SILVER PHOENIX RESOURCES INC.

(An Exploration Stage Company)

Financial Statements

(Expressed in Canadian Dollars)

For the years ended December 31, 2021 and 2020

manning elliott

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INDEPENDENT AUDITORS' REPORT

To the Shareholders of Silver Phoenix Resources Inc.

Opinion

We have audited the financial statements of Silver Phoenix Resources Inc. (the "Company") which comprise the statements of financial position as at December 31, 2021 and 2020, and the statements of loss and comprehensive loss, changes in equity (deficiency) and cash flows for the years then ended, and the related notes comprising a summary of significant accounting policies and other explanatory information.

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

Basis for Opinion

We conducted our audits in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audits of the 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 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 accompanying financial statements, which describes matters that indicate the existence of a material uncertainty that 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, which comprises the information included in the Company's Management Discussion & Analysis to be filed with the relevant Canadian securities commissions.

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

In connection with our audits of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed on this other information, 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 Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or 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.

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INDEPENDENT AUDITORS' REPORT

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' 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 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 audits. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The 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 auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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 auditors' report is Joseph Bonvillain.

Manning Elliott LLP

CHARTERED PROFESSIONAL ACCOUNTANTS
Vancouver, British Columbia
April 25, 2022

SILVER PHOENIX RESOURCES INC.
Statements of Financial Position
(Expressed in Canadian dollars)

		December 31, 2021		December 31, 2020
Assets				
Current Assets				
Cash	**$**	**3,343**	$	1,096
Amounts receivable		**9,354**		14,914
Marketable securities (Note 5)		**1**		1
		12,698		16,011
Non-current Assets				
Exploration and evaluation assets (Note 6)		**1**		1
Total Assets	**$**	**12,699**	$	16,012
Liabilities				
Current Liabilities				
Accounts payable and accrued liabilities	**$**	**73,015**	$	209,352
Loan payable (Note 7)		**96,931**		27,398
		169,946		236,750
Equity (Deficiency)				
Share capital (Note 8)		**3,273,079**		3,010,579
Equity reserve (Note 8)		**363,699**		363,699
Deficit		**(3,794,025)**		(3,595,016)
		(157,247)		(220,738)
Total Liabilities and Equity	**$**	**12,699**	$	16,012

Nature and continuance of operations (Note 1)
Commitments (Note 12)
Subsequent events (Note 14)

Approved on Behalf of the Board on April 25, 2022:

"Scott Ackerman"
Scott Ackerman – CEO and Director

"Doug McFaul"
Doug McFaul – CFO and Director

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

SILVER PHOENIX RESOURCES INC.
Statements of Loss and Comprehensive Loss
(Expressed in Canadian dollars)

		For the years ended December 31,		
		2021		2020
Expenses				
Finance expense (Note 9)	**$**	**3,872**	$	398
General and administrative		**103**		946
Interest and penalties		**-**		14,336
Management fees		**144,000**		144,000
Professional fees		**18,419**		15,860
Transfer agent and filing fees		**32,615**		10,807
Net loss and comprehensive loss		**(199,009)**		(186,347)
Weighted average number of common shares outstanding		**8,357,865**		7,711,564
Basic and diluted loss per share	**$**	**(0.02)**	$	(0.02)

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

SILVER PHOENIX RESOURCES INC.
Statements of Changes in Equity (Deficiency)
(Expressed in Canadian dollars)

	Number of Common Shares[1]	Share Capital	Equity Reserve	Deficit	Total Shareholders' Equity (Deficiency)
Balance, December 31, 2019	7,711,564	$ 3,010,579	$ 363,699	$ (3,408,669)	$ (34,391)
Net loss and comprehensive loss	-	-	-	(186,347)	(186,347)
Balance, December 31, 2020	7,711,564	$ 3,010,579	$ 363,699	$ (3,595,016)	$ (220,738)

Balance, December 31, 2020	7,711,564	$ 3,010,579	$ 363,699	$ (3,595,016)	$ (220,738)
Exercise of warrants	700,000	262,500	-	-	262,500
Net loss and comprehensive loss	-	-	-	(199,009)	(199,009)
Balance, December 31, 2021	**8,411,564**	**$ 3,273,079**	**$ 363,699**	**$ (3,794,025)**	**$ (157,247)**

[1]On June 30, 2021, the Company completed a consolidation of the Company's shares on a 5 old for 1 new share basis. All share and per share information has been retroactively adjusted to reflect the share consolidation.

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

SILVER PHOENIX RESOURCES INC.
Statements of Cash Flows
(Expressed in Canadian dollars)

	For the years ended December 31, 2021	2020
Cash (used in) provided by:		
Operating Activities		
Loss for the year	$ **(199,009)**	$ (186,347)
Items not affecting cash:		
Accrued interest expense	**2,931**	398
Changes in non-cash working capital items:		
Amounts receivable	**5,560**	4,738
Accounts payable and accrued liabilities	**60,865**	146,583
	(129,653)	(34,628)
Financing Activities		
Loan from credit facility	**194,000**	27,000
Repayment for loan from credit facility and debt assignment	**(324,600)**	-
Proceeds from issuance of common shares	**262,500**	-
	131,900	27,000
Change in cash for the year	**2,247**	(7,628)
Cash, beginning of the year	**1,096**	8,724
Cash, end of the year	$ **3,343**	$ 1,096

Supplemental cash flow information:		
Interest paid	$ -	$ -
Income taxes	$ -	$ -

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

1. NATURE AND CONTINUANCE OF OPERATIONS

Silver Phoenix Resources Inc. (the "Company") was incorporated on February 14, 2003 under the Company Act (British Columbia). The Company is an exploration stage company engaged in acquiring, exploring and developing mineral properties, principally located in British Columbia, Canada. The Company is listed on the Canadian Securities Exchange, under the trading symbol SP. The address of the Company's corporate office and principal place of business is 1600 – 609 Granville Street, Vancouver, BC V7Y 1C3, and the registered and records office is located at 2200 – 885 West Georgia Street, Vancouver, BC V6C 3E8.

The Company is in the process of exploring its mineral property interests and has not yet determined whether its mineral property interests contain mineral reserves that are economically recoverable. As of December 31, 2021, the Company has not generated revenues from its principal activities and is considered to be in the exploration stage.

Going Concern

These financial statements are prepared on a going concern basis, which assumes that the Company will continue its operations for a reasonable period of time. The Company has incurred losses since its inception, has working capital deficiency of $157,248 and an accumulated deficit of $3,794,025 at December 31, 2021. The Company has no source of operating cash flows and expects to incur further losses in the exploration and development of its mineral properties. These factors indicate the existence of a material uncertainty that may cast significant doubt on the ability of the Company to continue as a going concern. The Company's continuing operations, and the recoverability of the amounts shown for exploration and evaluation assets are entirely dependent upon the existence of economically recoverable mineral reserves, the ability of the Company to obtain the necessary financing to complete the exploration and development of its mineral property interests, and on future profitable production or proceeds from the disposition of the mineral property interests. The Company has been successful in the past in raising funds for operations by issuing shares but there is no assurance that it will be able to continue to do so in the future.

These financial statements do not give effect to any adjustments which would be necessary should the Company be unable to continue as a going concern and therefore be required to realize its assets and discharge its liabilities in other than the normal course of business and at amounts different from those reflected in the accompanying financial statements.

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. At this point, the impact on the Company has been minimal. The Company continues to monitor the situation and is taking all necessary precautions in order to follow rules and best practices as set out by the federal and provincial governments.

2. BASIS OF PRESENTATION

The financial statements of the Company have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB"). The financial statements have been prepared on an accrual basis and are based on historical costs, modified for specific financial instruments at fair value where applicable. These financial statements of the Company are presented in Canadian dollars, which is the functional currency of the Company.

The Company's financial statements were authorized for issue by the Board of Directors on April 25, 2022.

3. CRITICAL ACCOUNTING JUDGMENT AND ESTIMATES

The preparation of these financial statements in conformity of 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.

In particular, information about significant areas of estimation uncertainty considered by management in preparing the financial statements is described below:

Exploration and Evaluation Expenditure
The application of the Company's accounting policy for deferred development expenditure requires judgment in determining whether it is likely that future economic benefits will flow to the Company, which may be based on assumption about future events or circumstances. Estimates and assumptions made may change if new information becomes available. If, after expenditures are capitalized, information becomes available suggesting that the recovery of expenditures is unlikely, the amount capitalized is written off in the profit or loss in the period the new information becomes available.

3. CRITICAL ACCOUNTING JUDGMENT AND ESTIMATES (CONTINUED)

Share-based Compensation

The Company measures the cost of equity-settled transactions by reference to the fair value of the equity instruments at the date at which they are granted. Estimating fair value for share-based payment transactions requires determining the most appropriate valuation model, which is dependent on the terms and conditions of the grant. This estimate also requires determining the most appropriate inputs to the valuation model including the expected life of the share option, volatility and dividend yield and making assumptions about them.

Recovery of Deferred Tax Assets

Judgment is required in determining whether deferred tax assets are recognized on the statement of financial position. Deferred tax assets, including those arising from un-utilized tax losses require management to assess the likelihood that the Company will generate taxable earnings in future periods, in order to utilize recognized deferred tax assets. Estimate of future taxable income are based on forecast cash flows from operations and the application of existing tax laws. To the extent that future cash flows and taxable income differ significantly from estimates, the ability of the Company to realize the net deferred tax assets recorded at the reporting date could be impacted. In addition, future changes in tax laws in the jurisdictions in which the Company operations could limit the ability of the Company to obtain tax deductions in future periods.

Going concern

Management applies judgment in its evaluation of the Company's ability to continue as a going concern.

4. SIGNIFICANT ACCOUNTING POLICIES

a. Cash and equivalents

Cash and cash equivalents include cash on hand, deposits held at call with financial institutions and other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amount of cash and subject to an insignificant risk of change value.

b. Marketable securities

Investments in shares of public companies traded on an active market over which the Company does not have control or exercises significant influence are classified as available-for-sale and accounted for at fair market value, based upon quote market share prices at the balance sheet date. Unrealized gains or losses on these investments are recorded as other comprehensive income or loss, unless a decline in value is considered to be other than temporary. Purchases and sales of investment are measured on a settlement date basis.

4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

c. Measurement basis

These financial statements are prepared on the historical cost basis except for certain financial instruments, which are measured at fair value as explained in the accounting policies set out in Note 4(m). All amounts are expressed in Canadian dollars unless otherwise stated.

d. Exploration and evaluation assets

All expenditures related to the cost of exploration and evaluation of mineral resources including acquisition costs for interests in mineral claims are capitalized as mineral properties exploration and classified as intangible assets. General exploration costs not related to specific mineral properties are expensed as incurred. When shares are issued as part of mineral property exploration costs, they are valued at the closing share price on the date of issuance unless the fair value of goods or services received is determined.

Once the technical feasibility and commercial viability of the extraction of mineral resources in an area of interest are demonstrable, capitalized costs of the related property are reclassified as mining assets and upon commencement of commercial production, are amortized using the units of production method over estimated recoverable reserves. Impairment is assessed at the level of cash generating units. Management regularly assesses carrying values of non-producing properties and properties for which events and circumstances may indicate possible impairment. Impairment of a property is generally considered to have occurred if one of the following factors are present; the rights to explore have expired or are near to expiry with no expectation of renewal, no further substantive expenditures are planned or budgeted, exploration and evaluation work is discontinued in an area for which commercially viable quantities have not been discovered, indications that in an area with development likely to proceed the carrying amount is unlikely to be recovered in full be development or sale.

The recoverability of mineral properties and capitalized exploration and development costs is dependent on the existence of economically recoverable reserves, the ability to obtain the necessary financing to complete the development of the reserves, and the profitability of future operations. The Company has not yet determined whether or not any of its future mineral properties contain economically recoverable reserves. Amounts capitalized to mineral properties as exploration and development costs do not necessarily reflect present or future values.

Mineral properties are regularly reviewed for impairment or whenever events or changes in circumstances indicate that the carrying amount of reserve properties may exceed its recoverable amount. When an impairment review is undertaken, the recoverable amount is assessed by reference to the higher of a value in use (being the present value of expected future cash flows of the relevant cash-generating unit) and fair value less costs to sell.

4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

If the carrying amount of an asset exceeds the recoverable amount an impairment charge is recognized by the amount by which the carrying amount of the asset exceeds the fair value of the asset.

Exploration costs renounced due to flow-through share subscription agreements remain capitalized, however, for corporate income tax purposes, the Company has no right to claim these costs as tax deductible expenses.

Recorded costs of mineral properties and deferred exploration costs are not intended to reflect present or future values of resource properties. The recorded costs are subject to measurement uncertainty and it is reasonably possible, based on existing knowledge, that change in future conditions could require a material change in the recognized amount. Payments on mineral property Option Agreements are made at the discretion of the Company and, accordingly, are recorded on a cash basis.

e. Impairment of non-financial assets

At the end of each reporting period, the carrying amounts of the Company's assets are reviewed to determine whether there is any indication that those assets are impaired. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment, if any. The recoverable amount is the higher of fair value less costs to sell and value in use. Fair value is determined as the amount that would be obtained from the sale of the asset in an arm's length transaction between knowledgeable and willing parties. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount and the impairment loss is recognized in the profit or loss for the period. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash generating unit to which the asset belongs.

When an impairment loss subsequently reverses, the carrying amount of the asset (or cash generating unit) is increased to the revised estimate of its recoverable amount, but to an amount that does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset (or cash generating unit) in prior years. A reversal of an impairment loss is recognized immediately in profit or loss.

f. Government assistance

B.C. mining exploration tax credits for certain exploration expenditures incurred in B.C. are treated as a reduction of the exploration and development costs of the respective mineral property. Until such time that there is significant uncertainty with regard to collections and assessments, the Company will record any recovered tax credits at the time of receipt. No gain or loss is realized during the exploration stage until all carrying costs of the specific interest have been offset.

4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

g. Equipment

Equipment is recorded at cost less accumulated depreciation. Depreciation is recorded over the estimated useful life of the equipment using the declining balance method at the following annual rates (one-half of these rates is applied in the year of acquisition):

Computer equipment	30%
Equipment	20%

h. Provisions

Provisions are recorded when a present legal or constructive obligation exists as a result of past events where it is probably that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate of the amount can be made. If the effect is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability. As at December 31, 2021, the Company has not incurred any decommissioning costs related to the exploration and evaluation of its mineral properties and accordingly no provision has been recorded for such site reclamation or abandonment.

i. Share issue costs

Professional, consulting, regulatory and other costs directly attributable to financing transactions are recorded as deferred financing costs until the financing transactions are completed, if the completion of the transaction is considered likely; otherwise they are expensed as incurred. Share issue costs are charged to share capital when the related shares are issued. Deferred financing costs related to financing transactions that are not completed are expensed.

j. Flow-through shares

Canadian tax legislation permits a company to issue flow-through instruments whereby the deduction for tax purposes relating to qualified resource expenditures is claimed by the investors rather than the company.

Flow-through shares are recognized in share capital based on the fair value attributed to common shares without a flow-through feature on the date the Company and the investors agree to the transaction. The difference (“premium”) between the amount recognized in common shares and the amount the investors pay for the flow-through shares is recognized as a flow-through share related liabilities which is reversed into the statement of loss within other income when the eligible expenditures are incurred. The amount recognized as flow-through share related liabilities represents the difference between the fair value of the common shares and the amount the investor pays for the flow-through shares.

4. **SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

k. Share-based payment

The stock option plan allows Company employees and consultants to acquire shares of the Company. The fair value of options granted is recognized as an employee or consultant expense with a corresponding increase in equity. An individual is classified as an employee when the individual is an employee for legal or tax purposes (direct employee) or provides services similar to those performed by a direct employee.

The fair value is measured at grant date and each tranche is recognized on a graded basis over the period during which the options vest. The fair value of the options granted is measured using the Black-Scholes option pricing model taking into account the terms and conditions upon which the options were granted. At each financial position reporting date, the amount recognized as an expense is adjusted to reflect the actual number of share options that are expected to vest.

l. Loss per share

The Company presents basic and diluted loss per share data for its common shares, calculated by dividing the loss attributable to common shareholders of the Company by the weighted average number of common shares outstanding during the period. Diluted loss per share does not adjust the loss attributable to common shareholders or the weight average number of common shares outstanding when the effect is anti-dilutive.

m. Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

Financial assets – Classification

The Company classifies its financial assets in the following categories:

- Those to be measured subsequently at fair value (either through Other Comprehensive Income (“OCI”), or through profit or loss), and
- Those to be measured at amortized cost.

The classification depends on the Company’s business model for managing the financial assets and the contractual terms of the cash flows. For assets measured at fair value, gains and losses are either recorded in profit or loss or OCI.

4. **SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

Fair value hierarchy

The following table summarizes the fair value hierarchy under which the Company's financial instruments are valued.

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

Cash and marketable securities are carried at fair value using a level 1 fair value measurement.

Fair value estimates of financial instruments are made at a specific point in time, based on relevant information about financial markets and specific financial instruments. As these estimates are subjective in nature, involving uncertainties and matters of significant judgment, they cannot be determined with precision. Changes in assumptions can significantly affect estimated fair values.

Financial assets - Measurement

At initial recognition, the Company measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss (“FVTPL”), transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVTPL are expensed in profit or loss. Financial assets are considered in their entirety when determining whether their cash flows are solely payment of principal and interest.

Subsequent measurement of financial assets depends on their classification. There are three measurement categories under which the Company classifies its debt instruments:

• Amortized cost: Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortized cost. A gain or loss on a debt investment that is subsequently measured at amortized cost is recognized in profit or loss when the asset is derecognized or impaired. Interest income from these financial assets is included as finance income using the effective interest method.

4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

- Fair value through OCI ("FVOCI"): Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at FVOCI. Movements in the carrying amount are taken through OCI, except for the recognition of impairment gains and losses, interest revenue, and foreign exchange gains and losses which are recognized in profit or loss. When the financial asset is derecognized, the cumulative gain or loss previously recognized in OCI is reclassified from equity to profit or loss and recognized in other gains (losses). Interest income from these financial assets is included as finance income using the effective interest method.

- Fair value through profit or loss: Assets that do not meet the criteria for amortized cost or FVOCI are measured at FVTPL. A gain or loss on an investment that is subsequently measured at FVTPL is recognized in profit or loss and presented net as revenue in the Statement of Loss and Comprehensive Loss in the period in which it arises.

Cash and marketable securities are measured at FVTPL. The Company has not designated any financial assets as amortized cost and FVOCI.

Financial liabilities

The Company classifies its financial liabilities into the following categories:

- Financial liabilities at FVTPL; and
- Amortized cost.

A financial liability is classified as at FVTPL if it is classified as held-for-trading or is designated as such on initial recognition. Directly attributable transaction costs are recognized in profit or loss as incurred. The fair value changes to financial liabilities at FVTPL are presented as follows:

- the amount of change in the fair value that is attributable to changes in the credit risk of the liability is presented in OCI; and
- the remaining amount of the change in the fair value is presented in profit or loss.

The Company does not designate any financial liabilities at FVTPL. The Company has designated its accounts payable and loan payable at amortized cost.

Other non-derivative financial liabilities are initially measured at fair value less any directly attributable transaction costs. Subsequent to initial recognition, these liabilities are measured at amortized cost using the effective interest method.

4 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

n. Income Taxes

Income tax on the profit or loss for the periods presented comprises current and deferred tax. Income tax is recognized in profit or loss except to the extent that it relates to items recognized directly in equity, in which case it is recognized in equity.

Current tax expense is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at year end, adjusted for amendments to tax payable with regards to previous years.

Deferred tax is accounted for using a temporary difference approach and is the tax expected to be payable or recoverable on temporary differences between the carrying amounts of assets and liabilities in the statement of financial position and the corresponding tax bases used in the computation of taxable income. Deferred tax is calculated based on the expected manner in which temporary differences related to the carrying amounts of assets and liabilities and are expected to reverse using tax rates and laws enacted or substantively enacted at the balance sheet date which are expected to apply in the period of reversal.

Deferred tax assets and liabilities are not recognized in respect of temporary differences that arise on initial recognition of assets and liabilities acquired other than in a business combination and which do not affect accounting or taxable profit or loss at the time of the transaction.

o. Accounting standards and amendments issued but not yet adopted

The Company has performed an assessment of new standards issued by the IASB that are not yet effective and has determined that any new standards that have been issued would have no or very minimal impact on the Company's financial statements.

(Expressed in Canadian dollars)

5. MARKETABLE SECURITIES

As at December 31, 2021, the Company owns 475,000 common shares (2020 - 475,000 shares) of Armadillo Resources Ltd. During the year ended December 31, 2013, the shares of Armadillo Resources Ltd. were halted from trading. As a result, the marketable securities were written down to $1.

6. EXPLORATION AND EVALUATION ASSETS

December 31, 2021	Big Showing	Total
	$	$
Acquisition costs:		
Opening balance, January 1, 2021	1	1
Balance, December 31, 2021	**1**	**1**

December 31, 2020	Big Showing	Total
	$	$
Acquisition costs:		
Opening balance, January 1, 2020	1	1
Balance, December 31, 2020	**1**	**1**

Big Showing Property, British Columbia

On February 14, 2003, the Company entered into an agreement to acquire a 100% interest in the Big Showing property for mineral claims for a total area of 1,000 hectares in the Revelstoke Mining Division of British Columbia. The Company acquired 90% of the property from the former President and director of the Company and 10% from an individual who became a director of the Company on November 1, 2006.

During the year ended December 31, 2018, due to a lack of available funding, the Company temporarily ceased exploration of the Big Showing Property and considered to instead explore opportunities to sell the property. Accordingly, the Company wrote the property down to $1 by recording an impairment charge of $82,488 against the carrying value of the property.

The Company continues to actively pursue opportunities to sell the property, and, dependent upon the availability of funding, is also considering plans to recommence further exploration activities. During the year ended December 31, 2021, the Company made a payment instead of exploration and development work of $5,711 (2020 - $2,871) to the Ministry of Finance in order to keep the claims in good standing, and this amount is included in expenses in net loss.

(Expressed in Canadian dollars)

7. LOAN PAYABLE

On June 1, 2020, the Company entered into a credit facility agreement (the "Agreement") with The Emprise Special Opportunities Fund (2017) Limited Partnership ("LP2017") whereby LP2017 agreed to lend up to an aggregate principal amount of $100,000. Any amounts advanced under this credit facility accrue simple interest calculated daily at a rate of 10% per annum and are due on demand. Subsequently, the Agreement was amended on January 1, 2021 and LP2017 agreed to lend up to an aggregate principal amount of $250,000.

As at December 31, 2021, the Company utilized $194,000 (2020 - $27,000) of the credit facility. Interest expense for the year ended December 31, 2021 was $3,872 (2020 - $398). As at December 31, 2021, there is $96,931 (2020 - $27,398) owing.

8. SHARE CAPITAL

(a) Authorized

Unlimited common shares without par value.

(b) Shares issued

	Number of Common shares
Balance as at December 31, 2019 and 2020	7,711,564
Exercise of warrants	700,000
Balance as at December 31, 2021	**8,411,564**

On January 28, 2021, the Company issued 700,000 common shares through exercise of warrants at a price of $0.375 per common share.

(c) Share consolidation

On June 30, 2021, the Company completed a consolidation of the Company's shares on a 5 old for 1 new share basis. All share and per share information has been retroactively adjusted to reflect the share consolidation.

(Expressed in Canadian dollars)

8. SHARE CAPITAL (CONTINUED)

(d) Stock options

The Company has a stock option plan whereby the maximum number of shares subject to the plan, in the aggregate, shall not exceed 10% of the Company's issued and outstanding shares. The maximum term of any option will be five years and the vesting is at the direction of the board, however, options granted to consultants performing "investor relations' activities" must at a minimum vest in stages over a period of not less than twelve months, with no more than ¼ of the options vesting in any three-month period or such longer period as the board determines. The exercise price shall be no less than the discount market price as determined in accordance with stock exchange on which the common shares are listed.

A summary of the Company's stock option activity is as follows:

	Number of stock options	Weighted average exercise price
Balance as at December 31, 2019, 2020 and December 31, 2021	**262,068**	**$ 0.725**

As at December 31, 2021, outstanding and exercisable options were as follows:

Grant Date	Number of Options	Exercise Price	Expiry date	Weighted average contractual life (years)
December 14, 2018	262,068	$ 0.725	December 14, 2023	1.95

On March 18, 2022, the Company cancelled a total of 262,068 stock options through an Omnibus Option Cancellation Agreement.

(e) Warrants

A summary of the Company's share purchase warrant activity is as follows:

	Number of Warrants	Weighted Average Exercise Price
Balance as at December 31, 2019 and 2020	**5,000,000**	**$ 0.375**
Exercised	(700,000)	$ 0.375
Balance as at December 31, 2021	**4,300,000**	**$ 0.375**

As at December 31, 2021, the following share purchase warrants were issued and outstanding:

Number of Warrants	Exercise Price	Expiry Date	Weighted Average contractual life (years)
4,300,000	$ 0.375	February 28, 2024	2.33

9. RELATED PARTY TRANSACTIONS AND BALANCES

Key management personnel include those persons having authority and responsibility for planning, directing and controlling the activities of the Company as a whole. A transaction is considered to be a related party transaction when there is a transfer of resources on obligations between related parties.

The Company has determined that key management personnel consist of executive and non-executive members of the Company's Board of Directors and corporate officers. During the year ended December 31, 2021, the Company paid $nil (2020 - $nil) for key management compensation.

During the year ended December 31, 2020, the Company secured a credit facility with a majority shareholder LP2017 (See Note 7) which is a related party balance. As at December 31, 2021, there is $96,931 owing (2020 – $27,398).

During the year ended December 31, 2021, LP2017 entered into a debt assignment agreement with a vendor of the Company for a total amount of $197,600 (the "Settlement Amount"). The Settlement Amount included $185,000 related to management fees payable by the Company as at December 31, 2020. On February 1, 2021, the Company paid an amount totaling $324,600 to LP2017 which included the Settlement Amount and a portion of the loan payable owing by the Company (Note 7).

10. CAPITAL MANAGEMENT

The Company's objectives when managing capital are to identify, pursue and complete the exploration and development of mineral properties, to maintain financial strength, to protect its ability to meet its on-going liabilities, to continue as a going concern, to maintain creditworthiness and to maximize returns for shareholders over the long term. The Company does not have any externally imposed capital requirements to which it is subject. Capital of the Company comprises all the components of shareholders' equity.

The Company manages the 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 the capital structure, the Company may attempt to issue new shares. The Company's investment policy is to invest its cash in financial instruments of high credit quality financial institutions with terms to maturity selected with regards to the expected timing of expenditures from continuing operations.

11. FINANCIAL INSTRUMENTS

The fair value of the Company's amounts receivable, accounts payable and loan payable, approximate their carrying values due to the short-term nature of the instruments. The Company's other financial instruments, being cash and marketable securities are classified as FVTPL.

Financial Risk Factors

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

(i) *Credit risk*

Credit risk is the risk of loss due to the counterparty's inability to meet its obligations. The Company's exposure to credit risk is on its cash. Risk associated with cash is managed through the use of major banks which are high credit quality financial institutions as determined by rating agencies.

(ii) *Liquidity risk*

Liquidity risk is the risk that an entity will encounter difficulty in meeting its obligations. The Company's approach to managing liquidity risk is to ensure that it will have sufficient liquidity to meet liabilities when due. As at December 31, 2021, the Company has a working capital deficiency of $157,248, (2020 - $220,739) and requires additional funds to meet its current obligations. All of the Company's financial liabilities have contractual maturities of less than 30 days and are subject to normal trade terms. As at December 31, 2021, the Company has no sources of revenue to fund its operating expenditures or fund any identified business acquisition and as such requires additional financing to accomplish the Company's long-term strategic objectives. Future funding may be obtained by means of issuing share capital, or debt financing. If the Company is unable to continue to finance itself through these means, it is possible that the Company will be unable to continue as a going concern as disclosed in Note 1. Consequently, the Company is currently exposed to a significant level of liquidity risk.

(iii) *Market risk*

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

i. Interest rate risk

As of December 31, 2021, the Company did not have any investments in investment-grade short-term deposit certificates, and interest exposure with respect to its cash balances is minimal.

As at December 31, 2021, the Company has a loan bearing interest at a fixed rate of 10% and as such is not exposed to interest rate fluctuations.

11. FINANCIAL INSTRUMENTS (CONTINUED)

Financial Risk Factors (continued)

ii. Price risk
The Company is exposed to price risk with respect to equity prices. Equity price risk is defined as the potential adverse impact on the Company's earnings due to movements in individual equity prices or general movements in the level of the stock market. The Company closely monitors individual equity movements, and the stock market to determine the appropriate course of action to be taken by the Company.

iii. Currency risk
The Company's expenses are denominated in Canadian dollars. The Company's corporate office is based in Canada and current exposure to exchange rate fluctuations is minimal.

12. COMMITMENTS

On November 30, 2018, the Company entered into a management services agreement with Emprise Management Services Corp. The agreement requires payments of $12,000 per month. The contract is payable monthly and may be terminated by both parties by giving six months' notice.

13. INCOME TAXES

In assessing deferred income tax assets, management considers whether it is probable that some portion or all of the deferred tax assets will not 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. Management considers the scheduled reversal of deferred tax liabilities, projected future taxable income, and tax planning strategies in making this assessment and concluding the deferred tax assets were not realized.

	2021	**2020**
Canadian statutory income tax rate	**27%**	27%
	$	**$**
Income tax recovery at statutory rate	**(53,000)**	(50,000)
Non taxable/ deductible items	**-**	3,000
Effect of change in income tax rates	**-**	-
Change in unrecognized deferred tax assets	**53,000**	47,000
Income taxes recoverable	**-**	-

(Expressed in Canadian dollars)

13. INCOME TAXES (CONTINUED)

The nature and effect of the Company's deferred tax assets is as follows:

	2021	2020
	$	$
Non capital losses carried forward	**746,000**	693,000
Mineral properties	**101,000**	101,000
Marketable securities	**17,000**	17,000
Equipment	**3,000**	3,000
	867,000	814,000
Deferred tax assets not recognized	**(867,000)**	(814,000)
Net deferred tax asset	-	-

As at December 31, 2021, the Company had non-capital losses carried forward of approximately $2,765,000 (2020 - $2,566,000) which may be applied to reduce future years' taxable income, expiring as follows:

2026	$	53,000
2027		116,000
2028		202,000
2029		227,000
2030		217,000
2031		153,000
2032		189,000
2033		188,000
2034		156,000
2035		149,000
2036		211,000
2037		156,000
2038		205,000
2039		172,000
2040		172,000
2041		199,000
	$	2,765,000

14. SUBSEQUENT EVENTS

(a) On March 18, 2022, the Company cancelled a total of 262,068 stock options through an Omnibus Option Cancellation Agreement.

(b) The Company entered a binding memorandum of understanding (the "MOU") dated effective April 8, 2022, with respect to a proposed business combination (the "Proposed Transaction") by the Company of all the issued and outstanding share capital of Atlas Biotechnologies Inc., AgMedica Bioscience Inc., and Cambrosia Ltd., (collectively, the "Target"). The Proposed Transaction of the Target will constitute a reverse takeover.

Completion of the Proposed Transaction is subject to a number of conditions, including receipt of all necessary shareholder and regulatory approvals, execution of related transaction documents, approval of the Canadian Securities Exchange, disposition of the Company's mining assets, there being no adverse material change in the affairs of the parties and completion of satisfactory due diligence by each of the parties. There can be no assurance that the Transaction will be completed as proposed or at all.