# Ready Set Gold Corp.
(Formerly Omni Commerce Corp.)

## CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

*FOR THE THREE AND NINE MONTHS ENDED JANUARY 31, 2022 AND 2021*

(Expressed in Canadian Dollars)

(Unaudited – Prepared by Management)

## NOTICE OF NO AUDIT OR REVIEW OF CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

Under National Instrument 51-102, if an auditor has not performed a review of the interim financial statements they must be accompanied by a note indicating that the interim financial statements have not been reviewed by an auditor.

The accompanying unaudited condensed interim financial statements have been prepared by and are the responsibility of the management. The Corporation's independent auditor has not performed a review of these interim financial statements.

**Ready Set Gold Corp. (formerly Omni Commerce Corp.)**
CONDENSED INTERIM CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
(Expressed in Canadian Dollars)
(Unaudited – Prepared by Management)
AS AT

| | | January 31, 2022 | | April 30, 2021 |
|---|---|---|---|---|
| **ASSETS** | | | | |
| **Current assets** | | | | |
| Cash | $ | 2,321,995 | $ | 190,898 |
| GST receivable | | 153,562 | | 161,228 |
| Prepaid expenses and deposits | | 36,183 | | 328,798 |
| **Total current assets** | | **2,511,740** | | **680,924** |
| **Non-current assets** | | | | |
| Convertible debenture (Note 6) | | - | | 1,777,143 |
| Long-term deposits (Note 5) | | 48,186 | | 48,186 |
| Exploration and evaluation assets (Note 5) | | 9,536,383 | | 9,315,095 |
| **Total assets** | **$** | **12,096,309** | **$** | **11,821,348** |
| **LIABILITIES AND EQUITY** | | | | |
| **Current liabilities** | | | | |
| Accounts payable and accrued liabilities (Note 9) | $ | 221,673 | $ | 450,079 |
| Convertible debentures (Note 7) | | 1,702,759 | | - |
| **Total liabilities** | | **1,924,432** | | **450,079** |
| **Equity** | | | | |
| Share capital (Note 8) | | 25,833,415 | | 25,801,415 |
| Reserves (Note 8) | | 4,554,234 | | 4,003,557 |
| Deficit | | (20,215,772) | | (18,433,703) |
| **Total equity** | | **10,171,877** | | **11,371,269** |
| **Total liabilities and equity** | **$** | **12,096,309** | **$** | **11,821,348** |

Nature of operations and going concern (Note 1)
Subsequent events (Note 14)

**Approved and authorized on behalf of the Board:**

*"Christian Scovenna"*, Director *"Darren Collins"*, Director

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

**Ready Set Gold Corp. (formerly Omni Commerce Corp.)**
CONDENSED INTERIM CONSOLIDATED STATEMENTS OF LOSS AND COMPREHENSIVE LOSS
(Expressed in Canadian Dollars)
(Unaudited – Prepared by Management)

| | Three months ended January 31, 2022 | Three months ended January 31, 2021 | Nine months ended January 31, 2022 | Nine months ended January 31, 2021 |
|---|---|---|---|---|
| **EXPENSES** | | | | |
| Consulting fees (Note 9) | $ 69,814 | $ 169,717 | $ 371,168 | $ 274,641 |
| Management fees (Note 9) | 106,231 | 26,631 | 317,069 | 60,984 |
| Marketing | 36,475 | 131,766 | 325,898 | 147,594 |
| Office and miscellaneous | 25,130 | 16,244 | 23,846 | 20,555 |
| Insurance expenses | 8,328 | 2,836 | 22,695 | 3,646 |
| Professional fees | 86,503 | 172,927 | 213,489 | 396,629 |
| Share-based payments (Notes 8) | (62,368) | 448,205 | 76,730 | 448,205 |
| Transfer agent and regulatory fees | 14,987 | 19,544 | 49,034 | 37,526 |
| Payroll expense (Note 9) | (3,710) | 3,148 | 38,898 | 3,148 |
| Travel and accommodation | 2,265 | 1,250 | 5,099 | 7,783 |
| | 283,655 | 992,268 | 1,443,926 | 1,400,711 |
| **OTHER ITEMS** | | | | |
| Foreign exchange gain (loss) | 43,545 | 5,154 | 76,750 | 1,454 |
| Gain (loss) on marketable securities | - | 75,791 | - | 76,991 |
| Loss on derecognition of convertible debenture (Note 6) | - | - | (359,167) | - |
| Other Income (Note 8) | | 48,000 | | 48,000 |
| Interest expense (Note 7) | (42,742) | - | (100,715) | - |
| Accretion expense (Note 7) | (49,760) | - | (115,089) | - |
| Interest income (Note 6) | - | 62,633 | 107,753 | 181,109 |
| **Total other items** | **(48,957)** | **191,578** | **(390,468)** | **307,554** |
| **Loss for the period before taxes** | **(332,612)** | **(800,690)** | **(1,834,394)** | **(1,093,157)** |
| Income tax recovery (Note 13) | - | - | 52,325 | - |
| **Net loss and comprehensive loss** | **$ (332,612)** | **$ (800,690)** | **$ (1,782,069)** | **$ (1,093,157)** |
| **Loss per share** | | | | |
| Basic & diluted | $ (0.01) | $ (0.03) | $ (0.06) | $ (0.05) |
| **Weighted average shares outstanding** | | | | |
| Basic & diluted | 30,385,169 | 26,234,805 | 30,275,024 | 20,397,093 |

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

**Ready Set Gold Corp. (formerly Omni Commerce Corp.)**
CONDENSED INTERIM CONSOLIDATED STATEMENTS OF CASH FLOWS
(Expressed in Canadian Dollars)
(Unaudited – Prepared by Management)
FOR THE NINE MONTHS ENDED JANUARY 31, 2022

| | | 2022 | | 2021 |
|---|---|---|---|---|
| **CASH FLOW FROM OPERATING ACTIVITIES** | | | | |
| Net loss for the nine months ended | $ | (1,782,069) | $ | (1,093,157) |
| Items not affecting cash: | | | | |
| Foreign exchange gain | | - | | - |
| Share-based payment charges | | 76,730 | | 448,205 |
| Loss (gain) on marketable securities | | - | | (76,991) |
| Loss on derecognition of convertible debentures | | 359,167 | | - |
| Interest income | | (107,753) | | (181,109) |
| Accretion expense | | 115,089 | | - |
| Transaction costs incurred for amalgamation | | - | | 93,971 |
| Flow-through share premium | | - | | (48,000) |
| Changes in non-cash working capital items: | | | | |
| GST receivable | | 7,666 | | (76,098) |
| Prepaid expenses and deposits | | 292,615 | | 240,296 |
| Accounts payable and accrued liabilities | | (228,406) | | (57,235) |
| Net cash used in operating activities | | (1,266,961) | | (750,118) |
| **CASH FLOW FROM INVESTING ACTIVITIES** | | | | |
| Acquisition of exploration and evaluation assets | | (189,288) | | (1,059,906) |
| Deposits made for exploration of Northshore Property | | - | | (75,000) |
| Cash assumed on acquisition of Ready Set Gold | | - | | 1,433,414 |
| Proceeds from promissory notes receivable | | 1,525,729 | | - |
| Net cash provided by (used in) investing activities | | 1,336,441 | | 298,508 |
| **CASH FLOW FROM FINANCING ACTIVITIES** | | | | |
| Proceeds from issuance of convertible debentures | | 2,061,617 | | - |
| Net cash provided by financing activities | | 2,061,617 | | - |
| **Change in cash** | | **2,131,097** | | **(451,610)** |
| **Cash, beginning of year** | | **190,898** | | **1,264,356** |
| **Cash, end of nine-month period** | **$** | **2,321,995** | **$** | **812,746** |

**Supplemental disclosure of cash flow information:**

| | | | | |
|---|---|---|---|---|
| Non-cash investing and financing activities: | | | | |
| Recognition of promissory note receivable | $ | 1,447,688 | $ | - |
| Derecognition of convertible debenture receivable | $ | (1,806,855) | $ | - |
| Shares issued for acquisition of exploration and evaluation assets | $ | 32,000 | $ | 1,900,000 |
| Finders fee shares issued for exploration and evaluation assets | $ | | $ | 43,500 |
| Shares issued to acquire Ready Set Gold | $ | | $ | 5,847,337 |

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

**Ready Set Gold Corp. (formerly Omni Commerce Corp.)**
CONDENSED INTERIM CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
(Expressed in Canadian Dollars)
(Unaudited – Prepared by Management)

| | Share Capital | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| | **Common Shares** | | **Amount** | **Obligation to issue shares** | **Reserves** | **Deficit** | | **Total Equity** |
| Balance, April 30, 2020 | 8,088,731 | $ | 16,122,397 | 390,000 | 1,153,463 | (16,499,406) | $ | 1,166,454 |
| Shares issued for the Amalgamation | 18,446,743 | | 7,352,678 | - | - | - | | 7,352,678 |
| Shares issued for exploration and evaluation assets (Note 5) | 3,166,666 | | 1,900,000 | - | - | - | | 1,900,000 |
| Shares issued for finders' fees | 72,500 | | 43,500 | - | - | - | | 43,500 |
| Settlement of share obligation | 210,529 | | 200,000 | (200,000) | - | | | - |
| Share issuance cost | - | | (7,160) | - | - | | | (7,160) |
| Stock-based compensation (Note 8) | - | | - | - | 448,205 | | | 448,205 |
| Loss for the nine months ended | - | | - | - | - | (1,093,157) | | (1,093,157) |
| **Balance, January 31, 2021** | **29,985,169** | **$** | **25,611,415** | **190,000** | **1,601,668** | **(17,592,563)** | **$** | **9,810,520** |
| Balance, April 30, 2021 | 30,185,169 | $ | 25,801,415 | - | 4,003,557 | (18,433,703) | $ | 11,371,269 |
| Shares issued for exploration and evaluation assets (Note 5) | 200,000 | | 32,000 | - | - | - | | 32,000 |
| Issuance of convertible debentures (Note 7) | - | | - | - | 399,214 | - | | 399,214 |
| Issuance of finders' warrants (Note 7) | - | | - | - | 74,733 | - | | 74,733 |
| Share-based payments | - | | - | - | 76,730 | - | | 76,730 |
| Loss for the nine months ended | - | | - | - | - | (1,782,069) | | (1,782,069) |
| **Balance, January 31, 2022** | **30,385,169** | **$** | **25,833,415** | **-** | **4,554,234** | **(20,215,772)** | **$** | **10,171,877** |

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

## 1. NATURE OF OPERATIONS AND GOING CONCERN

Ready Set Gold Corp. ("Ready Set Gold" or the "Company", formerly known as Omni Commerce Corp.) is a company incorporated on April 16, 2006 under the Business Corporations Act (British Columbia) as CCT Capital Ltd., and subsequently changed its name to Mezzi Holdings Inc. on October 24, 2014. On March 28, 2018, the Company changed its name to Omni Commerce Corp. During the year ended April 30, 2018, management made the decision to exit the branded goods business and has been exploring opportunities and negotiating potential transactions in the cannabidiol ("CBD") and cannabis sectors, along with potential mining opportunities.

The Company traded on the TSX Venture Exchange (the "Exchange") under the symbol "OMNI" until it delisted effective as of the close of business on March 24, 2020. The Company is now trading on the Canadian Securities Exchange ("CSE") under the symbol "RDY". The Company's corporate office is located at Suite 220 - 333 Terminal Avenue, Vancouver, BC, Canada.

On May 11, 2020, the Company completed the amalgamation between Ready Set Gold's wholly-owned subsidiary 1230165 B.C. Ltd. ("0165") and 1204970 B.C. Ltd. ("4970") through the issuance of 8,701,180 common shares to the 4970 Shareholders. At the time of the amalgamation, 4970's net assets consisted primarily of a convertible debenture receivable with Dreamfields Brands, Inc. (Note 4 and 7).

On December 4, 2020, the Company completed the amalgamation between Ready Set Gold Corp. ("RSG ON") and its wholly-owned subsidiary 1258952 B.C. Ltd. through the issuance of 9,745,563 Ready Set Gold common shares to the RSG ON Shareholders. Refer to Note 4 for further details on the transaction. Subsequent to the amalgamation, the Company changed its name to "Ready Set Gold".

These condensed interim consolidated financial statements have been prepared on a going concern basis, which assumes that the Company will be able to realize its assets and settle its obligations in the normal course of business. During the nine months ended January 31, 2022, the Company incurred a net loss of $1,782,069 (2021 - $1,093,157) and as at January 31, 2022, had an accumulated deficit of $20,215,772 (April 30, 2021 - $18,433,703). The Company has not generated significant cash inflows from operations. These conditions cast significant doubt about the Company's ability to continue as a going concern. The ability of the Company to carry out its planned business objectives is dependent on its ability to raise adequate financing from lenders, shareholders and other investors and/or generate profitability and positive cash flow. These condensed interim consolidated financial statements do not give effect to the adjustments that would be necessary should the Company be unable to continue as a going concern and to realize its assets and liquidate its liabilities and commitments at amounts different from those in the accompanying consolidated financial statements. Such adjustments could be material.

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 results of operations at this time.

## 2. BASIS OF PRESENTATION

### Statement of Compliance

These unaudited condensed interim consolidated financial statements have been prepared in accordance with IAS 34 – Interim Financial Reporting as issued by the International Accounting Standards Board ("IASB"). Accordingly, certain disclosures included in annual financial statements prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the IASB have been condensed or omitted and these unaudited condensed interim consolidated financial statements should be read in conjunction with the Company's audited consolidated financial statements for the year ended April 30, 2021.

(Expressed in Canadian Dollars)

The Company's management makes judgements in its process of applying the Company's accounting policies in the preparation of its condensed interim consolidated financial statements. In addition, the preparation of the financial data requires that the Company's management make assumptions and estimates of the effects of uncertain future events on the carrying amounts of the Company's assets and liabilities at the end of the reporting period and the reported amounts of revenue and expenses during the reporting period. Actual results may differ from those estimates as the estimation process is inherently uncertain. Estimates are reviewed on an ongoing basis based on historical experience and other factors that are considered to be relevant under the circumstances. Revisions to estimates and the resulting effects on the carrying amounts of the Company's assets and liabilities are accounted for prospectively. The critical statements are consistent with those applied and disclosed in the Company's consolidated financial statements for the year ended April 30, 2021. In addition, other than noted below, the accounting policies applied in these condensed interim consolidated financial statements are consistent with those applied and disclosed in the Company's audited financial statements for the year ended April 30, 2021.

The Company's interim results are not necessarily indicative of its results for a full year.

These condensed interim consolidated financial statements were authorized and issued by the Board of Directors on March 29, 2022.

**Principles of Consolidation**

These condensed interim consolidated financial statements are presented on a consolidated basis and include the accounts of the Company and its controlled entities. Control occurs when the Company is exposed to, or has right to, variable returns from its involvement with an investee and has the ability to affect those returns through its power over the investee. Details of controlled entities are as follows:

| | | Percentage Owned | |
|---|---|---|---|
| **Entity** | **Place of Incorporation** | **January 31, 2022** | **April 30, 2021** |
| 1249319 BC Ltd. | British Columbia, Canada | 100% | 100% |
| Ready Set Gold ON Ltd. | British Columbia, Canada | 100% | 100% |
| 8918627 Canada Ltd. | British Columbia, Canada | 100% | 100% |
| Omni Merger Sub Inc. | California, United States | 100% | 100% |

All intercompany transactions and balances have been eliminated on consolidation.

**Significant Accounting Judgements and Critical Accounting Estimates**

The preparation of financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities and disclosure of contingent liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting year. Actual outcomes could differ from these estimates. These condensed interim consolidated financial statements include estimates, which, by their nature, are uncertain. The impact of such estimates appears throughout the condensed interim consolidated financial statements and may require 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 relevant factors that are believed to be reasonable under the circumstances.

Significant accounting judgments

Management must make judgments given the various options available as per accounting standards for items included in the condensed interim consolidated financial statements. Judgments involve a degree of uncertainty and could result in a material adjustment to the carrying amounts of assets and liabilities, in the event that actual events differ from a judgment made. A summary of items involving management judgment include, but are not limited to:

i) Recognition of deferred income tax assets – The extent to which deferred tax assets can be recognized is based on an assessment of the probability of the Company's future taxable income against which the deferred tax assets can be utilized.

ii) The determination of the Company's and its subsidiaries' functional currency – The functional currency determination will be based on management's assessment of the primary economic environment in which the entities operate. The functional and reporting currency of the Company is the Canadian dollar.

iii) Assessment of the Company's ability to continue as a going concern – The assessment involves significant judgment based on historical experience and other factors, including expectation of future events that are believed to be reasonable under the circumstances.

Critical accounting estimates

Key assumptions concerning the future and other key sources of estimation uncertainty that have a significant risk of resulting in a material adjustment to the carrying amount of assets and liabilities within the next financial year include, but are not limited to, the following:

i) Share-based payments – The fair value of share-based payments is determined using the Black-Scholes option pricing model. This option pricing model requires the input of subjective assumptions including the expected price volatility, option life, dividend yield, risk-free rate and estimated forfeitures at the initial grant.

ii) Impairment – At least annually or whenever there is an indicator for impairment management evaluates the recoverable amount of its exploration and evaluation assets. The Company considers both internal and external sources of information when making the assessment of whether there are indications of impairment for the Company's mineral property interests. The Company uses several criteria in its assessments of economic recoverability and profitability of future economic benefit, including geologic and metallurgic information, economics assessment/studies, accessible facilities, existing permits, and ability to continue development. Management has determined that there are no indicators of impairment on its exploration and evaluations interests.

iii) Convertible debentures – The determination of the carrying value of the convertible debentures on initial issuance is subject to management's estimates in determining an appropriate discount rate based on similar instruments with no conversion features.

## 3. SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies applied in the preparation of these condensed interim consolidated financial statements are consistent with the accounting policies disclosed in Note 3 of the audited consolidated financial statements for the year ended April 30, 2021. These condensed interim consolidated financial statements should be read in conjunction with the Company's audited consolidated financial statements for the year ended April 30, 2021

**Convertible Debentures**

Upon initial recognition, the Company determines whether the convertible debentures consist of liability and equity components. For convertible debentures which provide conversion into a fixed number of shares, the liability component is initially recorded at fair value and subsequently at amortized cost using the effective interest rate method. The liability component is accreted to the face value over the term of the convertible debenture. The equity component is recognized as the difference between the fair value of the instrument as a whole and the fair value of the liability component. Any directly attributable transaction costs are allocated to the liability and equity components in proportion to their initial carrying amount.

(Expressed in Canadian Dollars)

## 4. AMALGAMATIONS

### Dreamfields Brands

On September 18, 2019, the Company entered into a definitive transaction agreement (the "Dreamfields Definitive Agreement") with Dreamfields Brands, Inc. ("Dreamfields"), a California-based vertically-integrated cannabis manufacturing, distribution, branding, sales and events company. The Dreamfields Definitive Agreement provided that, subject to the satisfaction of certain conditions precedent, including applicable regulatory and stock exchange approvals, Dreamfields would complete a reverse takeover of the Company, pursuant to which the business of Dreamfields will become the business of the Company.

On April 3, 2020, the Company entered into an amalgamation agreement with a wholly-owned subsidiary of Ready Set Gold ("Ready Set Subco") and 1204970 B.C. Ltd. ("4970"), a private British Columbia corporation which is a creditor to Dreamfields, whereby 4970 will become a wholly-owned subsidiary of Ready Set Gold by way of a "three-cornered amalgamation" (the "Amalgamation"). Upon completion of the Amalgamation, all of the issued and outstanding common shares in the capital of 4970 (the "4970 Shares") held by the holders of the 4970 Shares (the "4970 Shareholders") will be cancelled and replaced by the issued shares of the Company.

On April 27, 2020, the Company announced the Dreamfields Definitive Agreement had expired as Dreamfields had not delivered its audited financial statements to the Company and the Company determined that it would not proceed with the contemplated transaction.

On May 11, 2020, the Company completed the Amalgamation between Ready Set Subco and 4970 and issued 8,701,180 common shares to the 4970 Shareholders. The Company also expensed transaction costs of $93,971 as professional fees which were previously capitalized as deferred transaction costs. Upon completion of the Amalgamation, 4970 became a wholly-owned subsidiary of the Company.

At the time of the Amalgamation, 4970’s net assets consisted primarily of a convertible debenture receivable with Dreamfields (the “Convertible Debenture”) (Note 7), and it did not have any processes capable of generating outputs; therefore, 4970 did not meet the definition of a business. Accordingly, as 4970 did not qualify as a business in accordance with IFRS 3 *Business Combinations*, the amalgamation did not constitute a business combination and has been accounted for as an asset acquisition.

The Company’s shares had been delisted since March 24, 2020, accordingly the fair value of the shares of the Company is not readily determinable. Management has determined the best estimate of fair value is represented by the fair value of the net assets acquired of 4970 in accordance with IFRS 2 *Share-based payments*, determined as follows.

| | | |
|---|---|---|
| **Fair value of identifiable net assets acquired** | | |
| Convertible Debenture | $ | 1,531,023 |
| Accounts payable and accrued liabilities | | (25,681) |
| | $ | 1,505,342 |
| **Total consideration paid** | | |
| 8,701,180 common shares | $ | 1,505,342 |

### Ready Set Gold

On December 4, 2020, the Company entered into a share exchange agreement for RSG ON. Under the agreement, the Company was to exchange one common share for each RSG ON share held by shareholders of RSG ON, for a total of 9,745,563 shares. Furthermore, each warrant outstanding of RSG ON was exchanged for an equivalent warrant of the Company with the same terms. As a result, 4,696,796 warrants were issued subject to the merger.

(Expressed in Canadian Dollars)

At the time of the acquisition, RSG ON had assets and liabilities consisting of cash, prepaid expenses, exploration and evaluation assets, accounts receivable and payable and a flowthrough premium liability. RSG ON did not have any outputs that would result in it meeting the definition of a business. Since RSG ON did not qualify as a business under IFRS 3 *Business Combinations*, the acquisition did not constitute a business combination and has been accounted for as an asset acquisition. As such, the purchase premium was allocated to the exploration and evaluation assets based on their value in comparison to RSG ON's other assets.

The Company's shares had been delisted since March 24, 2020, accordingly the fair value of the shares of the Company were not readily determinable. The shares were deemed to have a share price of $0.60 per share based on recent financing completed by RSG ON. The replacement warrants issued as part of the exchange consideration were determined to have a fair value of $2,081,252 based on the Black-Scholes option pricing model with the following inputs: share price of $0.60, exercise price of $0.60 - $1.00, expected life of 1.8 – 1.9 years, volatility of 185% and risk-free interest rate of 0.24%. These inputs were determined based on the terms outlined in the respective agreements, comparable company share prices and publicly available interest rate information.

| | | |
|---|---|---|
| **Fair value of identifiable net assets acquired** | | |
| Cash | $ | 1,433,414 |
| Prepaid expenses and deposits | | 910,453 |
| Exploration and evaluation assets | | 5,849,705 |
| Accounts receivable | | 2,668 |
| Accounts payable and accrued liabilities | | (280,850) |
| Flow-through premium liability | | (48,000) |
| Due to Ready Set Gold Corp. (formerly, Omni Commerce Corp.) | | 61,199 |
| | $ | 7,928,589 |
| **Total consideration paid** | | |
| 9,745,563 common shares and 4,696,796 warrants | $ | 7,928,589 |

(Expressed in Canadian Dollars)

## 5. EXPLORATION AND EVALUATION ASSETS

The following table summarizes costs of expenditures on exploration and evaluation assets for the nine months ended January 31, 2022 and the year ended and April 30, 2021.

| **Acquisition costs** | | **North Shore** | **Schreiber, Thunder Bay** | **Hemlo Eastern Flank** | **Emmons Peak** | **Total** |
|---|---|---|---|---|---|---|
| Balance, April 30, 2020 | $ | - | - | - | - | - |
| Additions | | 2,505,000 | 25,000 | 5,837,705 | 12,000 | 8,379,705 |
| **Balance, April 30, 2021** | **$** | **2,505,000** | **25,000** | **5,837,705** | **12,000** | **8,379,705** |
| Additions | | - | - | - | 47,000 | 47,000 |
| **Balance, January 31, 2022** | **$** | **2,505,000** | **25,000** | **5,837,705** | **59,000** | **8,426,705** |

| **Exploration costs** | | **North Shore** | **Schreiber, Thunder Bay** | **Hemlo Eastern Flank** | **Emmons Peak** | **Total** |
|---|---|---|---|---|---|---|
| Balance, April 30, 2020 | $ | - | - | - | - | - |
| Geological consulting | | 299,605 | - | - | - | 299,605 |
| Sampling | | 32,352 | - | - | - | 32,352 |
| Magnetic survey | | 34,500 | - | - | - | 34,500 |
| Equipment expenses | | 42,376 | - | - | - | 42,376 |
| Drilling | | 483,057 | | - | - | 483,057 |
| Finder's fees | | 43,500 | - | - | - | 43,500 |
| **Balance, April 30, 2021** | **$** | **935,390** | **-** | **-** | **-** | **935,390** |
| Geological consulting | | 51,622 | - | - | - | 51,622 |
| Sampling | | 2,766 | - | - | - | 2,766 |
| Magnetic survey | | 73,601 | - | - | - | 73,601 |
| Equipment expenses | | 665 | - | - | - | 665 |
| Drilling | | 45,634 | - | - | - | 45,634 |
| **Balance, January 31, 2022** | **$** | **1,109,678** | **-** | **-** | **-** | **1,109,678** |

| | | | | | | |
|---|---|---|---|---|---|---|
| **NET BOOK VALUE** | | | | | | |
| **Balance, April 30, 2021** | **$** | **3,440,390** | **25,000** | **5,837,705** | **12,000** | **9,315,095** |
| **Balance, January 31, 2022** | **$** | **3,614,678** | **25,000** | **5,837,705** | **59,000** | **9,536,383** |

The Company paid a $75,000 deposit to a vendor for drilling work on the North Shore property. The deposit will be deducted from future drilling invoices until fully applied. As at January 31, 2022, the Company had a remaining deposit balance of $48,186.

**North Shore Property**

CBLT Inc.

On April 24, 2020, the Company entered into a letter of intent (the "CBLT LOI") with CBLT Inc. ("CBLT"). The Company agreed to acquire CBLT's right, title and interest in and to its 56% joint venture interest in the Northshore Gold Property (the "Northshore Property"), located in the Schreiber-Hemlo Greenstone Belt, 115 km west of Hemlo and 200 km east of Thunder Bay, on the terms in the CBLT LOI.

On June 1, 2020, the Company signed a definitive agreement to acquire the Northshore property. Both parties agreed on the following consideration for a total of $1,450,000:

- Payment of $25,000 in cash consideration as a non-refundable deposit, which was paid by the Company in connection with the entry into the letter of intent;
- Payment of $25,000 in cash consideration as a non-refundable deposit, which was paid by the Company in connection with the execution of the definitive agreement;
- Payment of $300,000 in cash consideration, which was due on the Closing date; and
- Issuance of $1,100,000 worth of common shares in the capital of the Company (each, an "Ready Set Gold Share") at a price equal to the price of the Sub Receipts (as defined below) (collectively, the "Consideration Shares") on the Closing date.

In addition, under the terms of the agreement, the Company agreed to consolidate its total issued and outstanding common shares on the basis of five pre-consolidation Ready Set Gold Shares for one post-consolidation Ready Set Gold Share (collectively, the "Consolidation") prior to Closing. The Company also agreed to raise gross proceeds of not less than $1.5 million through the private placement (the "Financing") of subscription receipts of Ready Set Gold (each, a "Sub Receipt"). Each Sub Receipt will be issued at a subscription price of $0.60 per Sub Receipt and will automatically convert into units of the Company (each, a "Unit") in the event of the occurrence of the Escrow Release Condition (as defined herein) with each Unit comprised of one Ready Set Gold Share and one common share purchase warrant (each, a "Financing Warrant"), with each Financing Warrant entitling the holder to acquire one additional Ready Set Gold Share at an exercise price of $1.00 per post-consolidation Ready Set Gold Share for a period of 2 years from the date of issuance of the Financing Warrant. The Escrow Release Condition is the satisfaction or waiver of all conditions precedent to the Closing date.

As part of the closing of the transactions, CBLT waived the requirements for the Company to complete the Consolidation and the Financing.

On August 18, 2020, the Company completed the acquisition of CBLT's 56% interest in the Northshore Property, made a cash payment of $300,000 and issued 1,833,333 Ready Set Gold shares with a fair value of $1,100,000. In connection with the transaction, the Company issued 72,500 common shares of the Company at a total fair value of $43,500 to an arm's length finder.

All of the Consideration Shares are subject to the terms of a voluntary escrow agreement dated August 18, 2020, which terms include the release of 25% of the Consideration Shares from escrow on each of the days which is four, six, eight and 12 months after the closing of the transaction. The voluntary escrow will be in addition to and any resale restrictions imposed under applicable securities laws. The finder's shares are subject to a hold period expiring four months and one day from the closing of the transaction.

Balmoral Resources Ltd.

On June 11, 2020, the Company entered into a signed definitive agreement with Balmoral Resources Ltd. to obtain the remaining 44% of the Northshore property giving the Company 100% ownership. The Company paid $17,500 upon signing of an LOI and paid an additional $17,500 upon the signing of the definitive agreement on June 22, 2020.

In addition to these deposits, the Company has agreed to consideration of:

- Payment of $220,000 in cash consideration in addition to the deposits;
- Agreed to consolidate common shares on the basis of five pre-consolidation shares for one share prior to Closing;
- Issuance of 1,333,333 common shares of the Company; and
- Agreed to complete the Financing described above.

Balmoral also waived the requirements for the Company to complete the Consolidation and the Financing on Closing.

On August 31, 2020, the Company completed the acquisition of Balmoral's 44% interest in the Northshore Property and made a cash payment of $220,000 and issued 1,333,333 common shares in the capital of the Company with a fair value of $800,000. Subsequent to the acquisition, the Company officially holds 100% interest in the Northshore property.

**Schreiber Area, Thunder Bay**

On August 14, 2020, the Company entered into a purchase agreement with Trillium Mining Corp. to purchase a 100% owned interest in mining rights of 11 contiguous claims comprising a total of 233.963 hectares located in the Schreiber Area of Thunder Bay Mining Division, Ontario. The Company has agreed to pay Trillium Mining Corp. a cash consideration of $25,000. During the year ended April 30, 2021, the Company made payment in full to the vendor. As at January 31, 2022, all the claims are in good standing.

**Hemlo Eastern Flanks Project**

As a result of its amalgamation activity, the Company acquired Ready Set Gold's 100% undivided interest in the Hemlo Eastern Flanks property. $5,837,705 of the consideration issued to complete the Company's amalgamation with RSG ON was allocated to this property (Note 4).

**Emmons Peak Project**

On June 26, 2020, prior to its amalgamation, Ready Set Gold entered into an option agreement to acquire a 100% undivided interest in the Emmons Peak Project. This property was located 50 km south of Dryden, ON. In order to exercise the Option Agreement, the Company must make the following payments:

- Cash payment of $12,000 five days from execution of the Option Agreement – paid;
- Cash payment of $15,000 and 200,000 shares on the first anniversary of the Option Agreement – paid and issued;
- Cash payment of $20,000 and 200,000 shares on the second anniversary of the Option Agreement;
- Cash payment of $28,000 on the third anniversary of the Option Agreement.

## 6. PROMISSORY NOTE RECEIVABLE

The Company's subsidiary, 4970, held a Convertible Debenture receivable from Dreamfields in the principal amount of $1,643,736. The Convertible Debenture bore interest at 8% per annum and matured on October 28, 2021. The principal amount and any accrued interest were convertible into common shares of Dreamfields at a conversion price of $0.09580355 per share at the option of 4970 at any time.

At the time of the Amalgamation, the fair value of the Convertible Debenture was estimated to be $1,531,023 by discounting the expected future cash flows using an estimated fair value interest rate of 15%. This interest rate was based on other companies of comparable size with similar risk profiles.

On June 10, 2021, the Company agreed to replace the Convertible Debenture issued by Dreamfields with a Promissory Note receivable of USD$1,259,064 (CDN$1,523,945). The new note bore interest at 8% per annum and matured on October 28, 2021. No interest was recognized resulting from the circumstance of late payments. On the replacement date, the Company derecognized the Convertible Debenture, then with a carrying value of $1,806,855, and recognized the Promissory Note at its fair value of $1,447,688. The fair value of the Promissory Note was determined by discounting the expected future cash flows using an estimated fair value interest rate of 15%. The Company recognized a loss of $359,167 on the conversion of the Convertible Debenture receivable to the Promissory Note receivable.

During the nine months ended January 31, 2022, the Company recognized an aggregate of $107,753 (2021 - $181,109) as interest income. Interest income consisted of $78,041 (2021 - $Nil) from the Promissory Note receivable and $29,712 (2021 - $181,108) from the Convertible Debenture prior to derecognition. As of January 31, 2022, the carrying value of the Promissory Note was $Nil (April 30, 2021 - $1,777,143) as the note was collected in full during the nine months ended January 31, 2022.

## 7. CONVERTIBLE DEBENTURES

**Issuance during the nine months ended January 31, 2021**

a) Tranche 1

June 21, 2021 – unsecured convertible debentures for gross proceeds of $1,820,000.

b) Tranche 2

July 28, 2021 – unsecured convertible debentures for gross proceeds of $441,000.

These convertible debentures bear interest at a rate of 7.5% per annum, payable annually, up to and including the maturity date which is three years from the date of issuance. The principal amount of the debentures may be converted, in whole or in part, at any time before the maturity date into units at $0.27 per common share. After 24 months from the closing date, if the common shares trade at or above $0.90 or 233% of the conversion price on a 30-day volume-weighted average price basis on the CSE, the Company shall have the right, exercisable within 10 business days of the end of the trading period, to require conversion of the debentures into debenture shares at the conversion price by giving the holder 10 business days' prior written notice. Attached to each unit of the debentures is 3,334 common share purchase warrants. Each warrant will be exercisable at a price of $0.47 per warrant share for a period of three years from the date of issuance.

These debentures were determined to be a financial instrument comprising an equity classified conversion feature with a host debt component. On initial recognition, the Company used the residual value method to allocate the principal amount of the debentures between the two components. The host debt component was first valued, based on similar debt securities without an embedded conversion feature and the residual was allocated to the equity-classified conversion feature. The equity-classified conversion feature was also split into the warrant portion and the common share portion (Note 8).

In connection with the issuance of the debentures, the Company:

a) Issued an aggregate of 385,673 finders' warrants, valued at $74,733 based on their grant date fair value determined using the Black-Scholes Option Pricing Model (Note 8).

b) Incurred $199,382 in directly attributable cash transaction costs for finders' fees.

(Expressed in Canadian Dollars)

A continuity of the Company's convertible debenture is as follows:

| | | **2022 Debentures** |
|---|---|---|
| Balance, April 30, 2020 | $ | - |
| **Balance, April 30, 2021** | **$** | **-** |
| Issued during the year | | 2,261,000 |
| Conversion feature | | (244,240) |
| Warrants | | (210,051) |
| Transaction costs | | (219,039) |
| Accretion | | 115,089 |
| **Balance, January 31, 2022** | **$** | **1,702,759** |

The following is a schedule of future minimum repayments of convertible debentures as at January 31, 2022:

| | | **2022 Debentures** |
|---|---|---|
| 2022 | | - |
| 2023 | | - |
| 2024 | | 2,261,000 |
| | **$** | **2,261,000** |

## 8. SHARE CAPITAL AND RESERVES

a) Authorized share capital

Unlimited number of voting common shares without par value.
Unlimited number of preferred shares without par value.

b) Issued share capital

As at January 31, 2022, the Company had 30,385,169 common shares issued and outstanding (April 30, 2021 – 30,185,169). 1,036,640 shares were held in escrow as at January 31, 2022.

During the nine months ended January 31, 2022:

The Company issued 200,000 common shares with estimated fair value of $32,000 as part of the requirements to exercise the option to acquire a 100% undivided interest in the Emmons Peak Project.

During the nine months ended January 31, 2021:

The Company issued 18,446,743 common shares with an estimated fair value of $7,352,678 in conjunction with amalgamations (Note 4).

The Company issued 1,833,333 and 1,333,333 common shares with estimated fair values of $1,100,000 and $800,000 to purchase 56% and 44% interest in the Northshore property, respectively (Note 6).

The Company issued 72,500 common shares as finder's fee in connection with the purchase of a 56% interest of the Northshore property (Note 6).

The Company issued 210,529 common shares to settle share obligations.

(Expressed in Canadian Dollars)

The Company recognized $48,000 in other income upon fulfillment of its exploration expenditure obligations pertaining to flow-through shares issued.

On November 23, 2020, the Company affected a consolidation of its total issued and outstanding common shares on the basis of five pre-consolidation Ready Set Shares for one post-consolidation Ready Set Share.

c) Stock options

The Company has a stock option plan in place under which it is authorized to grant options to executive officers and directors, employees and consultants enabling them to acquire up to 10% of the issued and outstanding common shares of the Company.

Stock option transactions and the number of share options outstanding are summarized as follows:

| | **Number of Options** | | **Weighted Average Exercise Price** |
|---|---|---|---|
| Balance, April 30, 2020 | 768,500 | $ | 0.94 |
| Granted | 2,080,000 | | 0.60 |
| Expired / Forfeited | (3,500) | | (1.00) |
| **Balance, April 30, 2021** | **2,845,000** | **$** | **0.69** |
| Granted | 2,100,000 | | 0.17 |
| Expired / Forfeited | (1,888,750) | | (0.71) |
| **Balance, January 31, 2022** | **3,056,250** | **$** | **0.32** |

As at January 31, 2022, the following stock options were outstanding and exercisable:

| **Outstanding Number of Options** | **Exercisable Number of Options** | **Exercise Price** | **Expiry Date** |
|---|---|---|---|
| 31,250 | 31,250 | $0.60 | May 25, 2022 |
| 225,000 | 225,000 | $0.60 | June 11, 2022 |
| 100,000 | 100,000 | $0.60 | December 4, 2022 |
| 225,000 | 225,000 | $0.60 | January 7, 2023 |
| 100,000 | 100,000 | $0.12 | January 31, 2023 |
| 200,000 | 100,000 | $0.25 | January 31, 2023 |
| 500,000 | 500,000 | $0.60 | December 4, 2025 |
| 125,000 | 125,000 | $0.25 | May 19, 2026 |
| 150,000 | 75,000 | $0.25 | June 1, 2026 |
| 50,000 | - | $0.25 | November 29, 2026 |
| 200,000 | - | $0.16 | November 29, 2026 |
| 200,000 | - | $0.17 | November 29, 2026 |
| 950,000 | 950,000 | $0.12 | January 17, 2027 |
| **3,056,250** | **2,431,250** | | |

(Expressed in Canadian Dollars)

During the nine month period ending January 31, 2022, the Company granted 2,100,000 options (January 31, 2021 – 2,080,000). 250,000 of the options vest quarterly over a period of one year following the grant date of May 25, 2021. 150,000 of the options vest quarterly over a period of one year following the grant date of June 1, 2021. 200,000 of the options vest quarterly over a period of one year following the grant date of June 14, 2021. 450,000 of the options vest quarterly over a period of one year following the grant date of November 29, 2021. 1,050,000 of the options vested immediately on the grant date of January 17, 2022. The options were valued using the Black-Scholes option pricing model with the following inputs: share price of $0.12 - $0.21, exercise price of $0.12 – $0.25, expected life of 5 years, volatility of 181% – 216% and risk-free interest rate of 0.73% – 1.61%. These inputs were determined based on the terms outlined in the respective option agreements, the Company's share prices and publicly available interest rate information.

During the nine months ended January 31, 2022, 1,123,750 options were forfeited. These forfeitures resulted in a $131,461 reversal of share-based payment expenses.

456,250 options of several directors were modified to expire one year after the date of resignation. No incremental share-based payment expense was recognized in association with these modifications due to the options decreasing in value post-modification.

During the nine months ended January 31, 2022, the Company recognized $76,730 (2021 - $448,205) in share-based payment expenses. The following is a schedule that reconciles the share-based compensation recognized:

As at January 31, 2022, the weighted average remaining contractual life of all outstanding options is 3.50 years (April 30, 2021 – 2.44 years).

d) Warrants

As at January 31, 2022, warrant transactions and the number of warrants outstanding are summarized as follows:

| | Number of Options | | Weighted Average Exercise Price |
|---|---|---|---|
| Balance, April 30, 2020 | - | $ | - |
| Granted | 4,696,796 | | 1.00 |
| Expired / Forfeited | - | | - |
| **Balance, April 30, 2021** | **4,696,796** | **$** | **1.00** |
| Granted | 7,923,847 | | 0.47 |
| Expired / Forfeited | - | | - |
| **Balance, January 31, 2022** | **12,620,643** | **$** | **0.67** |

The Company granted 7,538,174 warrants (2021 – 4,694,696) during the nine months ended January 31, 2022, pursuant to the issuance of the convertible debentures (Note 7). A value of $192,371 (2021 - $Nil) was assigned to the warrants based on their proportion of the equity component of the convertible debenture reserve. This proportion was determined based on the relative fair value of the warrants relative to the value of the convertible debenture conversion feature. The fair value for these warrants was valued using the Black Scholes option pricing model with the following inputs: share price of $0.19 - $0.24, exercise price of $0.27, expected life of 3 years, volatility of 179% - 180% and risk-free interest rate of 0.38% - 0.44%.

The Company also granted 385,673 finders' warrants in conjunction with the convertible debenture financing. The finders' warrants were valued at $74,733 using the Black-Scholes option pricing model with the following inputs: share price of $0.19 - $0.24, exercise price of $0.47, expected life of 3 years, volatility of 179% - 180% and risk-free interest rate of 0.38% - 0.44%.

(Expressed in Canadian Dollars)

These Black Scholes inputs were determined based on the terms outlined in the respective warrant agreements, the Company's share prices and publicly available interest rate information.

As at January 31, 2022, the weighted average remaining contractual life of outstanding warrants is 1.78 years (April 30, 2021 – 1.47 years).

e) Reserves

As at January 31, 2022, the Company had the following reserves:

| | | **Share-based Payments** | **Convertible Debenture Conversion Feature** | **Total** |
|---|---|---|---|---|
| Balance, April 30, 2020 | $ | 1,153,463 | - | 1,153,463 |
| Shares and warrants issued For amalgamations | | 2,081,252 | - | 2,081,252 |
| Share-based payments | | 768,842 | - | 768,842 |
| **Balance, April 30, 2021** | **$** | **4,003,557** | **-** | **4,003,557** |
| Issuance of convertible debentures | | 184,584 | 214,630 | 399,214 |
| Issuance of finders' warrants | | 74,733 | - | 74,733 |
| Share-based payments | | 76,730 | - | 76,730 |
| **Balance, January 31, 2022** | **$** | **4,339,604** | **214,630** | **4,554,234** |

## 9. RELATED PARTY BALANCES AND TRANSACTIONS

The Company has determined that key management personnel consists of the Company's Board of Directors and its executive officers. During the nine months ended January 31, 2022 and 2021, the Company incurred the following fees charged by directors and officers and companies controlled by directors and officers of the Company:

| **Key management personnel** | **Nature of transactions** | | **2022** | | **2021** |
|---|---|---|---|---|---|
| Current CEO | Management | $ | 2,500 | $ | - |
| Current CFO | Management | | 750 | | - |
| A company controlled by current CEO | Management | | 104,819 | | 40,983 |
| A company controlled by former CFO | Management | | - | | 20,000 |
| Current director | Management | | 164,000 | | - |
| Current director | Consulting | | - | | 10,000 |
| Former CEO | Consulting | | 4,100 | | 22,648 |
| Former director | Consulting | | 7,600 | | 55,840 |
| Former VP of Exploration | Payroll | | 24,695 | | - |
| Former VP of Exploration | Management | | 45,000 | | - |
| **Total** | | **$** | **353,464** | **$** | **149,471** |

(Expressed in Canadian Dollars)

In addition to management and consulting fees, \$238,893 (2021 - \$215,054) in share-based compensation expenses were incurred by the Company in relation to an aggregate of 2,731,250 (2021 – 1,075,000) options owned and outstanding by directors and officers of the Company during the nine months ended January 31, 2022, of which 2,100,000 options (2021 – 1,075,000) were granted.

As at January 31, 2022, \$46,953 (April 30, 2021 - \$47,037) was owed to related parties for management and consulting fees payable. These amounts are non-interest bearing, unsecured and due on demand.

## 10. FINANCIAL INSTRUMENTS AND RISK

### Fair value

Financial instruments measured at fair value are classified into one of three levels in the fair value hierarchy according to the relative reliability of the inputs used to estimate the fair values. The three levels of the fair value hierarchy are:

Level 1 – Unadjusted quoted prices in active markets for identical assets and liabilities;
Level 2 – Inputs other than quoted prices that are observable for the asset or liabilities either directly or indirectly; and
Level 3 – Inputs that are not based on observable market data.

The Company's primary financial instruments are classified as follows:

| Financial instruments | Classifications |
|---|---|
| Cash | Fair Value through Profit and Loss |
| Accounts payable and accrued liabilities | Amortized Cost |
| Convertible debentures | Amortized Cost |

The fair value of accounts payable and accrued liabilities approximates its carrying amount due to the short-term nature. The carrying value of the Company's convertible debentures approximates their fair value due to minimal changes in interest rates. Cash is measured at fair value using level 1 inputs.

The Company's risk exposures and the impact on the Company's financial instruments are summarized below:

*Credit risk*

Credit risk is the risk that a customer or counterparty to a financial instrument will cause a financial loss to the Company by failing to meet its obligations. The Company's financial instrument that is exposed to concentrations of credit risk is primarily cash. The Company limits its exposure to credit risk with respect to cash by holding it with major Canadian financial institutions.

*Liquidity risk*

The Company's approach to managing liquidity risk is to ensure that it will have sufficient liquidity to meet liabilities when due. As at January 31, 2022, the Company had a cash balance of \$2,321,995 (April 30, 2021 - \$190,898) to settle current liabilities of \$221,673 (April 30, 2021 - \$450,079). All of the Company's financial liabilities have contractual maturities of 30 days or are due on demand and are subject to normal trade terms.

*Market risk*

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

(Expressed in Canadian Dollars)

a) Interest rate risk

Interest rate risk is the risk that the fair value of future cash flows associated with a financial instrument will fluctuate because of changes to market interest rates. The Company has cash balances and a convertible debenture that bears interest at 8% per annum. The Company is satisfied with the credit ratings of its banks and the interest rate on the convertible debenture is fixed. The Company believes it has no significant interest rate risk.

b) Foreign currency risk

Foreign exchange risk arises from fluctuations in the future cash flows of a financial instrument because of changes in foreign exchange rates. The Company is exposed to foreign exchange rate risk on its foreign currency denominated cash and accounts payable.

The following table summarizes these Company's foreign denominated financial instruments:

| | | **January 31, 2022** | | **April 30, 2021** |
|---|---|---|---|---|
| Cash | $ | 1,259,572 | $ | 1,614 |
| Accounts payable | | (5,767) | | - |
| **Net position** | **$** | **1,253,805** | $ | **1,614** |

The Company does not have a formal policy to mitigate risks arising from changes in foreign currency exchange rates. Based on the balances as at January 31, 2022, fluctuations in the Canadian dollar and US dollar exchange rates could have a potentially significant impact on the Company's results from operations. Assuming all other variables remain constant, a 10% change in the value of the Canadian dollar against the US dollar would result in an approximate $159,000 change in profit or loss.

c) Other price risk

Other price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in market prices, other than those arising from interest rate risk or foreign currency risk. The Company was not affected by other price risk during the nine months ended January 31, 2022.

## 11. CAPITAL MANAGEMENT

The Company's objective when managing capital is to safeguard the entity's ability to continue as a going concern. In the management of capital, the Company monitors its capital, which comprises all components of equity (i.e., share capital, reserves and deficit).

The Company sets the amount of capital in proportion to risk. The Company manages the capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Company may issue common shares through private placements. The Company is not exposed to any externally imposed capital requirements.

No changes were made to capital management during the nine months ended January 31, 2022.

## 12. SEGMENTED INFORMATION

During the nine months ended January 31, 2022, the Company continues its business in the mining sector. All long-term assets are located in Canada.

## 13. INCOME TAXES

The Company calculates the period income tax expense using the tax rate that would be applicable to the expected total annual earnings. During the nine months ended January 31, 2022, the Company recognized a current income tax recovery of $52,325 (2021 –$Nil).

## 14. SUBSEQUENT EVENTS

The Company had the following subsequent events:

a) On February 11, 2022, the Company granted 250,000 stock options to a director, 500,000 stock options to the CEO, and 750,000 stock options to advisors. These options have a quarterly vesting period for one year starting on May 11, 2022, and expire on February 11, 2027. These options have an exercise price of $0.14.

b) On February 21, 2022, the Company granted 250,000 stock options to an advisor. These options have a monthly vesting period for one year starting on May 21, 2022 and expire on February 21, 2027. These options have an exercise price of $0.16.

c) On February 15, 2022, The Company paid $101,025 to purchase shares of 1,000,000 shares of Forty Pillars Mining Corp. (PLLR), $101,025 to acquire 200,000 shares of NevGold Corp. (NAU), and $106,075 to buy 300,000 shares of Opawica Explorations Inc. (OPW). These purchases do not grant The Company significant influence or control over the three corporations.