured net of discounts.

The Company previously generated revenue from the sale of crude oil. Revenue associated with the sale of oil is recognized when control is transferred from The Company to its customers. The Company's oil sale contracts, through its working interest partner that acts as operator, represent a series of distinct transactions. The Company considers its performance obligations to be satisfied and control to be transferred when all of the following conditions are satisfied:

- The Company has transferred title and physical possession of the commodity to the buyer;
- The Company has transferred the significant risks and rewards of ownership of the commodity to the buyer; and
- The Company has the present right to payment.

Revenue represents the Company's share of oil sales net of royalty obligations to governments and other mineral interest owners. The Company sells its production pursuant to variable priced contracts. The transaction price for variable priced contracts is based on the commodity price, adjusted for quality, location or other factors, whereby each component of the pricing formula can be either fixed or variable, depending on the contract terms. Revenue is recognized when a unit of production is delivered to the contract counterparty. The amount of revenue recognized is based on the agreed upon transaction price, whereby any variability in revenue is related specifically to the Company's efforts to deliver production. Therefore, the resulting revenue is allocated to the production delivered in the period during which the variability occurs. As a result, none of the Company's variable revenue was considered to be constrained.

Warrants issued in equity financing transactions

The Company has adopted a residual value method with respect to the measurement of shares and warrants issued as private placement units. The residual value method first allocates value to the most easily measurable component based on fair value and then the residual value, if any, to the less easily measurable component.

The fair value of the common shares issued in private placements is determined to be the more easily measurable component and are valued at their fair value. The balance, if any, is allocated to the attached warrants. Any fair value attributed to the warrants is recorded as warrant reserve.

Warrants that are issued as payment for agency fees or other transaction costs (finder's warrants) are compensatory in nature and are assigned a value based on the Black-Scholes pricing model and included in reserves.

If the warrants are exercised, the related amount is reclassified as share capital. If the warrants expire unexercised, the related amount remains in the warrant reserve.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Impairment of long-lived assets

The carrying amount of the Company's assets is reviewed for indicators of impairment each reporting date. If such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss. For the purpose of impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or CGUs. The recoverable amount of an asset or a CGU is the greater of its value in use and its fair value less costs of disposal ("FVLCD").

FVLCD is defined as the amount obtainable from the sale of an asset or cash generating unit in an arm's length transaction between knowledgeable, willing parties, less the costs of disposal. The Company calculates FVLCD by reference to the after-tax future cash flows expected to be derived, less estimated selling costs. The estimated after-tax future cash flows are discounted to their present value using a discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

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

An impairment loss is recognized whenever the carrying amount of an asset or its cash generating unit exceeds its recoverable amount. If an impairment loss exists, then it is recorded as an expense immediately.

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

Financial instruments

IFRS 9 provides three different measurement categories for non-derivative financial assets – subsequently measured at amortized cost, fair value through profit or loss ("FVTPL") or fair value through other comprehensive income – while all non-derivative financial liabilities are classified as subsequently measured at amortized cost. The category into which a financial asset is placed, and the resultant accounting treatment, is largely dependent on the nature of the business of the entity holding the financial asset. All financial instruments are initially recognized at fair value.

<u>Financial assets</u>

The Company initially recognizes financial assets at fair value on the trade date, which is the date that the Company becomes a party to the contractual provisions of the instrument. The Company derecognizes a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred. Any interest in such transferred financial assets that is created or retained by the Company is recognized as a separate asset or liability.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial instruments *(continued)*

The Company classifies all of its financial assets as subsequently measured at amortized cost. All financial assets that do not meet the criteria to be recognized as subsequently measured at amortized cost or subsequently measured at fair value through other comprehensive income are classified as FVTPL.

Financial liabilities

The Company classifies all of its financial liabilities as subsequently measured at amortized cost. Financial liabilities are recognized initially at fair value, net of transaction costs incurred, and are subsequently measured at amortized cost. Any difference between the amounts originally received, net of transaction costs, and the redemption value is recognized in profit and loss over the period to maturity using the effective interest method.

Impairment

An "expected credit loss" impairment model applies which requires a loss allowance to be recognized based on expected credit losses. The estimated present value of future cash flows associated with the asset is determined and an impairment loss is recognized for the difference between this amount and the carrying amount as follows: the carrying amount of the asset is reduced to estimated present value of the future cash flows associated with the asset, discounted at the financial asset's original effective interest rate, either directly or through the use of an allowance account and the resulting loss is recognized in profit or loss for the period. In a subsequent period, if the amount of the impairment loss related to financial assets measured at amortized cost decreases, the previously recognized impairment loss is reversed through profit or loss to the extent that the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortized cost would have been had the impairment not been recognized.

Share-based payments

Stock Options

The Company has a stock option plan. Share based payments are measured at the fair value of the instruments issued and recognized over the term of vesting. The corresponding amount is recorded to the option reserve. The fair value of options is determined using a Black–Scholes pricing model which incorporates all market vesting conditions. The number of shares and options expected to vest is reviewed and adjusted at the end of each reporting period such that the amount recognized for services received as consideration for the options granted shall be based on the number of options that eventually vest. If and when stock options are ultimately exercised, the amount of cash received as well as the applicable amount of the associated reserve is transferred to share capital. The value associated with expired options remains in reserves.

Where equity instruments are granted to parties other than employees, they are recorded by reference to the fair value of the services received. If the fair value of the services received cannot be reliably estimated, the Company measures the services received by reference to the fair value of the equity instruments granted, measured at the date the counterparty renders the services.

(Expressed in Canadian dollars)

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Restricted Stock Units

The Company has a restricted stock unit ("RSU") plan. Share based payments are measured at the fair value of the instruments issued and recognized over the term of vesting. The corresponding amount is recorded to the RSU reserve. The fair value of RSUs is determined using the closing price of the Company's shares on the CSE on the day immediately prior to the date of grant. If and when RSUs are ultimately exercised, the amount of the associated reserve is transferred to share capital. The value associated with expired RSUs remains in reserves.

4. RECEIVABLES

	December 31, 2021	December 31, 2020
	($)	($)
Drilling deposit	-	94,999
GST receivable	8,434	13,050
Trade receivables	39	6,845
	8,473	114,894

5. SHORT-TERM INVESTMENT

Carrying Value December 31, 2020	Additions	Dispositions	Unrealized Gain (Loss)	Fair Value December 31, 2021
($)	($)	($)	($)	($)
-	47,500	-	(25,000)	22,500

Short-term investment consists of 250,000 common shares of 79 Resources Ltd. (SNR.V) received pursuant to a mineral property option agreement (Note 7).

6. RECLAMATION BOND

The drilling permit for the Clanton Hills property (Note 7) requires a refundable reclamation bond totaling $Nil (2020 - $39,461), which is held by the US Bureau of Land Management.

The drilling permit for the Cold Springs property (Note 7) requires a refundable reclamation bond totaling $11,106 (2020 - $Nil), which is held by the US Bureau of Land Management.

(Expressed in Canadian dollars)

7. EXPLORATION AND EVALUATION ASSETS

A summary of exploration and evaluation assets by property for the year ended December 31, 2021 is set out below:

Property	Balance at December 31, 2020	Additions	Option Payment(s) Received	Impairment	Balance at December 31, 2021
	($)	($)	($)	($)	($)
Canning's Brook	-	57,476	-	(57,476)	-
Cold Springs	59,648	592,361	-	-	652,009
Clanton Hills	-	46,795	-	(46,795)	-
Gander North	-	56,774	-	(56,774)	-
Gander South	-	46,361	-	(46,361)	-
Lac Roy and Faraud	180,000	-	-	(180,000)	-
Lac Saint Simon	10,501	-	(10,501)	-	-
	250,149	**799,767**	**(10,501)**	**(387,406)**	**652,009**

A summary of exploration and evaluation assets by property for the year ended December 31, 2020 is set out below:

Property	Balance at December 31, 2019	Additions	Option Payment(s) Received	Impairment	Balance at December 31, 2020
	($)	($)	($)	($)	($)
Cold Springs	-	59,648	-	-	59,648
Lac Saint Simon	10,501	-	-	-	10,501
Clanton Hills	-	984,892	-	(984,892)	-
Lac Roy and Faraud	-	180,000	-	-	180,000
	10,501	**1,224,540**	**-**	**(984,892)**	**250,149**

(Expressed in Canadian dollars)

7. EXPLORATION AND EVALUATION ASSETS (continued)

A summary of the exploration and evaluation assets by cost category is set out below:

	($)
Balance at December 31, 2019	**10,501**
Acquisition and land costs	790,000
Assays	22,180
Camp costs	26,674
Consulting	147,702
Drilling	202,149
Trenching and geophysics	25,206
Management and administration	10,629
Impairment	(984,892)
Balance at December 31, 2020	**250,149**
Acquisition and land costs	171,000
Assays	25,639
Camp costs	34,702
Consulting	154,965
Drilling	355,920
Geophysics	30,775
Reclamation	4,366
Reports and administration	22,400
Option payments	(10,501)
Impairment	(387,406)
Balance at December 31, 2021	**652,009**

Cold Springs, Nevada

On September 1, 2020, the Company entered into an option agreement (the "Silver Range Agreement") with Silver Range Resources Ltd. ("Silver Range") wherein it can acquire up to a 75% interest in the Cold Springs gold property located in Nevada, USA in exchange for completing at least 2,000 metres of drilling on the property by August 31, 2023 and by making the following cash payments:

Date	**Amount ($)**
On execution of the Option Agreement (paid)	10,000
By November 30, 2020 (paid)	20,000
By February 28, 2021 (paid)	20,000
By August 31, 2021	50,000
By August 31, 2022	100,000
By August 31, 2023	100,000
	300,000

7. EXPLORATION AND EVALUATION ASSETS (continued)

Silver Range retained a 2.5% net smelter returns royalty ("NSR") subject to 1.5% being available for purchase by the Company for a cash payment of $1,250,000.

On May 11, 2021, the Silver Range Agreement was amended wherein the Company acquired 100% ownership of the Cold Springs gold property, free of any encumbrances, in exchange for the issuance of 125,000 common shares which were valued at $55,000.

Clanton Hills, Arizona

On August 31, 2020, the Company entered into an option agreement with Allegiant Gold Ltd. ("Allegiant"), a corporation related by virtue of a common officer (Note 12), granting the Company an option to acquire a 50.1% interest in the Clanton Hills silver property, subject to a 2% NSR. The Company issued 250,000 common shares valued at $580,000 and was required to pay US$550,000 over three years and incur US$1,500,000 in exploration expenditures.

The Company chose not to continue with the property option, and as at December 31, 2020 recorded a full impairment.

Lac Saint Simon, Quebec

On June 1, 2017, the Company acquired a 100% interest in the Lac Saint Simon lithium property located in west-central Quebec in exchange for 78,125 common shares which were valued at $325,000.

On February 3, 2021, the Company entered into an agreement (the "SNR Agreement") with 79 Resources Ltd. ("SNR") whereby they could acquire 100% of the project from the Company by issuing 1,500,000 common shares (250,000 shares received at a value of $47,500), paying $155,000 ($25,000 received) in cash and expending $700,000 on the property by the third anniversary of the SNR Agreement.

SNR did not meet the terms of the SNR Agreement and the option was subsequently terminated in February 2022.

Lac Roy and Faraud, Quebec

On January 2, 2020, the Company acquired a 100% interest in the Lac Roy and Faraud vanadium properties located in Quebec in exchange for 375,000 common shares which were valued at $180,000.

During the year ended December 31, 2021, the Company abandoned the Lac Roy and Faraud properties and recorded a write-off of $180,000.

(Expressed in Canadian dollars)

7. EXPLORATION AND EVALUATION ASSETS (continued)

Canning's Brook, Newfoundland

On May 31, 2021, the Company entered into an option agreement to acquire a 100% interest in the Canning's Brook property located in central Newfoundland in exchange for a series of cash and share payments and by completing certain property expenditures over a period of three years.

Date	Cash	Shares	Expenditures
	($)		($)
On execution of the Option Agreement			
(issued at a value of $38,000)	-	50,000	-
By December 31, 2021 (incurred)	-	-	20,000
By May 31, 2022	-	62,500	-
By December 31, 2022	-	-	30,000
By May 31, 2023	-	62,500	-
By December 31, 2023	-	-	50,000
By May 31, 2024 [(1)]	150,000	75,000	-
By December 31, 2024	-		100,000
		250,000	200,000

The vendor would retain a 2% NSR on the Property, subject to a buyback option wherein the Company could acquire 50% of the NSR in exchange for a cash payment of $1,000,000.

(1) The Company had the option to make the $150,000 payment in either cash or common shares.

During the year ended December 31, 2021, the Company abandoned the Canning's Brook property and recorded a write-off of $57,476.

Gander North, Newfoundland

On May 26, 2021, the Company entered into an option agreement with a third party wherein it can acquire a 100% interest in the Gander North property located in central Newfoundland in exchange for a series of cash and share payments and by completing certain property expenditures over a period of three years.

Date	Cash	Shares	Expenditures
	($)		($)
On execution of the Option Agreement			
(paid and issued at a value $19,000)	10,000	25,000	-
By September 3, 2021 (incurred)	-	-	25,000
By May 26, 2022	10,000	28,125	-
By September 3, 2022	-	-	40,000
By May 26, 2023	20,000	34,375	-
By September 3, 2023	-	-	60,000
By May 26, 2024	20,000	37,500	-
	60,000	125,000	125,000

The vendor would retain a 2% NSR on the Property, subject to a buyback option wherein the Company could acquire 50% of the NSR in exchange for a cash payment of $1,000,000.

During the year ended December 31, 2021, the Company abandoned the Gander North property and recorded a write-off of $56,774.

(Expressed in Canadian dollars)

7. EXPLORATION AND EVALUATION ASSETS (continued)

Gander South, Newfoundland

On May 26, 2021, the Company entered into an option agreement with a third party wherein it can acquire a 100% interest in the Gander South property located in central Newfoundland in exchange for a series of cash and share payments and by completing certain property expenditures over a period of three years.

Date	Cash	Shares	Expenditures
	($)		($)
On execution of the Option Agreement (paid and issued at a value $19,000)	10,000	25,000	-
By September 3, 2021	-	-	25,000
By May 26, 2022	10,000	28,125	-
By September 3, 2022	-	-	40,000
By May 26, 2023	20,000	34,375	-
By September 3, 2023	-	-	60,000
By May 26, 2024	20,000	37,500	-
	60,000	125,000	125,000

The vendor would retain a 2% NSR on the Property, subject to a buyback option wherein the Company could acquire 50% of the NSR in exchange for a cash payment of $1,000,000.

Subsequent to December 31, 2021, the Company abandoned the Gander South property, and accordingly an impairment charge of $46,361 was recorded as at December 31, 2021.

8. OIL PROPERTIES

On January 1, 2020, the Company acquired non-operating working interests in five wells in southeastern Saskatchewan from a corporation that shares directors and officers in common with the Company. The consideration for the acquisition was a cash payment of $5,000 and a contingent performance bonus of up to $40,000 payable after one year of production. In addition, the Company assumed the reclamation liability for its proportional interest in these wells which has been determined to be $73,075 (Note 11).

Well #		Working Interest (%)	Net Revenue Interest (%)
1	King 141/08-13-004-07 W2M	45.90	39.02
2	King 91/06 HZ 1D08-13-1D06-18-04-06 W2M	13.00	13.00
3	King 92/07 HZ 2C5-18-1D7-13-04-07 W2M	45.90	39.02
4	King 4D8-14/2A11-13-004-07 W2	10.50	8.93
5	Steelman 191/07-18-004-06W2	13.00	13.00

For the purpose of impairment testing, assets are grouped together into the smallest group of assets that generate cash inflows from continuing use that are largely independent of the cash inflows of other assets or CGUs. The Company reviews each CGU for indicators of possible impairment at the end of each reporting period. During the year ended December 31, 2020, the Company reviewed the carrying value of its oil properties and determined there were impairment indicators present for Well #3. The well has not produced any oil since acquisition, and it is unclear if there is any future benefit left in the well. Accordingly, the Company recorded an impairment charge of $31,894.

(Expressed in Canadian dollars)

8. OIL PROPERTIES (continued)

During the year ended December 31, 2021, the Company disposed of all of its oil properties and associated asset retirement obligations in exchange for a cash payment of $5,000. A gain on disposal totaling $47,663 was recorded (Note 17).

2021	Well #1	Well #2	Well #3	Well #4	Well #5	Total
	($)	($)	($)	($)	($)	($)
Cost:						
At December 31, 2019	-	-	-	-	-	-
Additions	26,772	7,107	26,312	7,142	8,869	76,202
At December 31, 2020	26,772	7,107	26,312	7,142	8,869	76,202
Additions	-	-	-	-	-	-
At December 31, 2021	-	-	-	-	-	-
Depletion:						
At December 31, 2019	-	-	-	-	-	-
Charge for the year	4,003	-	-	895	2,065	8,488
At December 31, 2020	4,003	1,525	-	895	2,065	8,488
Charge for the year	4,816	-	-	362	232	5,410
At December 31, 2021	8,819	1,525	-	1,257	2,297	13,898
Impairment:						
At December 31, 2019	-	-	-	-	-	-
Charge for the year	-	5,582	26,312	-	-	31,894
At December 31, 2020	-	5,582	26,312	-	-	31,894
Charge for the year	-	-	-	-	-	-
At December 31, 2021	-	5,582	26,312	-	-	31,894
Net book value:						
At December 31, 2020	22,769	-	-	6,247	6,804	35,820
At May 1, 2021	17,953	-	-	5,885	6,572	30,410
Disposal	(17,953)	-	-	(5,885)	(6,572)	(30,410)
At December 31, 2021	-	-	-	-	-	-

9. ACCOUNTS PAYABLES AND ACCRUED LIABILITIES

	December 31, 2021	December 31, 2020
	($)	($)
Trade payables	10,799	85,268
Related party payables (Note 12)	88,235	40,004
Accrued liabilities	25,000	30,000
	124,024	159,272

(Expressed in Canadian dollars)

10. NOTES PAYABLE

On January 10, 2020, the Company borrowed $40,000 pursuant to a promissory note that was unsecured, bore interest at a rate of 18% compounded monthly and was repayable on or before December 31, 2020. During the year ended December 31, 2020, the Company repaid the loan plus accrued interest of $1,978 through the issuance of 209,839 common shares valued at $41,967 and a cash payment of $11.

On April 13, 2020, the Company borrowed $15,000 from a director of the Company pursuant to a promissory note that was unsecured, bore interest at a rate of 18% compounded monthly and was repayable on or before December 31, 2020. During the year ended December 31, 2020, the Company repaid the loan plus accrued interest of $111 through the issuance of 75,000 common shares valued at $15,000 and a cash payment of $111.

On May 11, 2020, the Company borrowed $40,000 under a COVID-19 Relief Line of Credit as part of the Government-sponsored Canada Emergency Business Account ("CEBA"). The credit line is interest free until December 31, 2020, and any unpaid balance on January 1, 2021 will be converted to a two year 0% interest term loan that must be repaid by December 31, 2022. A total of $10,000 of the loan will be forgiven if $30,000 is repaid in full on or before December 31, 2023. The Company can exercise an option for a three year term extension but any remaining principal balance outstanding will be subject to 5% interest.

On December 15, 2020, the Company received an additional $20,000 loan under the CEBA program. The terms of repayment are the same as the first advance, including the provision that $10,000 of the additional advance will be forgiven if the remaining $10,000 is repaid in full on or before December 31, 2023.

On March 22, 2021, the Company borrowed $100,000 pursuant to a promissory note that is unsecured, bears interest at a rate of 24% compounded monthly and is repayable on or before December 31, 2022. During the year ended December 31, 2021, the Company repaid the loan and all accrued interest totaling $5,747.

11. ASSET RETIREMENT OBLIGATION

	December 31, 2021	December 31, 2020
	($)	**($)**
Balance, beginning	72,600	-
Additions	-	71,202
Disposals	(73,075)	-
Accretion expense	475	1,398
Balance, end	-	72,600

The Company's provision for restoration and environmental obligations consists of costs accrued based on the current best estimate of reclamation activities that will be required at the completion of petroleum extraction activities. The Company's provision for future site closure and reclamation costs is based on the level of known disturbance at the reporting date, known legal requirements and estimates prepared by a third party specialist. It is not currently possible to estimate the impact on operating results, if any, of future legislative or regulatory developments.

(Expressed in Canadian dollars)

11. ASSET RETIREMENT OBLIGATION (continued)

The Company has calculated the fair value of the asset retirement obligation using a risk-free discount rate of 2.2% and an inflation rate of 2.0%. The estimated total future undiscounted cash flows to settle the asset retirement obligations are $85,700 and are expected to be incurred over a period of approximately 19 years.

During the year ended December 31, 2021, the Company disposed of all of its oil properties and associated asset retirement obligations in exchange for a cash payment of $5,000. A gain on disposal totaling $47,663 was recorded.

12. RELATED PARTY TRANSACTIONS

Key management includes the Chief Executive Officer ("CEO"), Chief Financial Officer ("CFO"), directors and companies controlled by them. The Company incurred the following transactions with key management of the Company during the years ended December 31, 2021 and 2020:

	December 31, 2021	December 31, 2020
	($)	($)
Consulting fees	90,000	-
Director fees	-	40,000
Exploration and evaluation consulting	21,872	86,932
Interest on notes payable	-	111
Professional fees	-	100,000
Management fees	162,000	20,000
Share-based payments	110,000	26,739
Mineral royalties	447	1,058
	384,319	274,840

As at December 31, 2021, a total of $88,235 (December 31, 2020 - $44,004) was included in accounts payable and accrued liabilities owing to current and former key management of the Company.

During the year ended December 31, 2020, the Company acquired exploration and evaluation assets and oil properties as further described in notes 7 and 8, respectively. Additionally, the Company borrowed and repaid a loan from a related party as described in note 10.

13. SHARE CAPITAL

Authorized share capital

The Company's authorized share capital consists of an unlimited number of common shares without par value and an unlimited number of preference shares without par value.

Issued share capital

The Company has common shares issued or outstanding.

On January 10, 2022, the Company completed a consolidation of its common shares at a ratio of one new share for every eight old shares. Consequently, all share and per share amounts in these financial statements have been restated to reflect the share consolidation.

Year ended December 31, 2021

On May 25, 2021, the Company issued 125,000 common shares valued at $55,000 in connection with the amended Silver Range Agreement. (Note 7)

On June 4, 2021, the Company completed a non-brokered private placement wherein it issued 1,250,000 common shares at $0.40 per share for aggregate proceeds of $500,000.

On June 7, 2021, the Company issued 100,000 common shares valued at $76,000 in connection with the Canning's Brook, Gander North and Gander South property agreements. (Note 7)

On July 14, 2021, the Company completed a non-brokered private placement wherein it issued 223,125 flow-through common shares at $0.60 per share for aggregate proceeds of $133,875.

During the year ended December 31, 2021, the Company issued 225,000 common shares at $0.40 per share from the exercise of stock options for aggregate proceeds of $11,250. As a result of the option exercises, a total of $9,472 was transferred from share option reserve into share capital.

Year ended December 31, 2020

On January 9, 2020, the Company issued 375,000 common shares valued at $180,000 in connection with the acquisition of the Lac Roy and Faraud vanadium properties. (Note 7)

On April 28, 2020, the Company issued 558,734 common shares to settle accounts payable and notes payables totaling $111,747. (Note 9)

13. SHARE CAPITAL (continued)

On June 4, 2020, the Company completed a non-brokered private placement wherein it issued 250,000 units at $0.40 per unit for aggregate proceeds of $100,000. Each unit is comprised of a common share and a share purchase warrant that entitles the holder to acquire an additional common share at $0.56 for a period of two years. The warrants were determined to have a value of $Nil.

On September 4, 2020, the Company completed a non-brokered private placement wherein it issued 1,250,000 common shares at $0.80 per share for aggregate proceeds of $1,000,000. The Company incurred share issuance costs of $35,965 and issued 39,113 finders' warrants that are exercisable at $1.60 until September 4, 2021. The finders' warrants were determined to have a value of $40,100.

On September 16, 2020, the Company issued 250,000 common shares valued at $580,000 in connection with the Clanton Hills option agreement. (Note 7)

During the year ended December 31, 2020, the Company issued 375,000 common shares for gross proceeds of $176,000 pursuant to the exercise of share purchase warrants and stock options. As a result of the option exercises, a total of $89,388 was transferred from share option reserve into share capital.

Restricted Stock Units

The Company has a rolling Restricted Share Unit ("RSU") plan which provides that the Board of Directors of the Company may from time to time, in its discretion, and in accordance with the Exchange requirements, issue RSUs to eligible participants, provided that the number of common shares reserved for issuance will not exceed 10% of the issued and outstanding common shares of the Company. Vesting provisions as well as method of settlement (ie. cash or common shares) are determined by the Board of Directors of the Company. The maximum number common shares reserved for issuance to any one RSU holder will not exceed five percent (5%) of the issued and outstanding common shares. Any unvested RSUs are immediately forfeited following cessation of the RSU holder's position with the Company unless otherwise approved by the Board of Directors.

On September 10, 2021, the Company issued 375,000 RSUs and all remain outstanding as at December 31, 2021. The RSUs vested immediately and a share-based payment totaling $150,000 was recorded.

Stock options

The Company has a rolling incentive stock option plan, which provides that the Board of Directors of the Company may from time to time, in its discretion, and in accordance with the Exchange requirements, grant to directors, officers, employees and technical consultants to the Company, non-transferable stock options to purchase common shares, provided that the number of common shares reserved for issuance will not exceed 10% of the issued and outstanding common shares of the Company. Such options will be exercisable for a variable period from the date of grant. In connection with the foregoing, the number of common shares reserved for issuance to any one optionee will not exceed five percent (5%) of the issued and outstanding common shares and the number of common shares reserved for issuance to all technical consultants will not exceed two percent (2%) of the issued and outstanding common shares.

Options may be exercised no later than 90 days following cessation of the optionee's position with the Company.

(Expressed in Canadian dollars)

13. SHARE CAPITAL (continued)

Year ended December 31, 2021

The were no options granted or vested during the year ended December 31, 2021.

Year ended December 31, 2020

On December 3, 2020, the Company granted 31,250 stock options exercisable at $1.36 for a period of two years. The options vest in equal installments over a period of nine months. During the year ended December 31, 2020, the Company expensed $11,401 as a share-based payment.

On June 2, 2020, Company granted 143,750 stock options exercisable at $0.40 for a period of five years. The options were fully vested on the grant date, and the Company expensed $49,200 as a share-based payment.

The options granted during the year were valued using the Black-Scholes option pricing model under the following weighted average assumptions:

	2020
Risk-free interest rate	0.37%
Expected life of options	4.46 yrs
Volatility	139%
Expected Dividend yield	Nil
Forfeiture rate	Nil
Weighted average fair value	$0.48

A continuity schedule of the Company's stock options is as follows:

	Number of Options	**Weighted Average Exercise Price**
		($)
Balance, December 31, 2019	171,875	0.47
Granted	175,000	0.57
Exercised	(250,000)	0.42
Balance, December 31, 2020	96,875	0.77
Exercised	(28,125)	0.40
Forfeited	(68,750)	0.92
Balance, December 31, 2021	-	-

There were no stock options outstanding at December 31, 2021

(Expressed in Canadian dollars)

13. SHARE CAPITAL (continued)

Warrants

A continuity schedule of the Company's warrants is as follows:

	Number of Warrants	Weighted Average Exercise Price
		($)
Balance, December 31, 2019	-	-
Issued	289,113	0.72
Exercised	(125,000)	0.56
	164,113	0.80
Expired	(39,113)	1.60
Balance, December 31, 2021	125,000	0.56

As at December 31, 2021, there are 125,000 share purchase warrants outstanding and exercisable at $0.56 per share until June 4, 2022.

14. FINANCIAL RISK MANAGEMENT

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

Credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. The Company's primary exposure to credit risk is on its cash held in bank accounts as well as receivables. The majority of cash is deposited in bank accounts held with major banks in Canada. As the Company's cash is held by one bank there is a concentration of credit risk. This risk is managed by using major banks that are high credit quality financial institutions as determined by rating agencies. The carrying amount of financial assets recorded in the financial statements represents the Company's maximum exposure to credit risk.

Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company prepares a general operating budget to help determine the funds required to support the Company's normal operating requirements on an ongoing basis. The Company uses its best efforts to ensure that there are sufficient funds to meet its short-term business requirements, taking into account its anticipated cash flows from operations and its holdings of cash.

The Company's financial liabilities consist of accounts payable and accrued liabilities, all of which are due within twelve months.

The Company is exposed to liquidity risk.

14. FINANCIAL RISK MANAGEMENT (continued)

Commodity risk

Commodity price risk is the risk that the fair value of future cash flows will fluctuate as a result of changes in commodity prices. Commodity prices for base and precious metals are impacted by world economic events that dictate the levels of supply and demand. The Company had no hedging contracts in place as at or during the year ended December 31, 2021.

Price risk

Price risk is the risk that a short-term investment which is publicly traded on a recognized stock exchange will fluctuate in value.

Interest rate risk

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company is not exposed to significant interest rate risk.

Foreign exchange risk

The Company's functional and presentation currency is the Canadian dollar. The Company is exposed to the currency risk related to the fluctuation of foreign exchange rates in its US subsidiary. The Company also has certain assets and liabilities denoted in US dollars. A 10% change in the currency exchange rates between the Canadian dollar relative to the US dollar would have an effect on the Company's results of operations, financial position and/or cash flows of approximately $1,000. The Company has not hedged its exposure to currency fluctuations.

Classification of financial instruments

The Company classifies its other financial assets and other financial liabilities measured at fair value using a fair value hierarchy that reflects the significance of the inputs used in making the measurements.

The fair value hierarchy has the following levels:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities;

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and

Level 3: Inputs for the asset or liability that is not based on observable market data (unobservable inputs).

Financial assets included in the statement of financial position are cash, receivables, short-term investments and reclamation bond. Financial liabilities included in the statement of financial position include accounts payable and accrued liabilities and note payable. The fair value of cash, receivables, and accounts payable approximate the carrying amount due to their short term to maturity. The fair value of the short-term investments is measured using level 1 of the fair value hierarchy. The fair value of the reclamation bonds approximates their fair value based on current interest rates. The fair value of note payable reflects the market rate of interest. The effect of changes in the Company's credit risk do not have a significant impact on the fair value due to the short term to maturity.

(Expressed in Canadian dollars)

14. FINANCIAL RISK MANAGEMENT (continued)

Capital Management

The Company's policy is to maintain a strong capital base so as to maintain investor and creditor confidence and to sustain future development of the business. The capital structure of the Company consists of the components of shareholders' equity.

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 assets. To maintain or adjust its capital structure, the Company may attempt to issue new shares, issue debt and acquire or dispose of assets.

The Company is not subject to any externally imposed capital requirements.

There have been no changes to the Company's approach to capital management during the year ended December 31, 2021.

15. SEGMENTED INFORMATION

The Company has one reportable business segment being precious metal exploration. Assets by geographical area are as follows:

	December 31, 2021	**December 31, 2020**
	($)	**($)**
Current assets		
Canada	138,539	554,536
USA	-	94,999
	138,539	649,535
Non-current assets		
Canada	-	190,501
Discontinued operations	-	35,820
USA	663,115	99,109
	663,115	325,430
Total assets		
Canada	138,539	745,037
Discontinued operations	-	35,820
USA	663,115	194,108
	801,654	974,965

All revenues are located in Canada.

(Expressed in Canadian dollars)

16. INCOME TAXES

Income tax expense differs from the amount that would result from applying the Canadian federal and provincial income tax rates to earnings before taxes. These differences result from the following items:

	December 31, 2021 ($)	December 31, 2020 ($)
Loss before income taxes	(991,588)	(1,576,165)
Canadian federal and provincial income tax rates	27.00%	27.00%
Income tax recovery based on the above rates	(268,000)	(426,000)
Increase (decrease) due to:		
Adjustment to prior years provision versus statutory returns	(6,000)	-
Impact of flowthrough shares	17,000	-
Non-deductible items	62,000	20,000
Share issue costs	-	(10,000)
Differences in long term tax rates	(29,000)	51,000
Tax effect of tax losses and temporary differences not recognized	224,000	365,000
Income tax (recovery) expense	-	-

The components of deferred income taxes are as follows:

	December 31, 2021 ($)	December 31, 2020 ($)
Deferred income tax assets		
Asset retirement obligation	-	20,000
Marketable securities	3,000	-
Non-capital losses	993,000	824,000
Property, plant, equipment and other	546,000	472,000
Share issuance costs	6,000	8,000
Total deferred income tax assets	1,548,000	1,324,000
Unrecognized deferred tax asset	(1,548,000)	(1,324,000)

In assigning the realization of deferred tax assets, management considers whether it is probable that some portion or all of the deferred tax assets will be realized. The ultimate realization of deferred tax assets is dependent upon the generation of future taxable income during the periods in which those temporary differences become deductible.

The Company has non-capital loss carry-forwards of approximately $3,678,000 that may be available for tax purposes.

(Expressed in Canadian dollars)

17. DISCONTINUED OPERATIONS

The net loss from the oil properties that were sold on May 1, 2021 has been reclassified to discontinued operations for the years ended December 31, 2021 and 2020 as follows:

	December 31, 2021	December 31, 2020
	($)	($)
Revenues		
Oil sales	42,967	101,220
Royalties and freehold mineral tax	(6,060)	(14,450)
Other income	-	1,640
Expenses		
Accretion	475	1,398
Consulting	7,000	-
Depletion	5,410	8,488
Field operating expenses	6,252	39,438
Impairment of oil properties	-	31,894
Insurance	-	1,300
Royalties and freehold mineral tax	6,060	-
Income from Discontinued Operations	17,770	5,892

The Company recorded a gain on disposal of the oil properties as follows:

	Amount
	($)
Proceeds	5,000
Assets sold (Note 8)	(30,410)
Assumption of asset retirement obligation (Note 11)	73,073
Gain on disposal of oil properties	47,663

18. COMMITMENT

As at December 31, 2021, the Company has $64,764 in flow through funds which need to be spent on qualifying exploration and evaluation expenditures prior to December 31, 2022.

T

(Expressed in Canadian dollars)

19. SUPPLEMENTAL CASH FLOW INFORMATION

	December 31, 2021	December 31, 2020
	($)	($)
Non-cash investing and financing activities:		
Acquisition of exploration and evaluation assets through the issuance of common shares	131,000	760,000
Exploration and evaluation expenditures included in accounts payable	10,486	87,034
Issuance of finders' warrants as a share issuance cost	-	40,100
Recognized an asset retirement obligation on the oil properties	-	71,202
Receipt of common shares from an option agreement on an exploration and evaluation asset	10,999	-
Settlement of accounts payable through the issuance of common shares	-	56,747
Settlement of notes payable through the issuance of common shares	-	55,000
Transfer fair value of stock options exercised	9,472	89,388
Interest paid during the year	5,747	122
Income taxes paid during the year	-	-

20. SUBSEQUENT EVENTS

Subsequent to December 31, 2021, the Company:

a) received $100,000 of loan proceeds pursuant to a loan agreement bearing interest at 24% compounded monthly and due December 31, 2022.

b) completed a non-brokered private placement wherein it issued 1,996,363 common shares at $0.11 per share for aggregate proceeds of $219,600.

c) issued 1,204,545 units at $0.11 per unit to settle $132,500 in outstanding debt. Each unit consisted of a common share and a share purchase warrant which entitles the holder to acquire an additional common share at a price of $0.145 per a period of two years from the date of closing.