Hemlo Explorers

Financial Statements

January 31, 2022 and 2021

(expressed in Canadian dollars)

Independent Auditor's Report

To the Shareholders of Hemlo Explorers Inc.:

Opinion

We have audited the financial statements of Hemlo Explorers Inc. (the "Company"), which comprise the statements of financial position as at January 31, 2022 and January 31, 2021, and the statements of operations and comprehensive loss, cash flows, and changes in equity for the years then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at January 31, 2022 and January 31, 2021, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards.

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 Auditor’s Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our 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.

Other Information

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

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 and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audits or otherwise appears to be materially misstated. We obtained Management’s Discussion and Analysis prior to the date of this auditor’s report. If, based on the work we have performed 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, 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.

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the 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 auditor's report is Andrew Kevin Spidle.

MNP LLP

Mississauga, Ontario — Chartered Professional Accountants

May 30, 2022 — Licensed Public Accountants

Hemlo Explorers Inc.
Statements of Financial Position
As at January 31, 2022 and 2021
(Expressed in Canadian dollars)

	2022	2021
Assets		
Current assets		
Cash and cash equivalents *(note 5)*	**$ 1,643,634**	**$ 3,385,944**
Marketable securities *(note 6)*	**23,460**	**-**
Accounts receivable	**46,604**	**64,272**
Prepaid expenses	**68,280**	**22,529**
	1,781,978	**3,472,745**
Non-Current assets		
Equipment, net *(note 7)*	**13,113**	**15,654**
Right of use asset, net *(note 8)*	**16,205**	**25,465**
	29,318	**41,119**
Total Assets	**$ 1,811,296**	**$ 3,513,864**
Liabilities		
Current liabilities		
Accounts payable and accrued liabilities	**$ 77,142**	**$ 292,234**
Deferred premium on flow-through shares *(note 14)*	**27,328**	**-**
Lease liability - current *(note 8)*	**9,106**	**9,106**
	113,576	**301,340**
Non-Current liabilities		
Lease liability - long term *(note 8)*	**7,272**	**16,378**
	120,848	**317,718**
Shareholders' Equity		
Share capital *(note 10)*	**34,525,482**	**33,154,766**
Contributed surplus *(note 11)*	**7,205,627**	**6,993,792**
Warrants *(note 12)*	**889,986**	**604,200**
Accumulated deficit	**(40,930,647)**	**(37,556,612)**
	1,690,448	**3,196,146**
Total Equity and Liabilities	**$ 1,811,296**	**$ 3,513,864**

Subsequent event *(note 18)*

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

On behalf of the Board:

Signed: *"Brian Howlett"*
Director

Signed: *"Michael Leskovec"*
Director

Hemlo Explorers Inc.
Statements of Operations and Comprehensive Loss
For the years ended January 31, 2022 and 2021
(Expressed in Canadian dollars)

	2022	2021
Expenses		
Exploration expenditures *(note 9 and 16)*	**$ 2,738,150**	**$ 1,491,797**
Management and administrative services *(note 16)*	**256,377**	**232,238**
Share based compensation *(note 11 and 16)*	**211,835**	**632,741**
Office and administration	**84,136**	**72,434**
Professional and consulting fees	**57,420**	**64,731**
Shareholder information	**53,006**	**82,708**
Depreciation and amortization *(note 7 and 8)*	**19,467**	**4,641**
Travel	**13,294**	**420**
Loss on fair value of marketable securities	**8,740**	**-**
Interest expense *(note 8)*	**425**	**88**
Recovery on sale of mineral properties	**(47,200)**	**-**
Premium on flow-through shares income *(note 14)*	**(13,904)**	**(197,000)**
Interest income	**(7,711)**	**(6,503)**
Net loss and comprehensive loss	**$ (3,374,035)**	**$ (2,378,295)**
Basic and diluted net loss per share *(note 13)*	**$ (0.12)**	**$ (0.10)**

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

Hemlo Explorers Inc.
Statements of Cash Flows
For the years ended January 31, 2022 and 2021
(Expressed in Canadian dollars)

	2022	2021
Operating Activities		
Net loss	$ (3,374,035)	$ (2,378,295)
Items not affecting cash and cash equivalents from operating activities:		
Interest income	(7,711)	(6,503)
Shares issued for mineral properties	-	229,500
Share based compensation	211,835	632,741
Marketable securities received from sale of mineral property	(32,200)	-
Fair value of marketable securities	8,740	-
Depreciation and amortization	19,467	4,641
Accretion	425	88
Premium on flow-through shares income	(13,904)	(197,000)
Changes in non-cash working capital items		
Accounts receivable	17,668	(43,828)
Prepaid expenses	(45,751)	(12,561)
Exploration advances	-	2,000
Accounts payable and accrued liabilities	(215,092)	224,821
	(3,430,559)	(1,544,396)
Financing Activities		
Issue of common shares	1,827,143	4,674,000
Share issue costs	(129,408)	(144,561)
Repayment of lease liability *(note 8)*	(9,531)	(2,383)
	1,688,204	4,527,056
Investing Activities		
Interest income	7,711	6,503
Equipment purchases	(7,666)	(17,981)
	45	(11,478)
Net change in cash and cash equivalents	(1,742,310)	2,971,182
Cash and cash equivalents, beginning of year	3,385,944	414,762
Cash and cash equivalents, end of year	$ 1,643,634	$ 3,385,944
Supplementary cash flow information		
Shares issued for mineral properties	$ -	$ 229,500
Shares issued for share issue costs	$ -	$ 41,825

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

Hemlo Explorers Inc.
Statements of Changes in Equity
For the years ended January 31, 2022 and 2021
(Expressed in Canadian dollars)

	Share Capital		Reserves			
	Number of shares	Amount	Contributed surplus	Warrants	Accumulated deficit	Total
Balance, January 31, 2020	**17,966,150**	**$ 29,197,027**	**$ 6,361,051**	**$ -**	**$ (35,178,317)**	**$ 379,761**
Private placements *(note 10)*	8,256,667	4,674,000	-	-	-	4,674,000
Flow-through share premium *(note 14)*	-	(197,000)	-	-	-	(197,000)
Value of private placements attributed to warrants	-	(604,200)	-	604,200	-	-
Cost of issue of private placements - cash	-	(144,561)	-	-	-	(144,561)
Cost of issue of private placements - shares	51,006	-	-	-	-	-
Issued for mineral properties *(note 9)*	850,000	229,500	-	-	-	229,500
Share-based compensation *(note 11)*	-	-	632,741	-	-	632,741
Net loss and comprehensive loss for the year	-	-	-	-	(2,378,295)	(2,378,295)
Balance, January 31, 2021	**27,123,823**	**$ 33,154,766**	**$ 6,993,792**	**$ 604,200**	**$ (37,556,612)**	**$ 3,196,146**
Private placement *(note 10)*	7,864,076	1,827,143	-	-	-	1,827,143
Flow-through share premium *(note 14)*	-	(41,233)	-	-	-	(41,233)
Value of private placement attributed to warrants	-	(262,813)	-	262,813	-	-
Cost of issue of private placement *(note 10)*	-	(152,381)	-	22,973	-	(129,408)
Share-based compensation *(note 11)*	-	-	211,835	-	-	211,835
Net loss and comprehensive loss for the year	-	-	-	-	(3,374,035)	(3,374,035)
Balance, January 31, 2022	**34,987,899**	**$ 34,525,482**	**$ 7,205,627**	**$ 889,986**	**$ (40,930,647)**	**$ 1,690,448**

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

1. Nature of Operations

Hemlo Explorers Inc. (the "Company") was incorporated pursuant to the provision of the Business Corporations Act (of Alberta) on January 10, 2008. On July 21, 2008, the Company was authorized to continue its operations from the jurisdiction of Alberta to Ontario. On May 20, 2020, the Company changed its name from Canadian Orebodies Inc. to Hemlo Explorers Inc. The address of the Company's registered office is 141 Adelaide Street West, Suite 301, Toronto, Ontario M5H 3L5. Its principal business activity is the exploration of mineral properties. The Company is in the process of exploring its mineral properties and has not yet determined whether these properties contain reserves that are economically recoverable. The recoverability of the cumulative expenditures on mineral properties is dependent upon the existence of economically recoverable reserves, the ability of the Company to obtain the necessary financing to complete exploration and development, and upon future profitable production or proceeds from disposition of such properties.

In March 2020, the COVID-19 outbreak was declared a global pandemic by the World Health Organization. The situation is dynamic and the ultimate duration and magnitude of the impact on the economy, capital markets and the Company's financial position cannot be reasonably estimated at this time. The Company is monitoring developments and will adapt its business plans accordingly. The actual and threatened spread of COVID-19 globally could adversely impact the Company's ability to carry out its plans and raise capital. To date, the Company's operations have been minimally impacted and the Company continues to be able to plan and carry out activities.

2. Basis of Presentation and Statement of Compliance

These financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and interpretations of the IFRS Interpretations Committee ("IFRIC").

These financial statements have been prepared on the basis of a going concern, which contemplates the realization of assets and liquidation of liabilities in the normal course of business, and on a historical cost basis except for the revaluation of certain financial instruments. In addition, these financial statements have been prepared using the accrual basis of accounting except for cash flow information. The financial statements were approved by the Board of Directors on May 30, 2022.

3. Significant Accounting Policies

(a) Changes in accounting policies

The Company did not adopt any new accounting policies during the year ended January 31, 2022.

(b) Financial instruments

Financial assets and financial liabilities are recognized when the Company becomes a party to the contractual provisions of the financial instrument.

3. Significant Accounting Policies - continued

(b) Financial instruments - continued

Under IFRS 9, financial assets and financial liabilities are classified and measured based on the business model in which they are held and the characteristics of their contractual cash flows. IFRS 9 contains the following primary measurement categories: measured at amortized cost, fair value through other comprehensive income ("FVTOCI") and fair value through profit and loss ("FVTPL").

The new hedge accounting guidance aligns hedge accounting more closely with an entity's risk management objectives and strategies. IFRS 9 does not fundamentally change the types of hedging relationships or the requirement to measure and recognize ineffectiveness; however, it allows more hedging strategies used for risk management to qualify for hedge accounting and introduces more judgement to assess the effectiveness of a hedging relationship, primarily from a qualitative standpoint.

Below is a summary showing the classification and measurement basis of the Company's financial instruments.

Classification	**IFRS 9**
Cash and cash equivalents	FVTPL
Accounts receivable	Amortized cost
Marketable securities	FVTPL
Accounts payable and accrued liabilities	Amortized cost

Financial assets

Financial assets are classified as either financial assets at FVTPL, amortized cost, or FVTOCI. The Company determines the classification of its financial assets at initial recognition.

Financial assets recorded at FVTPL

Financial assets are classified as FVTPL if they do not meet the criteria of amortized cost or FVTOCI. Gains or losses on these items are recognized in profit or loss. The Company's cash and cash equivalents are classified as financial assets measured at FVTPL.

Amortized cost

Financial assets are classified as measured at amortized cost if both of the following criteria are met and the financial assets are not designated as at FVTPL: 1) the object of the Company’s business model for these financial assets is to collect their contractual cash flows; and 2) the asset’s contractual cash flows represent "solely payments of principal and interest". The Company's accounts receivable, excluding HST, are classified as financial assets measured at amortized cost.

3. Significant Accounting Policies - continued

(b) Financial instruments - continued

Financial liabilities

Financial liabilities are classified as either financial liabilities at FVTPL or at amortized cost. The Company determines the classification of its financial liabilities at initial recognition.

Amortized cost

Financial liabilities are classified as measured at amortized cost unless they fall into one of the following categories: financial liabilities at FVTPL, financial liabilities that arise when a transfer of a financial asset does not qualify for derecognition, financial guarantee contracts, commitments to provide a loan at a below-market interest rate, or contingent consideration recognized by an acquirer in a business combination. The Company's accounts payable and accrued liabilities does not fall into any of the exemptions and are therefore classified as measured at amortized cost.

Financial liabilities recorded at FVTPL

Financial liabilities are classified as FVTPL if they fall into one of the five exemptions detailed above.

Transaction costs

Transaction costs associated with financial instruments, carried at FVTPL, are expensed as incurred, while transaction costs associated with all other financial instruments are included in the initial carrying amount of the asset or the liability.

Subsequent measurement

Instruments classified as FVTPL are measured at fair value with unrealized gains and losses recognized in profit or loss. Instruments classified as amortized cost are measured at amortized cost using the effective interest rate method. Instruments classified as FVTOCI are measured at fair value with unrealized gains and losses recognized in other comprehensive income.

Derecognition

The Company derecognizes financial liabilities only when its obligations under the financial liabilities are discharged, cancelled, or expired. The difference between the carrying amount of the financial liability derecognized and the consideration paid and payable, including any non-cash assets transferred or liabilities assumed, is recognized in profit or loss.

Expected credit loss impairment model

IFRS 9 introduced a single expected credit loss impairment model, which is based on changes in credit quality since initial application. At the date of the financial statements, the Company has no expected credit loss ("ECL") associated with its financial assets.

3. Significant Accounting Policies - continued

(b) Financial instruments - continued

The Company assumes that the credit risk on a financial asset has increased significantly if it is more than 30 days past due. The Company considers a financial asset to be in default when the borrower is unlikely to pay its credit obligations to the Company in full or when the financial asset is more than 90 days past due.

The carrying amount of a financial asset is written off (either partially or in full) to the extent that there is no realistic prospect of recovery. This is generally the case when the Company determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off.

Fair value hierarchy

The Company classifies its financial instruments according to a three level hierarchy that reflects the significance of the inputs used in making the fair value measurements. The three levels of fair value hierarchy are as follows:

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

Cash and cash equivalents are classified within level 1 of the fair value hierarchy.

(c) Mineral properties and exploration expenditures

The Company expenses all costs relating to the acquisition of, exploration for and development of mineral claims and credits all revenues received against the exploration expenditures. Such costs include, but are not limited to geological, geophysical studies, exploratory drilling and sampling.

Once a project has been established as commercially viable and technically feasible, related development expenditures are capitalized; this includes costs incurred in preparing the site for mining operations. Capitalization ceases when the mine is capable of commercial production, with the exception of development costs that give rise to a future benefit.

(d) Income taxes

Income tax 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 or other comprehensive income, in which case the income tax is also recognized directly in equity or other comprehensive income. Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted at the end of the reporting period, and any adjustment to tax payable in respect of previous years. Current tax assets and current tax liabilities are only offset if a legally enforceable right exists to offset the amounts and the Company intends to settle on a net basis, or to realize the asset and settle the liability simultaneously.

3. Significant Accounting Policies - continued

(d) Income taxes - continued

Deferred tax is recognized in respect of all qualifying temporary differences arising between the tax basis of assets and liabilities and their carrying amounts in the financial statements. Deferred income tax is determined on a non-discounted basis using tax rates an laws that have been enacted or substantively enacted at the end of the reporting period and are expected to apply when the deferred tax asset or liability is settled. Deferred tax assets are recognized to the extent that it is probable that the assets can be recovered. Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset tax assets and liabilities and when the deferred tax balances relate to the same taxation authority.

Deferred tax assets are recognized to the extent future recovery is probable. At each reporting period end, deferred tax assets are reduced to the extent that it is no longer probable that sufficient taxable earnings will be available to allow all or part of the asset to be recovered.

(e) Flow-through shares

The Company will from time to time, issue flow-through common shares to finance a significant portion of its exploration program. Pursuant to the terms of the flow-through share agreements, these shares transfer the tax deductibility of qualifying resource expenditures to investors. On issuance, the Company bifurcates the flow-through share into i) a flow-through share premium, equal to the estimated premium, if any, investors pay for the flow-through feature, which is recognized as a liability, and ii) share capital. Upon expenditures being incurred, the Company derecognizes the liability and recognizes a deferred tax liability for the amount of tax reduction renounced to the shareholders. The premium is recognized as other income and the related deferred tax is recognized as a tax provision.

Proceeds received from the issuance of flow-through shares are restricted to be used only for Canadian resources property exploration expenditures. The Company may also be subject to a Part XII.6 tax on flow-through proceeds renounced under the Look-back Rule, in accordance with Government of Canada flow-through regulations. When applicable, this tax is accrued as a financial expense until paid.

(f) Share issue costs

Costs incurred for the issue of common shares and warrants are deducted from share capital and warrants respectively.

(g) Share-based payment transactions

The share option plan allows the Company’s employees and consultants to acquire shares of the Company. The fair value of options granted is recognized as a share based payment 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.

3. Significant Accounting Policies - continued

(g) Share-based payment transactions - continued

The fair value is measured at grant date and each tranche is recognized on a graded vesting 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 the end of each reporting period, the amount recognized as an expense is adjusted to reflect the actual number of share options that are expected to vest.

(h) Asset retirement obligation

The operations of the Company are subject to regulations governing the environment, including future site restoration costs for mineral properties. The Company recognizes the fair value of a liability for an asset retirement obligation in the period in which it is incurred when a reasonable estimate of fair value can be made. If a reasonable estimate of fair value cannot be made in the period the asset retirement obligation is incurred, the liability is recognized when a reasonable estimate of fair value can be made.

The Company has determined that there are no asset retirement obligations or any other environmental obligations with respect to its mineral properties, and therefore no liability has been recognized in these financial statements.

(i) Earnings (loss) per share

Basic earnings (loss) per share is calculated using the weighted average number of common shares outstanding during the period. Diluted earnings (loss) per share is computed using the treasury stock method. Stock options and warrants outstanding are not included in the computation of diluted earnings (loss) per share if their inclusion would be anti dilutive.

4. Critical Accounting Estimates and Significant Judgements

The preparation of these financial statements requires management to make judgments and estimates that affect the reported amounts of assets and liabilities at the date of the financial statements and reported amounts of expenses during the reporting period. The financial statements include judgments and estimates which, by their nature, are uncertain, and actual outcomes could differ. The impacts of such judgments and estimates are pervasive throughout the financial statements, and may require accounting adjustments based on future occurrences. Revisions to accounting estimates are recognized in the period in which the estimate is revised and also in future periods when the revision affects both current and future periods.

The preparation of these financial statements required the following critical accounting estimates and significant judgments:

(i) The calculation of the fair value of warrants and stock options requires the use of estimates of inputs in the Black-Scholes option pricing model (notes 11 and 12).

(Expressed in Canadian dollars)

4. Critical Accounting Estimates and Significant Judgements - continued

(ii) Provisions for taxes are made using the best estimate of the amount expected to be paid based on a qualitative assessment of all relevant factors. The Company reviews the adequacy of these provisions at the end of the reporting period. However, it is possible that at some future date an additional liability could result from audits by taxing authorities. Where the final outcome of these tax-related matters is different from the amounts that were initially recorded, such differences will affect the tax provisions in the period in which such determination is made.

5. Cash and Cash Equivalents

Cash and cash equivalents include money market instruments which are readily convertible into cash or have maturities at the date of purchase of less than ninety days.

	2022	2021
Cash	$ 138,300	$ 188,296
GICs and money market instruments	1,505,334	3,197,648
Cash and cash equivalents	**$ 1,643,634**	**$ 3,385,944**

6. Marketable Securities

During the year ended January 31, 2022, the Company received equity securities as partial compensation for the option of a property. The following is a summary of the Company's marketable securities:

	2022	2021
First Energy Metals Limited	$ 23,460	$ -
Marketable securities	**$ 23,460**	**$ -**

(Expressed in Canadian dollars)

7. Equipment

	Exploration Equipment	Office & Computers	Total
Cost			
Balance, January 31, 2020	$ -	$ -	$ -
Additions	11,804	6,177	17,981
Balance, January 31, 2021	11,804	6,177	17,981
Additions	-	7,666	7,666
Balance, January 31, 2022	**$ 11,804**	**$ 13,843**	**$ 25,647**
Accumulated depreciation			
Balance, January 31, 2020	$ -	$ -	-
Depreciation expense	(1,328)	(999)	(2,327)
Balance, January 31, 2021	(1,328)	(999)	(2,327)
Depreciation expense	(3,143)	(7,064)	(10,207)
Balance, January 31, 2022	**$ (4,471)**	**$ (8,063)**	**$ (12,534)**
Net book value			
Balance, January 31, 2020	$ -	$ -	$ -
Balance, January 31, 2021	10,476	5,178	15,654
Balance, January 31, 2022	**$ 7,333**	**$ 5,780**	**$ 13,113**

8. Leases and Right of Use

The Company's lease contract, which is for a vehicle, requires monthly payments of $794 plus HST until November 16, 2023. The following table summarizes the Company's lease liabilities:

Balance, January 31, 2020	**$ -**
Additions	27,779
Accretion of interest	88
Payments	(2,383)
Balance, January 31, 2021	**$ 25,484**
Accretion of interest	425
Payments	(9,531)
Balance, January 31, 2022	**$ 16,378**
Current	9,106
Non-current	7,272
Total lease liabilities	**$ 16,378**

(Expressed in Canadian dollars)

8. Leases and Right of Use - continued

The following table summarizes the Company's right-of-use asset:

Balance, January 31, 2020	**$**	**-**
Additions		27,779
Depreciation		(2,314)
Balance, January 31, 2021	**$**	**25,465**
Depreciation		(9,260)
Balance, January 31, 2022	**$**	**16,205**

9. Mineral Properties and Exploration Expenditures

The total cumulative expenditures, net of recoveries, on each property in the Company's mineral property portfolio are as follows:

		North Limb		**Pic**		**Hemlo West**		**Belcher Islands & Other**		**Total**
January 31, 2020	**$**	**939,549**	**$**	**6,311,635**	**$**	**-**	**$**	**14,213,098**	**$**	**21,464,282**
Expenditures		670,650		611,621		204,622		4,904		1,491,797
January 31, 2021	**$**	**1,610,199**	**$**	**6,923,256**	**$**	**204,622**	**$**	**14,218,002**	**$**	**22,956,079**
Expenditures		2,327,926		369,129		36,191		4,904		2,738,150
January 31, 2022	**$**	**3,938,125**	**$**	**7,292,385**	**$**	**240,813**	**$**	**14,222,906**	**$**	**25,694,229**

North Limb Project

On May 24, 2016, the Company purchased a 100% interest in 135 claim units comprising 2,160 hectares approximately 40 kilometers northeast of Marathon, Ontario. As consideration, the Company paid a total of $25,000 in cash and issued 41,666 common shares valued at $25,000. In addition, the vendors retain a 1% Net Smelter Return ("NSR") royalty on the purchased claims.

In addition to the purchased claims, the Company staked claims totaling 4,848 hectares.

On May 8, 2020, the Company closed the purchase of the Hemlo West and North Hemlo projects (collectively, the "Projects") from O3 Mining Inc. ("O3"). At closing, the Company issued 850,000 common shares to O3, valued at $229,500. The North Hemlo project added 64 mining claim cells to the North Limb Project. If in the future the Company publishes a feasibility study in respect of the Projects that contains at least 2,000,000 ounces of gold categorized as Probable Mineral Reserves, Proven Mineral Reserves or a combination thereof, then the Company shall pay a discovery bonus of $1,000,000 (in cash or shares, at the election of the Company) to O3 within ten days of such publication.

9. Mineral Properties and Exploration Expenditures - continued

Pic Project

Staked Claims

In addition to the option and claim purchases described below, the Company has staked mining claim cells that form a portion of the Pic Project.

Wire Lake Claims

On October 7, 2016, the Company entered into an option agreement with All-Terrain Track Sales & Services Ltd. ("ATTSS") to acquire a 100% interest in 251 claim units comprising 4,047 hectares approximately 15 kilometers northeast of Marathon, Ontario. On signing, the Company paid $40,000 in cash and issued 26,042 common shares valued at $25,000. The option agreement called for the Company to make additional cash payments to ATTSS totaling $550,000 over the following five anniversary dates of the option agreement. The option was completed on October 7, 2021 and the Company granted ATTSS a 2% NSR royalty, one-half of which may be bought back for a lump sum payment of $1,000,000.

Black Raven Claims

On April 23, 2017, the Company entered into an acquisition agreement (the "Acquisition Agreement") with StrikePoint Gold Inc. ("StrikePoint") to acquire a 100% interest in 415 claim units (the "Black Raven Claims") totaling 6,640 hectares located adjacent to the Company's Wire Lake Claims. Pursuant to the Acquisition Agreement, the Company paid $15,000 cash on signing, and issued 416,667 common shares valued at $587,500. Additionally, the Company issued 83,333 share purchase warrants, valued at $40,025, entitling StrikePoint to acquire up to 83,333 common shares at a price of $1.89 per share for a period of 12 months.

In conjunction with the Acquisition Agreement, on April 23, 2017 the Company executed a termination and assumption agreement (the "Termination and Assumption Agreement") with the underlying optionors of the Black Raven Claims in order to terminate the underlying option agreement, discharge a future milestone payment and assume the underlying royalty obligations. The Termination and Assumption Agreement called for the Company to issue 66,667 common shares on signing to the Optionors, valued at $94,000, and assume a 2.5% NSR royalty. The royalty agreement provides that 1.5% of the NSR royalty may be bought back by the Company at any time upon payment of $1,500,000, or in increments of 0.5% NSR royalty for $500,000 each.

9. Mineral Properties and Exploration Expenditures - continued

Pic Project - continued

Goodchild Claims

On February 20, 2018, the Company purchased the Goodchild Lake mining claims (the "Goodchild Claims") from the court-appointed receiver of Century Mining Corporation ("Century") for a cash payment of $40,000, the assumption of Century's three percent (3%) net smelter returns royalty obligations in respect of the Goodchild Claims and the payment of a portion of the receiver's expenses associated with the transaction. In connection with the purchase, the Company also entered into an agreement with Teck Resources Limited ("Teck") to terminate certain rights Teck had in relation to the Goodchild Claims in exchange for the granting to Teck of a one-half of one percent (0.5%) net smelter returns royalty in respect of the Goodchild Claims. The Company also entered into an agreement with the existing net smelter returns royalty holders on the Goodchild Claims to vary the terms on which the royalty may be bought down. In exchange for the issuance of 13,333 shares of the Company, valued at $12,000, the Company obtained the right to purchase up to two-thirds of the royalty for $1,500,000.

Benton Claims

On August 16, 2018, the Company completed the acquisition of the "Goodchild Lake" mining claims (the "Benton Claims") from Benton Resources Inc. ("Benton"). The Benton Claims consists of 31 claim cells totaling approximately 500 hectares, and covers a prospective trend adjacent to the northwest portion of the Company's 100% owned Black Raven Claims. As consideration for the purchase, the Company issued Benton 33,333 common shares in the capital stock of the Company valued at $27,000 and granted Benton a 1.5% net smelter returns royalty ("NSR"). The Company will have the option to buy-down 50% of the NSR at any time for the sum of $750,000.

Hemlo West Project

On May 8, 2020, the Company closed the purchase of the Hemlo West and North Hemlo projects (collectively, the "Projects") from O3 Mining Inc. ("O3"). The Hemlo West Project consists of 350 mining claim cells located approximately 10 kilometres east of Marathon, Ontario. If in the future the Company publishes a feasibility study in respect of the Projects that contains at least 2,000,000 ounces of gold categorized as Probable Mineral Reserves, Proven Mineral Reserves or a combination thereof, then the Company shall pay a discovery bonus of $1,000,000 (in cash or shares, at the election of the Company) to O3 within ten days of such publication.

9. Mineral Properties and Exploration Expenditures - continued

Belcher Islands Iron Project

On February 14, 2011, the Company entered into a non-arm's length Purchase Agreement (the "Agreement") to acquire up to a 100% legal and beneficial interest in the Inuit Owned Lands Mineral Exploration Agreement (the "NTI Agreement") with Nunavut Tunngavik Incorporated ("NTI") which covers the Haig Inlet Iron Project with an area of approximately 1,226 hectares, located on the Belcher Islands, Nunavut, Canada. The Company now holds a 100% interest in the NTI Agreement and the vendors retain a 3% gross overriding royalty, of which one-third can be purchased by the Company for a maximum of $3,000,000. In addition to the lands acquired under the Agreement, the Company staked 29 claims covering 21,816 hectares of Municipal Land.

Hawkins Project Royalty Interest

The Company has a 0.5% NSR royalty on the Hawkins project, which covers 1,536 hectares located in the Hawkins and Walls Townships. The Hawkins project is owned by Pavey Ark Minerals Inc. and under option to E2Gold Inc, who recently completed a 10,000m drilling program.

10. Share Capital

Authorized share capital

On March 3, 2020, the Company closed a non-brokered private placement that raised aggregate gross proceeds of $1,174,000 through the sale of 1,640,000 common shares (the "Shares") at a price of $0.30 per Share, 283,333 flow-through common shares (the "FT Shares") at a price of $0.36 per FT Share, and 1,333,334 flow-through common shares (the "Premium FT Shares") at a price of $0.435 per Premium FT Share. The Company paid cash finders' fees of $13,140 and other issuance costs of $11,565 in connection with the financing.

On May 8, 2020, the Company issued 850,000 common shares valued at $229,500 in consideration for the purchase of the Hemlo West and North Hemlo properties from O3 Mining Inc.

On May 20, 2020, the Company consolidated its share capital on a three for one basis. All information has been retrospectively restated to give effect to the consolidation.

On August 25, 2020, the Company closed a non-brokered private placement that raised aggregate gross proceeds of $3,500,000 through the sale of 5,000,000 units (the "Units") at a price of $0.70 per Unit. Each Unit was comprised of one common share and one-half of one common share purchase warrant (each whole warrant, a "Warrant"). Each Warrant entitles the holder thereof to acquire one common share at a price of $1.20 until February 25, 2022, subject to certain accelerated expiry terms (note 12). The Company paid issuance costs of $34,715, cash finders' fees of $85,142 and issued 51,006 common shares valued at $41,825 as compensation in connection with the financing.

10. Share Capital - continued

Authorized share capital - continued

On November 25, 2021, and December 2, 2021 the Company closed a private placement financing for gross proceeds totaling $1,827,143 over two tranches. In the first tranche, the Company issued 4,925,332 units (“Units”), each comprised of one non flow-through common share and half of one common share purchase warrant (each whole common share purchase warrant, a “Warrant”) and 1,529,300 “flow-through” units (“FT Units”), each comprised of one flow-through common share and half of one Warrant, for aggregate gross proceeds of approximately $1,505,818. In the second tranche, the Company issued 1,289,444 Units and 120,000 FT Units for aggregate gross proceeds of approximately $321,325. Each Warrant is exercisable to acquire one common share of the Company (a “Warrant Share”) at an exercise price of $0.40 per Warrant Share until May 25, 2023, but subject to certain accelerated expiry terms (note 12). The Company paid issuance costs of $74,371, cash finders’ fees of $55,036 and issued 233,226 finder's warrants (note 12) valued at $22,973 as compensation in connection with the financing.

At January 31, 2022, the authorized share capital consisted of an unlimited number of common shares and the issued share capital amounted to 34,987,899 common shares for $34,525,482. The common shares do not have a par value. All issued shares are fully paid.

Exercise of Warrants

During the years ended January 31, 2021 and 2022, no share purchase warrants were exercised.

11. Share Options

The Company has a Share Option Plan (the "Plan") under which it is authorized to grant options to purchase common shares of the Company to directors, senior officers, employees and/or consultants of the Company. The aggregate number of shares of the Company which may be issued and sold under the Plan will not exceed 10% of the total number of common shares issued and outstanding from time to time. Share options are granted with a maximum term of five years with vesting requirements at the discretion of the Board of Directors.

The Company records a charge to the statements of operations and comprehensive loss using the Black-Scholes fair valuation option pricing model with respect to a share option grant. The valuation is dependent on a number of estimates, including the risk-free interest rate, the level of share volatility, together with an estimate of the expected life. Option pricing models require the input of highly subjective assumptions including the expected price volatility. Changes in the subjective input assumptions can materially affect the fair value estimate, and therefore the existing models do not necessarily provide a reliable measure of the fair value of the Company's share purchase options.

11. Share Options - continued

On March 9, 2020, the Company granted 505,000 share options to directors, officers, and consultants of the Company, vesting immediately, and exercisable at $0.30 per share for a period of five years from the date of issuance. The value ascribed to the 505,000 share options granted was estimated at $88,325 using the Black-Scholes model for option pricing. The assumptions used to determine the value were: stock price - $0.24; expected dividend yield - 0%; weighted expected volatility - 103.53%; risk-free interest rate - 0.53% and an expected life of 5 years.

On May 19, 2020, the Company granted an aggregate of 100,000 share options to employees and consultants of the Company, vesting immediately, and exercisable at $0.45 per share for a period of five years from the date of issuance. The value ascribed to the 100,000 share options granted was estimated at $30,600 using the Black-Scholes model for option pricing. The assumptions used to determine the value were: stock price - $0.405; expected dividend yield - 0%; weighted expected volatility - 106.31%; risk-free interest rate - 0.42% and an expected life of 5 years.

On October 5, 2020, the Company granted an aggregate of 825,000 share options to directors, officers, employees and consultants of the Company, vesting immediately, and exercisable at $0.80 per share for a period of five years from the date of issuance. The value ascribed to the 825,000 share options granted was estimated at $446,985 using the Black-Scholes model for option pricing. The assumptions used to determine the value were: stock price - $0.70; expected dividend yield - 0%; weighted expected volatility - 111.28%; risk-free interest rate - 0.37% and an expected life of 5 years.

On October 27, 2020, the Company granted an aggregate of 60,000 share options to a director of the Company, vesting immediately, and exercisable at $0.80 per share for a period of five years from the date of issuance. The value ascribed to the 60,000 share options granted was estimated at $27,696 using the Black-Scholes model for option pricing. The assumptions used to determine the value were: stock price - $0.61; expected dividend yield - 0%; weighted expected volatility - 110.89%; risk-free interest rate - 0.37% and an expected life of 5 years.

On November 17, 2020, the Company granted 75,000 share options to an employee of the Company, vesting immediately, and exercisable at $0.80 per share for a period of five years from the date of issuance. The value ascribed to the 75,000 share options granted was estimated at $39,135 using the Black-Scholes model for option pricing. The assumptions used to determine the value were: stock price - $0.68; expected dividend yield - 0%; weighted expected volatility - 110.43%; risk-free interest rate - 0.43% and an expected life of 5 years.

On September 27, 2021, the Company granted 300,000 share options to employees and consultants of the Company, vesting immediately, and exercisable at $0.35 per share for a period of five years from the date of issuance. The value ascribed to the 300,000 share options granted was estimated at $63,600 using the Black-Scholes model for option pricing. The assumptions used to determine the value were: stock price - $0.28; expected dividend yield - 0%; weighted expected volatility - 108.88%; risk-free interest rate - 1.06% and an expected life of 5 years.

(Expressed in Canadian dollars)

11. Share Options - continued

On January 11, 2022, the Company granted 1,150,000 share options to directors, officers, employees and consultants of the Company, vesting immediately, and exercisable at $0.225 per share for a period of five years from the date of issuance. The value ascribed to the 1,150,000 share options granted was estimated at $148,235 using the Black-Scholes model for option pricing. The assumptions used to determine the value were: stock price - $0.17; expected dividend yield - 0%; weighted expected volatility - 109.97%; risk-free interest rate - 1.50% and an expected life of 5 years.

The following table reflects the continuity of share options for the years ended January 31, 2021 and 2022:

	Options	Weighted avg. exercise price
Balance, January 31, 2020	1,424,167	$ 0.72
Granted	1,565,000	0.62
Expired	(287,500)	0.69
Balance, January 31, 2021	2,701,667	$ 0.67
Granted	1,450,000	0.25
Expired	(666,667)	0.71
Balance, January 31, 2022	**3,485,000**	**$ 0.49**

The following table reflects the actual share options issued, exercisable, and outstanding as at January 31, 2022.

Expiry date	Options	Exercise price
February 3, 2022*	561,666	$ 0.75
July 4, 2023	33,334	0.84
March 9, 2025	505,000	0.30
May 19, 2025	60,000	0.45
October 5, 2025	815,000	0.80
October 23, 2025	60,000	0.80
September 27, 2026	300,000	0.35
January 11, 2027	1,150,000	0.225
	3,485,000	**$ 0.49**

** Expired subsequent to period end*

(Expressed in Canadian dollars)

12. Warrants

The table below reflects the continuity of warrants for the years ended January 31, 2021 and 2022:

	Number of warrants		Allocated value
Balance, January 31, 2020	-	$	-
Issued	2,500,000		604,200
Balance, January 31, 2021	2,500,000	$	604,200
Issued	4,165,264		285,786
Balance, January 31, 2022	**6,665,264**	**$**	**889,986**

The exercise price and expiry date of the warrants outstanding as at January 31, 2022 are:

Expiry Date	Type	Number	Exercise Price
February 25, 2022*	Warrants	2,500,000	$ 1.20
May 25, 2023	Warrants	3,932,038	0.40
May 25, 2023	Finder's warrants	233,226	0.225
		6,665,264	**$ 0.69**

** Expired subsequent to period end*

13. Loss Per Common Share

The following table sets forth the computation of basic and diluted loss per share for the years ended January 31, 2021 and 2022:

	2022	2021
Loss attributable to common shareholders	$ (3,374,035)	$ (2,378,295)
Weighted-average common shares outstanding - basic and diluted	28,540,335	24,099,789
Basic and diluted loss per common share	**$ (0.12)**	**$ (0.10)**

Diluted loss per share does not include the effect of share options and warrants outstanding if their effect is anti-dilutive.

(Expressed in Canadian dollars)

14. Deferred Premium on Flow-through Shares

To the extent that the Company issues common shares to subscribers on a flow-through basis at a premium to the market value of non-flow-through common shares, any such premium is recorded as a liability on the Company's statement of financial position at the time of subscription. This liability is reduced, on a pro-rata basis, as the Company fulfills its expenditure renunciation obligation associated with such flow-through share issuances, with an offsetting amount recognized as income.

Balance, January 31, 2020	**$ -**
Flow-through financing premium	197,000
Premium recognized in loss from operations	(197,000)
Balance, January 31, 2021	**$ -**
Flow-through financing premium	41,233
Premium recognized in loss from operations	(13,904)
Balance, January 31, 2022	**$ 27,328**

As at January 31, 2022, the Company had approximately $284,100 in flow-through expenditure commitments remaining.

15. Income Taxes

The reconciliation of the combined Canadian federal and provincial statutory income tax rate of 26.5% (2021 - 26.5%) to the effective tax rate is as follows:

	2022	**2021**
Net loss before recovery of income taxes	$ (3,374,035)	$ (2,378,295)
Expected income tax (recovery) expense	(894,120)	(630,250)
Share based compensation and non-deductible expenses	51,720	169,020
Share issuance costs booked through equity	(40,380)	(49,390)
Flow-through share premium	(3,680)	(52,210)
Renunciation of flow-through expenditures	113,590	180,730
Change in tax benefits not recognized	772,870	382,100
Income tax (recovery) expense	-	-

(Expressed in Canadian dollars)

15. Income Taxes - continued

The following table summarizes the components of deferred tax:

	2022	2021
Deferred Tax Assets		
Capital lease obligation	$ 4,290	$ 6,750
Deferred Tax Liabilities		
Right of use assets	(4,290)	(6,750)
Net deferred tax liability	$ -	$ -

Deferred tax assets and liabilities have been offset where they relate to income taxes levied by the same taxation authority and the Company has the legal right and intent to offset.

Deferred taxes are provided as a result of temporary differences that arise due to the differences between the income tax values and carrying amount of assets and liabilities. Deferred tax assets have not been recognized in respect of the following deductible temporary differences:

	2022	2021
Operating tax losses carried forward	$ 8,943,260	$ 8,387,040
Capital losses carried forward	64,640	111,840
Resource pools - mineral properties	19,765,680	17,456,180
Mining tax credits	510,880	510,880
Share issuance costs	258,690	199,020
Marketable securities	8,740	-
Property, plant, and equipment	14,990	4,660

The operating tax loss carry forwards expire as noted in the table below. The capital loss carry forward may be carried forward indefinitely, but can only be used to reduce capital gains. Investment tax credits expire from 2023-2033. The remaining deductible temporary differences may be carried forward indefinitely. Deferred tax assets have not been recognized in respect of these items because it is not probable that future taxable profit will be available against which the group can utilize the benefits therefrom.

(Expressed in Canadian dollars)

15. Income Taxes - continued

The Company's Canadian non-capital income tax losses expire as follows:

Year	Amount	Year	Amount
2029	$ 68,070	2036	$ 633,400
2030	79,740	2037	775,540
2031	67,900	2038	738,710
2032	953,130	2039	692,880
2033	1,241,970	2040	954,280
2034	864,550	2041	550,160
2035	766,920	2042	550,120
Total			**$ 8,943,260**

16. Related Party Transactions and Balances

(a) Director and executive management compensation

Directors and executive management's compensation for the years ended January 31, 2021 and 2022 consisted of the following:

	2022	2021
Salary	$ 130,739	$ 152,491
Consulting fees	116,075	70,425
Employment benefits	10,563	5,823
Fair value of stock options	90,230	377,130
	$ 347,607	**$ 605,869**

Directors and executive management received the following stock options during the year ended January 31, 2022:

Expiry date	Number of options	Exercise price	Stock price at grant	Risk-free interest rate	Expected life	Volatility factor	Fair value
January 11, 2027	700,000	$ 0.225	$ 0.17	1.50 %	5.0	110 %	$ 0.129

(Expressed in Canadian dollars)

16. Related Party Transactions and Balances - continued

(b) Director and executive management transactions

The aggregate value of transactions and outstanding balances relating to entities over which directors and executive management have control or significant influence were as follows:

		Transaction value Year ended Jan. 31,		Balance outstanding as at Jan. 31,	
Account	**Note**	**2022**	**2021**	**2022**	**2021**
Management and administrative services	(i)	$ 96,875	$ 65,625	$ -	$ -
Exploration expenditures	(ii)	19,200	4,800	-	-
		$ 116,075	**$ 70,425**	**$ -**	**$ -**

(i) The Company paid consulting fees to Brian Michael Howlett & Associates Inc., a corporation controlled by Brian Howlett, the Company's CEO and a member of the Board of Directors.
(ii) The Company paid geological consulting fees to Harvey Holdings Inc., a corporation controlled by John Harvey, a member of the Board of Directors.

17. Capital Risk Management

The Company's capital is composed of shareholders' equity. The Company manages its capital structure and makes adjustments to it, based on the funds available to the Company, in order to support the acquisition, exploration and development of mineral properties. The Board of Directors does not establish quantitative return on capital criteria for management, but rather relies on the expertise of the Company's management to sustain future development of the business.

The properties in which the Company currently has an interest are in the exploration stage; as such the Company is dependent on external financing to fund its activities. In order to carry out the planned exploration and pay for administrative costs, the Company will spend its existing working capital and raise additional amounts as needed. The Company will continue to assess new properties and seek to acquire an interest in additional properties if it feels there is sufficient geologic or economic potential and if it has adequate financial resources to do so.

Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Company, is reasonable. There were no changes in the Company's approach to capital management during the year ended January 31, 2022. The Company is not subject to externally imposed capital requirements.

Financial risk factors

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

17. Capital Risk Management - continued

Financial risk factors - continued

(a) Credit risk

The Company's credit risk is primarily attributable to accounts receivable which consist primarily of Harmonized Sales Tax receivable. The Company has no significant concentration of credit risk arising from operations. Management believes that the credit risk concentration with respect to financial instruments included in accounts receivable is remote.

(b) Liquidity risk

The Company is currently in the exploration stage and has not commenced commercial operations. As at the date of issue of these financial statements, the Company had an accumulated deficit of $40,930,647. As at January 31, 2022, the Company was not yet generating operating cash flows, but had working capital of $1,668,402 (January 31, 2021: $3,171,405). Within this amount, it had a cash balance of $1,643,634 (January 31, 2021: $3,385,944) to settle current liabilities of $113,576 (January 31, 2021: $301,340).

The Company's approach to managing liquidity risk is to ensure that it will have sufficient liquidity to fund its liabilities as they become due. All of the Company's financial liabilities have contractual maturities of less than 60 days and are subject to normal trade terms. The Company may be required to obtain additional capital to continue its progress toward recovering the amount expended on its mineral properties, and although success in this regard is not assured, management is of the opinion that additional capital can be raised as required for the foreseeable future.

(c) Market risk

(i) Interest rate risk

The Company has cash balances and no interest-bearing debt. Interest rate risk is remote.

(ii) Price risk

The Company is indirectly exposed to price risk with respect to the price of both precious and base metals. The Company closely monitors commodity prices to determine the appropriate course of action to be taken by the Company. Price risk is remote since the Company is not a producing entity. 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.

(d) Fair Value

The fair values of the Company's cash and cash equivalents, accounts receivable and accounts payable approximate their carrying values because of the short term-nature of these instruments.

17. Capital Risk Management - continued

Financial risk factors - continued

(e) Sensitivity analysis

The Company is exposed to equity securities price risk because of the marketable securities held by the Company. The Company's marketable securities are not part of its core operations, and accordingly, gains and losses from these investments are not representative of the Company's performance. As at January 31, 2022, the impact of a 10% increase or decrease in the share prices of the marketable securities would have resulted in an increase or decrease of $ 2,346 that would have been included in net loss and comprehensive loss.

18. Subsequent Events

(a) On April 4, 2022, the Company announced that it entered into a binding term sheet with a wholly-owned subsidiary of Barrick Gold Corporation ("Barrick") whereby Barrick will have the right to earn into 910 claims comprising 16,800 hectares for part of the Pic Project. The Pic Project is located 25 km west of Barrick's Hemlo Mine. Both companies will work to complete the due diligence necessary to sign a definitive agreement (the "Definitive Agreement"). The proposed Definitive Agreement between the Company and Barrick is subject to a variety of industry standard earn-in provisions, with key material terms being that:

1. Barrick may earn an 80% interest (the "Earn-In") in part of the Pic Project by delivering to the Company a Pre-Feasibility Study (the "PFS") within six years (the "Expenditure Period") of the Definitive Agreement (of which at least $800,000 is the guaranteed expenditure in the first twelve months)
2. In order to maintain the Earn-In right from the date of the first anniversary of the Definitive Agreement to the end of the Expenditure Period, Barrick must fund work expenditures of $1,000,000 on or before each anniversary of the Definitive Agreement;
3. Barrick will have the option to extend the Expenditure Period by two additional one-year periods by paying to the Company an amount of $500,000 for each one-year extension;
4. Upon closing of the Definitive Agreement, Barrick will complete a private placement into the Company, whereby Barrick will subscribe for such number of common shares of the Company to equal to the lesser of a) C$300,000 in proceeds and b) a 5% interest on a non-diluted basis.
5. Subject to a successful Earn-In by Barrick, the Company and Barrick shall establish a joint-venture corporation (the "JV Corp."), to be held on the basis of 20% as to the Company and 80% as to Barrick;
6. If either party's interest in the JV Corp. declines below a 10% threshold, then that party's interest shall, as applicable, convert to a 1% NSR royalty.