Capitalight

IC CAPITALIGHT CORP.

Consolidated Financial Statements

For the years ended December 31, 2021, and 2020

Expressed in Canadian Dollars

Independent Auditor's Report

To the Shareholders of IC Capitalight Corp.:

Opinion

We have audited the consolidated financial statements of IC Capitalight Corp. and its subsidiaries (the "Company"), which comprise the consolidated statements of financial position as at December 31, 2021 and December 31, 2020, and the consolidated statements of operations and comprehensive income (loss), changes in shareholders' equity, and cash flows for the years then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Company as at December 31, 2021 and December 31, 2020, and its consolidated financial performance and its consolidated 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 consolidated financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Material Uncertainty Related to Going Concern

We draw attention to Note 2 in the consolidated financial statements, which indicates that the Company had a working capital deficiency and an accumulated deficit. As stated in Note 2, these events or conditions, along with other matters as set forth in Note 2, indicate that a material uncertainty exists 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. The other information comprises Management's Discussion and Analysis.

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

In connection with our audits of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the 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 Consolidated Financial Statements

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

In preparing the consolidated financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

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

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

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

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

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

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the 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 Blair Michael Mabee.

MNP LLP

Mississauga, Ontario — Chartered Professional Accountants

May 2, 2022 — Licensed Public Accountants

IC Capitalight Corp.
Consolidated Statements of Financial Position
Expressed in CAD Dollars

	December 31, 2021	December 31, 2020
Assets		
Current assets:		
Cash and cash equivalents	$ 422,719	$ 76,176
Accounts receivable (note 5)	10,630	13,389
Amounts receivable (note 17)	50,067	42,525
Debenture interest receivable (note 6)	57,317	48,731
Prepaid expenses	18,669	22,630
Total current assets	559,402	203,451
Investments (note 6)	2,867,896	1,842,253
Intangible asset (note 7)	-	50,400
Goodwill (note 7)	-	189,000
Exploration and evaluation assets (note 8)	1	2
Total Assets	$ 3,427,299	$ 2,285,106
Liabilities		
Current liabilities:		
Accounts payable and accrued liabilities (note 17)	624,255	453,181
Short-term debt (note 9)	282,342	-
Deferred revenue (note 10)	162,378	134,692
Deferred debenture obligation (note 11)	330,000	300,000
Deferred flow-through premium (note 12)	-	21,500
Deferred flow-through obligation (note 12)	45,941	-
Total current liabilities	1,444,916	909,373
Long-term debt (note 9)	-	40,000
Total Liabilities	1,444,916	949,373
Shareholders' Equity		
Share capital (note 13)	8,467,799	8,216,854
Contributed surplus	977,041	746,885
Accumulated deficit	(7,462,457)	(7,628,006)
Total Shareholders' Equity	1,982,383	1,335,733
Total Liabilities and Shareholders' Equity	$ 3,427,299	$ 2,285,106

Nature of operations (note 1)
Basis of presentation (note 2)
Going concern (note 2)
Subsequent events (note 21)

The accompanying notes are integral to these consolidated financial statements.

IC Capitalight Corp.
Consolidated Statements of Operations and Comprehensive Income (Loss)
Expressed in CAD Dollars

	Year ended December 31, 2021	Year ended December 31, 2020
Research revenues	$ 388,311	$ 296,537
Consulting revenues	11,137	-
Total Revenues	$ 399,448	$ 296,537
Expenses		
Research business expenses (note 16)	569,651	423,751
Exploration and evaluation expenses (notes 8 and 16)	898	105,685
General and administrative expenses (note 16)	603,987	413,286
Amortization of brand value (note 7)	12,600	12,600
Impairment (note 7)	226,800	-
Interest (income)	(10)	-
Interest expense	13,399	250
Share-based compensation (notes 13, 15 and 17)	80,700	121,714
Accretion (notes 9 and 11)	34,619	20,697
Part XII.6 taxes (note 12)	9,752	-
Flow through premium (note 12)	-	-
Flow through obligation (note 12)	45,941	-
Foreign exchange loss	7,255	10,920
Total expenses	1,605,592	1,108,902
Net loss before other income	(1,206,144)	(812,365)
Coupon income from investments (note 6)	203,377	177,079
Realized gain on settlement of debt (note 13)	34,025	-
Realized gain on sale of mineral property (note 8)	459,999	-
Realized gain on investments (note 6)	173,849	-
Unrealized gain on investments (note 6)	500,443	23,661
Net income (loss) and comprehensive income (loss) for the year	$ 165,549	$ (611,625)
Weighted-average common shares (basic)	89,317,142	85,198,252
Net income (loss) per common shares (basic)	$ 0.00	$ (0.01)
Weighted-average common shares (diluted)	93,458,420	85,198,252
Net income (loss) per common shares (basic)	$ 0.00	$ (0.01)

The accompanying notes are integral to these consolidated financial statements.

IC Capitalight Corp.
Consolidated Statements of Changes in Shareholders' Equity
Expressed in CAD Dollars

	Shares Outstanding	Share Capital	Contributed Surplus	Accumulated Deficit	Total Equity
Balance as of December 31, 2019	84,688,063	$ 8,145,552	$ 613,208	$ (7,016,381)	$ 1,742,379
Shares issued for settlement of debt (note 13)	892,707	44,636	-	-	44,636
Shares issued for joint venture acquisition (note 13)	666,666	26,667	-	-	26,667
Warrants issued for joint venture acquisition (note 14)	-	-	11,963	-	11,963
Stock options granted under long-term incentive plan (note 15)	-	-	121,714	-	121,714
Net (loss) for the year	-	-	-	(611,625)	(611,625)
Balance as of December 31, 2020	86,247,436	$ 8,216,854	$ 746,885	$ (7,628,006)	$ 1,335,733
Shares issued for settlement of debt (note 13)	3,402,479	187,137	-	-	187,137
Reclassification of flow through premium (note 12)	-	21,500	-		21,500
Warrants issued for debt facility (note 14)	-	-	77,533		77,533
Stock options granted under long-term incentive plan (note 15)	-	-	80,700	-	80,700
Shares issued for conversion of restricted share units (note 15)	769,231	42,308	(42,308)	-	-
Restricted share units expensed over vesting period (note 15)	-		114,231	-	114,231
Net income for the year	-	-	-	165,549	165,549
Balance as of December 31, 2021	90,419,146	$ 8,467,799	$ 977,041	$ (7,462,457)	$ 1,982,383

The accompanying notes are integral to these consolidated financial statements.

IC Capitalight Corp.
Consolidated Statements of Cash Flows
Expressed in CAD Dollars

	Year ended December 31, 2021	Year ended December 31, 2020
Operating activities		
Net income (loss) for the year	$ 165,549	$ (611,625)
Add (deduct) items not affecting cash:		
Accretion	34,619	20,697
Amortization of brand value	12,600	12,600
Impairment of goodwill and brand value	226,800	-
Share-based compensation for stock options	80,700	121,714
Share-based compensation for RSUs	114,231	-
Share-based payments for acquisitions	-	38,630
Realized gain on settlement of debt	(34,025)	-
Realized gain on sale of investments	(173,849)	-
Realized gain on sale of mineral property	(459,999)	-
Unrealized gain on investments	(500,443)	(23,661)
Subtotal	(533,817)	(441,645)
Change in non-cash working capital balances:		
(Increase) decrease in accounts and amounts receivable	(13,369)	(22,224)
(Increase) decrease in prepaid expenses	$ 3,961	(6,006)
Increase (decrease) in accounts payable and accrued liabilities	392,236	48,999
Increase (decrease) in flow through obligation	45,941	-
Increase (decrease) in deferred revenue	27,686	36,444
Net cash from operating activities	$ (77,362)	$(384,432)
Investing activities		
Purchase of debentures	(353,540)	(225,166)
Disposition of mineral property	100,000	-
Disposition of warrants	77,970	-
Disposition of common shares	307,519	-
Purchase of common shares	(23,300)	-
Net cash used investing activities	$ 108,649	$ (225,166)
Financing activities		
Net proceeds from short-term debt	315,256	40,000
Net cash provided by financing activities	$ 315,256	$ 40,000
Net increase (decrease) in cash and cash equivalents	346,543	(569,599)
Cash and cash equivalents, beginning of year	76,176	645,775
Cash and cash equivalents, end of year	$ 422,719	$ 76,176

The accompanying notes are integral to these consolidated financial statements.

1. Nature of Operations

IC Capitalight Corp. (the "Company") is incorporated under the British Columbia Business Corporations Act and has a fiscal year-end of December 31. The Company's registered office is at 2200 HSBC Building, 885 West Georgia Street, Vancouver, BC, V6C 3E8.

Capitalight operates as a merchant bank that pursues value-based investment opportunities in accordance with its internal investment policies through a portfolio of companies, securities, and mineral properties. The securities investments consist primarily of Stone Debentures, which are generating positive cash flow on a quarterly basis. The Company's business operations include Capitalight Research Inc. ("Capitalight Research"), a wholly owned subsidiary that that publishes proprietary subscription research reports focused on the gold, silver and critical metals sectors, Canadian preferred shares, bonds, and economics. Capitalight Research generates recurring revenues and is expected to generate positive operating cash flows as it achieves profitability. The mineral exploration business consists of the Blue Lake Cu-Ni-Pt-Pd property near Schefferville, Quebec.

The Company does not pay dividends and is unlikely to do so in the immediate or foreseeable future.

These consolidated financial statements were approved by the Board of Directors on May 2, 2022.

2. Basis of Presentation

Statement of compliance with IFRS

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") and International Accounting Standards ("IAS") as issued by the International Accounting Standards Board ("IASB") and interpretations issued by the IFRS Interpretations Committee ("IFRIC"). The accounting policies adopted are consistent with those of the previous financial year.

The accounting policies applied in the preparation of the consolidated financial statements for the year ended December 31, 2021 are set out below.

Basis of measurement

These consolidated financial statements have been prepared under the historical cost basis except for certain financial instruments that are measured at fair values, as explained in the accounting policies below.

Going Concern Assumption

The accompanying consolidated 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.

As of December 31, 2021, the Company had an accumulated deficit of $7,462,457 (December 31, 2020: deficit of $7,628,006) and although the Company realized a net income and comprehensive income of $165,549 during the year ended December 31, 2021 (2020: net loss and comprehensive loss of $611,625) a significant factor was the one-time realized gain on the disposition of a mineral property and realized and unrealized gains from the investment portfolio. As such, conditions exist that may cast significant doubt regarding the Company's ability to continue as a going concern.

In assessing whether the going concern assumption is appropriate, management considers all available information about the future, which is at least, but not limited to, twelve months from the end of the reporting period. The Company's ability to continue operations is dependent on management's ability to manage its working capital and secure additional financing. Although management has been successful at securing additional financing in the past, there can be no assurance it will be able to do so in the future. These conditions may cast significant doubt about the Company's ability to continue as a going concern. These consolidated financial statements do not give effect to adjustments that would be necessary should the Company be unable to continue as a going concern and therefore need to realize its assets and liquidate its liabilities and commitments in other than the normal course of business and at amounts different from those in the accompanying consolidated financial statements. These adjustments could be material.

2. Basis of Presentation (continued)

Basis of consolidation

The Company owns 100% of Capitalight Research Inc., which was acquired on October 2, 2019. Capitalight Research was incorporated on January 31, 2017, pursuant to the laws of the Province of Ontario under the name Murenbeeld & Co. Inc. and was renamed as Capitalight Research Inc. on December 28, 2020.

These consolidated financial statements include the financial position, results of operation and cash flows of the Company and Capitalight Research, its wholly owned subsidiary. Intercompany balances, transactions, income and expenses, profits and losses, including gains and losses relating to the subsidiary have been eliminated on consolidation.

3. Summary of Significant Accounting Policies

Cash equivalents

The Company considers cash equivalents to be cash and highly liquid investments with original maturities of three months or less.

Prepayments and deposits

The Company makes prepayments and deposits to suppliers of services. These are recognized as prepayments when made and recognized as expenses when received. Prepayments and deposits on assets that are long term in nature are recorded as long-term prepayments and deposits.

Financial instruments

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

A financial asset is derecognized when the contractual rights to the cash flows from the financial asset expire, or when the financial asset and substantially all the risks and rewards are transferred. A financial liability is derecognized when the obligation under the liability is extinguished, discharged, cancelled or expired. Gains and losses on derecognition of financial assets and financial liabilities are recognized within financing income and financing expense, respectively.

Management determines the classification of financial assets and financial liabilities at initial recognition and, except in very limited circumstances, the classification is not changed subsequent to initial recognition. The classification depends on the purpose for which the financial instruments were acquired, their characteristics and/or management's intent. Transaction costs with respect to instruments not classified as fair value through profit or loss are recognized as an adjustment to the cost of the underlying instruments and amortized using the effective interest method.

The Company's financial instruments were classified in the following categories:

Financial assets measured at fair value through profit or loss (FVTPL):

An instrument is classified as fair value through profit or loss if it is held for trading or is designated as such upon initial recognition. A financial asset is classified as fair value through profit or loss if acquired principally for the purpose of selling in the short term or if so, designated by management. All derivative financial instruments fall into this category, except for those designated and effective as hedging instruments.

Financial instruments included in this category are initially recognized at fair value and transaction costs are taken directly to earnings along with gains and losses arising from changes in fair value. All changes in their fair value are recorded through profit or loss.

The following financial assets are measured at fair value through profit or loss:

- Cash and cash equivalents
- Investments

Financial assets measured at amortized cost:

Financial assets measured at amortized cost are initially recognized at fair value net of transaction costs and are subsequently measured at amortized cost. Interest revenue on advances and loans receivable are recognized using the effective interest method.

The following financial assets are measured at amortized cost:

- Accounts receivable
- Amounts receivable (excluding HST)
- Debenture interest receivable

3. Summary of Significant Accounting Policies (continued)

Impairment of financial assets measured at amortized costs:

At each reporting date, the Company assesses whether there is any objective evidence that a financial asset or a group of financial assets is impaired. A financial asset or a group of financial assets is impaired if there is objective evidence that the estimated future cash flows of the financial asset or the group of financial assets have been negatively impacted. Evidence of impairment may include indications that debtors are experiencing financial difficulty, default or delinquency in interest or principal payments, or other observable data which indicates that there is a measurable decrease in the estimated future cash flows.

If an impairment loss has occurred, the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future expected credit losses that have not yet been incurred). The present value of the estimated future cash flows is discounted at the financial asset's original effective interest rate. If a financial asset has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate.

The carrying amount of the asset is reduced through the use of an allowance account, and the loss is recognized in financing expense. Interest income continues to be accrued on the reduced carrying amount using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss. The interest income is recorded as part of financing income. Loans together with the associated allowance are written off when there is no realistic prospect of future recovery and all collateral has been realized or has been transferred to the Company.

If, in a subsequent year, the amount of the estimated impairment loss increases or decreases because of an event occurring after the impairment was recognized, the previously recognized impairment loss is increased or reduced by adjusting the allowance account. If an impairment is later recovered, the recovery is credited to financing income.

The Company recognizes a loss allowance for the expected credit losses associated with its financial assets. Credit losses are defined as the difference between all the contractual cash flows that are due to an entity and the cash flows that it expects to receive. This difference is discounted at the original effective interest rate (or credit adjusted effective interest rate for purchased or originated credit-impaired financial assets). Expected credit losses are measured to reflect a probability-weighted amount, the time value of money, and reasonable and supportable information regarding past events, current conditions, and forecasts of future economic conditions. In applying this forward-looking approach, a distinction is made between:

- financial instruments that have not deteriorated significantly in credit quality since initial recognition or that have low credit risk, whereby '12-month expected credit losses' are recognized ('Stage 1')
- financial instruments that have deteriorated significantly in credit quality since initial recognition and whose credit risk is not low, whereby 'lifetime expected credit losses' are recognized ('Stage 2')
- financial assets that have objective evidence of impairment at the reporting date, whereby the asset is written off as there is no reasonable expectation of recovering all or any portion thereof ('Stage 3')

The Company applied the simplified approach in accounting for accounts receivables and records the loss allowance as lifetime expected credit losses. These are the expected shortfalls in contractual cash flows, considering the potential for default at any point during the life of the financial instrument. The Company uses its historical experience, external indicators and forward-looking information to calculate the lifetime expected credit losses using a provision matrix.

For financial assets assessed as impaired at the reporting date, the Company continues to recognize a loss allowance equal to lifetime expected credit losses.

Loss allowances for expected credit losses are presented in the consolidated statement of financial position as a deduction from the gross carrying amount of the financial asset.

Financial liabilities measured at amortized cost:

Financial liabilities are initially recognized at fair value net of transaction costs and are subsequently measured at amortized cost using the effective interest method except for derivatives and financial liabilities designated as FVTPL.

All interest-related charges and, if applicable, changes in an instrument's fair value that are reported in profit or loss are included within accretion of deferred obligation, finance costs or finance income.

The following financial liabilities are measured at amortized cost:

- Accounts payable and accrued liabilities
- Deferred debenture obligation
- Short term and long-term debt

3. Summary of Significant Accounting Policies (continued)

Financial liabilities measured at fair value through profit or loss:

Financial liabilities designated as FVTPL are initially recognized at fair value and transaction costs are taken directly to earnings along with gains and losses arising from changes in fair value. Derivative instruments, including embedded derivatives, are recorded at fair value unless exempted from derivative treatment as normal purchase and sale. All changes in their fair value are recorded through profit or loss.

Fair Value

Financial assets and financial liabilities measured at fair value in the statement of financial position are grouped into three levels of a fair value hierarchy. The three levels are defined based on the observability of significant inputs to the measurement, as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly
- Level 3: unobservable inputs for the asset or liability.

Both the binomial and Black Scholes valuation techniques are permitted under IFRS for fair value calculations.

Goodwill

Goodwill represents the future economic benefits arising from a business combination that are not individually identified and separately recognised. Goodwill is carried at cost less accumulated impairment losses.

Intangible assets

Brand names acquired in a business combination that qualify for separate recognition are recognised as intangible assets at their fair values and are amortised on a straight-line basis over their estimated useful lives. All finite-lived intangible assets are accounted for using the cost model whereby capitalised costs are amortised on a straight-line basis over their estimated useful lives. Residual values and useful lives are reviewed at each reporting date and are subject to impairment testing. When an intangible asset is disposed of, the gain or loss on disposal is determined as the difference between the proceeds and the carrying amount of the asset, which is recognised in profit or loss within other income or other expenses.

Impairment of goodwill, other intangible assets and non-current assets

For impairment assessment purposes, assets are grouped at the lowest levels for which there are largely independent cash inflows (cash-generating units). As a result, some assets are tested individually for impairment and some are tested at cash-generating unit level. Goodwill is allocated to those cash-generating units that are expected to benefit from synergies of a related business combination and represent the lowest level within the Group at which management monitors goodwill.

Cash-generating units to which goodwill has been allocated (determined by the Group's management as equivalent to its operating segments) are tested for impairment at least annually. All other individual assets or cash-generating units are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

An impairment loss is recognised for the amount by which the asset's (or cash-generating unit's) carrying amount exceeds its recoverable amount, which is the higher of fair value less costs of disposal and value-in-use. To determine the value-in-use, management estimates expected future cash flows from each cash-generating unit and determines a suitable discount rate in order to calculate the present value of those cash flows. The data used for impairment testing procedures are directly linked to the Group's latest approved budget, adjusted as necessary to exclude the effects of future reorganisations and asset enhancements. Discount factors are determined individually for each cash-generating unit and reflect current market assessments of the time value of money and asset-specific risk factors.

Impairment losses for cash-generating units reduce first the carrying amount of any goodwill allocated to that cash-generating unit. Any remaining impairment loss is charged pro rata to the other assets in the cash-generating unit. With the exception of goodwill, all assets are subsequently reassessed for indications that an impairment loss previously recognised may no longer exist. An impairment loss is reversed if the asset or cash-generating unit recoverable amount exceeds its carrying amount.

3. Summary of Significant Accounting Policies (continued)

Private company investments

All privately held investments (including options, warrants and conversion features) are initially recorded at the transaction price, being the fair value at the time of acquisition. At the end of each reporting period, the fair value of an investment may (depending upon the circumstances) be adjusted using one or more of the valuation indicators described below. These are included in Level 3 of the fair value hierarchy.

The determination of fair value of the Company's privately held investments at other than initial cost, is subject to certain limitations. Financial information for private companies in which the Company has investments, may not be available and, even if available, that information may be limited and/or unreliable.

Use of the valuation approach described below may involve uncertainties and determinations based on management's judgment and any value estimated from these techniques may not be realized or realizable.

Company-specific information is considered when determining whether the fair value of a privately held investment should be adjusted upward or downward at the end of each reporting period. In addition to company-specific information, the Company will also consider trends in general market conditions and the share performance of comparable publicly traded companies when valuing privately held investments.

The fair value of a privately held investment may be adjusted if:

i. There has been a significant subsequent equity financing provided by outside investors at a valuation different than the current value of the investee company, in which case the fair value of the investment is set to the value at which that financing took place;
ii. There have been significant corporate, political or operating events affecting the investee company that, in management's opinion, have a material impact on the investee company's prospects and therefore its fair value. In these circumstances, the adjustment to the fair value of the investment will be based on management's judgment and any value estimated may not be realized or realizable;
iii. The investee company is placed into receivership or bankruptcy;
iv. Based on financial information received from the investee company, it is apparent to the Company that the investee company is unlikely to be able to continue as a going concern;
v. Release by the investee company of positive/negative operational results; and
vi. Important positive/negative management changes by the investee company that the Company's management believes will have a very positive/negative impact on the investee company's ability to achieve its objectives and build value for shareholders.

Adjustments to the fair value of a privately held investment will be based upon management's judgment and any value estimated may not be realized or realizable. The resulting values for non-publicly traded investments may differ from values that would be realized if a ready market existed.

In addition, the amounts at which the Company's privately held investments could be currently disposed of may differ from the carrying value assigned.

Revenue Recognition

The following describes principal activities of Capitalight Research from which the Company generates revenue.

Subscription Revenue

Capitalight Research generates revenue from providing subscription services to proprietary research. Performance obligations are satisfied upon delivery of the weekly and monthly publications which are distributed through email. Revenue is recognized over the useful life of the subscription, or the time frame which the customers have access to the publications. This provides a faithful depiction of the transfer of goods and services to the client as the subscription directly relates to these performance obligations. There have been no changes to the revenue recognition policy since Murenbeeld's incorporation.

Consideration is typically due from receipt of the invoice. The transaction price is determined by the type of customer as well as a fair price to pay for the subscription services to be rendered. This is determined through management's judgment as well as negotiations with customers.

Paid-for Research Revenue

Capitalight Research generates revenue from providing custom paid-for proprietary research. Performance obligations are satisfied upon delivery of the custom research report to the client. Revenue is recognized upon delivery to the client. Consideration is typically due from receipt of the invoice. The transaction price is determined by the type of customer as well as a fair price to pay for the subscription services to be rendered. This is determined through management's judgment as well as negotiations with customers.

3. Summary of Significant Accounting Policies (continued)

Deferred Revenue

Deferred revenue consists of the remaining performance obligations relating to subscription or paid-for research revenues.

Exploration and Evaluation Assets

The Company records its interests in mineral properties and areas of geological interest at cost. All direct and indirect costs related to the acquisition of these interests are capitalized on the basis of specific claim blocks or areas of geological interest until the properties to which they relate are placed into production, sold or management has determined there to be impairment in value. The amounts shown for exploration and evaluation assets represent costs, net of impairment write-offs.

Mineral Exploration and Development Costs

Exploration costs are charged to operations as incurred.

Share Capital

Common shares are classified as equity. Transaction costs directly attributable to the issue of common shares and stock options are recognized as a deduction from equity, net of any tax effects.

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 in expenses 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.

Foreign Currency Translation

The functional and reporting currency is the Canadian dollar for the Company and its subsidiary. Transactions denominated in foreign currencies are translated using the exchange rate in effect on the transaction date or at an average rate. Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange in effect at the statement of financial position date. Non-monetary items are translated using the historical rate on the date of the transaction. Foreign exchange gains and losses are included in the consolidated statements of operations and comprehensive income (loss).

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.

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.

3. Summary of Significant Accounting Policies (continued)

Income (Loss) Per Share

Basic loss per share is computed using the weighted average number of common shares outstanding during the period. The treasury stock method is used for the calculation of diluted loss per share, whereby all "in the money" stock options and share purchase warrants are assumed to have been exercised at the beginning of the period and the proceeds from their exercise are assumed to have been used to purchase common shares at the average market price during the period. When a loss is incurred during the period basic and diluted loss per share are the same as the exercise of stock options and share purchase warrants is considered to be anti-dilutive.

Share-based Payments

The grant date fair value of share-based payment awards granted to employees is recognized as share-based compensation expense, with a corresponding increase in equity, over the period that the employees unconditionally become entitled to the awards. The amount recognized as an expense is adjusted to reflect the number of awards for which the related service and non-market vesting conditions are expected to be met, such that the amount ultimately recognized as an expense is based on the number of awards that do meet the related service and non-market performance conditions at the vesting date. For share-based payment awards with non-vesting conditions, the grant date fair value of the share-based payment is measured to reflect such conditions and there is no true-up for differences between expected and actual outcomes.

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

All equity-settled share-based payments are reflected in contributed surplus, unless exercised. Upon exercise, shares are issued from treasury and the amount reflected in contributed surplus is credited to share capital, adjusted for any consideration paid.

4. Significant Judgments, Estimates and Assumptions

To prepare consolidated financial statements in conformity with IFRS, the Company must make estimates, judgements and assumptions concerning the future that affect the carrying values of assets and liabilities as of the date of the consolidated financial statements and the reported values of revenues and expenses during the reporting period. By their nature, these are uncertain and actual outcomes could differ from the estimates, judgments and assumptions.

The impacts of such estimates are pervasive throughout the consolidated 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. Significant accounting judgments, estimates and assumptions are reviewed on an ongoing basis.

The areas involving significant judgments, estimates and assumptions are as follows:

Going concern: The preparation of the consolidated financial statements requires management to make judgments and estimates regarding the ability to continue as a going concern.

Impairment: The preparation of the consolidated financial statements requires management to make judgments and estimates regarding cash flows and discount rates regarding the impairment of the fair value of financial assets carried at amortized costs and goodwill and intangible assets.

Fair value of private investments (level 3): The preparation of the consolidated financial statements requires management to make judgments regarding the fair value of the private company investments held by the Company. Where the fair values of investments cannot be derived from active markets, they are determined using a variety of valuation techniques. The inputs to these models are derived from observable market data where possible, but where observable market data are not available, management's judgment is required to establish fair values.

Income taxes: 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.

4. Significant Judgments, Estimates and Assumptions (continued)

Uncertainty due to the Covid-19 Pandemic

The impact of COVID-19 on the Company has been limited since did it does not have any active exploration programs and construction activities. Certain of our directors, officers, employees and consultants have been indirectly impacted by intermittent lockdowns that have been imposed in Canada. The Company has tried to incorporate the impact COVID-19 outbreaks and intermittent lockdowns into its business operations. It is not possible for the Company to predict the duration or magnitude of adverse impacts from further outbreaks and predict the effects on the Company's business or results of operations.

The duration and full financial effect of the COVID-19 pandemic is unknown at this time, as are the measures taken by governments, the Company or others related to the COVID-19 pandemic. Any estimate of the length and severity of these developments is therefore subject to significant uncertainty, and accordingly estimates of the extent to which the COVID-19 pandemic may materially and adversely affect the Company's operations, financial results and condition in future periods are also subject to significant uncertainty.

Inputs and assumptions relate to, among other things, interest rates, foreign exchange rates, cost of capital, commodity prices, and the amount and timing of future cash flows, while accounting judgments take into consideration the business and economic uncertainties related to the COVID-19 pandemic and the future response of governments, the Company and others to those uncertainties. In the current environment, the inputs and assumptions and judgements are subject to greater variability than normal, which could in the future significantly affect judgments, estimates and assumptions made by management as they relate to potential impact of the COVID-19 pandemic on various financial accounts and note disclosures and could lead to a material adjustment to the carrying value of the assets or liabilities affected. The impact of current uncertainty on judgments, estimates and assumptions includes the Company's valuation of the long-term assets (including the assessment for impairment and impairment reversal), estimation of reclamation provisions, estimation of income and taxes. Actual results may differ materially from these estimates.

5. Accounts Receivable

	December 31, 2021	December 31, 2020
Current	$ 2,444	$ 6,395
1 - 30 days past due	8,806	4,833
31 – 60 days past due	-	-
61 – 90 days past due	-	2,782
> 90 days past due	-	-
Subtotal	11,250	14,009
Lifetime expected credit losses	(620)	(620)
Ending balance	$ 10,630	$ 13,389

All categories of receivables are required to have a provision, even when they are not past due. The following is the provision matrix used to determine the lifetime expected credit losses:

	Current	**1-30 days**	**31-60 days**	**61-90 days**	**>90 days**
Default rate	1%	3%	9%	15%	20%

The following is the movement in lifetime expected credit losses:

	Movement in Lifetime Credit Losses
Balance as of December 31, 2019	$ 566
Loss allowance remeasurement	54
Balance as of December 31, 2020	$ 620
Loss allowance remeasurement	-
Balance as of December 31, 2021	$ 620

6. Investments

As of December 31, 2021, the investment portfolio consisted of:

- 3,032 debentures issued by Stone Investment Group Limited ("Stone"). Each debenture has a $1,000 face value and 7.5% coupon paid quarterly in cash resulting in a total face value of $3,032,000. The fair value was estimated at $2,425,602 using a Level 2 fair value hierarchy of $800 per debenture based on the Company's counteroffer to acquire all the outstanding debentures for a cash consideration of $800 per debenture, which was announced on December 23, 2021. On December 28, 2021, Stone defaulted on the debenture maturity but completed the coupon payment that was due on January 15, 2022, and April 15, 2022.
- 112,810 common shares of Stone. The fair value was estimated at $nil.
- 409,333 common shares of Prospector Metals Corp., which reflects a 1:3 share consolidation that was completed on April 6, 2022. The fair market value was estimated at $442,294.

During the year ended December 31, 2021, the Company realized a gain on investments of $173,849 (2020: gain of $nil) from the sale of common shares and warrants, and had an unrealized gain on investments of $500,443 (2020: loss of $23,661) from the revaluation of debentures and common shares. During the year ended December 31, 2021, the Company recognized debenture interest income of $203,377 (2020: $177,079) and as of December 31, 2021, had a debenture interest receivable balance of $57,317 (December 31, 2020: $48,731).

The Company's investments portfolio consisted of the following as of December 31, 2021:

Investments	Opening Balance	Purchases (Non-Cash)	Purchases (Cash)	Net Proceeds	Realized Gains (Losses)	Unrealized Gains (Losses)	Ending Balance
Debentures	$ 1,786,555	$ -	$ 353,540	$ -	$ -	$ 285,507	$ 2,425,602
Warrants	55,698	-	-	(77,970)	22,272	-	-
Common shares	-	360,000	23,300	(307,519)	151,577	214,936	442,294
Total	$ 1,842,253	$ 360,000	$ 376,840	$ (385,489)	$ 173,849	$ 500,443	$ 2,867,896

The Company's investments portfolio consisted of the following as of December 31, 2020:

Investments	Opening Balance	Purchases (Non-Cash)	Purchases (Cash)	Net Proceeds	Realized Gains (Losses)	Unrealized Gains (Losses)	Ending Balance
Debentures	$ 807,874	$ 729,855	$ 225,165	$ -	$ -	$ 23,661	$ 1,786,555
Warrants	-	55,698	-	-	-	-	55,698
Total	$ 807,874	$ 785,553	$ 225,165	$ -	$ -	$ 23,661	$ 1,842,253

Fair value hierarchy

Investments	December 31, 2021	Level 1	Level 2	Level 3
Debentures	$ 2,425,602	$ -	$ 2,425,602	$ -
Warrants	-	-	-	-
Common shares	442,294	442,294	-	-
Total	$ 2,867,896	$ 442,294	$ 2,425,602	$ -

Investments	December 31, 2020	Level 1	Level 2	Level 3
Debentures	$ 1,786,555	$ -	$ -	$ 1,786,555
Warrants	55,698	-	-	55,698
Total	$ 1,842,253	$ -	$ -	$ 1,842,253

Level 3 fair value includes private company investments and other instruments such as debentures and warrants that are not quoted on a recognized securities exchange. The key assumptions used in the valuation of these instruments include, but are not limited to, the value at which a recent financing was done by the investee, company-specific information, trends in general market conditions and the share performance of comparable publicly traded companies.

The following table presents the changes in Level 3 fair value measurements utilizing non-observable market inputs. The net realized gains (loss) on disposals of investments and the net change in unrealized gains (loss) on investments are recognized in the consolidated statements of operations and comprehensive loss.

Level 3 Totals	Opening Balance	Transfers	Purchases	Net Proceeds	Realized Gains (Losses)	Unrealized Gains (Losses)	Ending Balance
December 31, 2020	$ 807,874	-	$ 1,010,718	-	-	$ 23,661	$ 1,842,253
December 31, 2021	$ 1,842,253	$ (2,425,602)	$ 353,540	$ (77,970)	$ 22,272	$ 285,507	$ -

7. Goodwill and Intangible Assets

On October 2, 2019, the Company recognized goodwill upon acquisition of Capitalight Research, which was determined using a value-in-use valuation model and is primarily related to personnel and future growth. None of the goodwill arising from the acquisition is deductible for tax purposes. The key assumptions used in the value-in-use valuation model are those related to discount rates and revenue growth rates. The values of these assumptions reflect past experience. The after-tax weighted average cost of capital was determined to be 17% (pre-tax of 23%) and is based on a risk-free rate, an equity premium adjusted for betas of comparable publicly traded companies, an unsystematic risk premium, an after-tax cost of debt based on the capital structure of publicly traded companies. The value-in-use valuation model used revenue growth rates of 5% to 20%, with a long-term growth rate of 1.9%.

Goodwill is tested for impairment immediately on the acquisition date and subsequently at the end of each reporting period. On December 31, 2021, it was determined the goodwill was impaired. For the purposes of testing impairment, the recoverable amount of each cash generating unit ("CGU") compromising of goodwill was based on fair value calculated using the value in use model. As a result of the analysis, the company concluded that the recoverable amount of the CGU was more than the carrying amount as at December 31,2021. The company recorded a write down of goodwill and the intangible asset to $nil.

	Movement in Goodwill
Balance as of December 31, 2020 and 2019	$ 189,000
Impairment	(189,000)
Balance as of December 31, 2021	$ -

On October 2, 2019, the Company recognized an intangible asset upon the acquisition of Capitalight Research and for the brand value of *Murenbeeld*, which is associated with Capitalight Research's flagship research publication. The brand value was determined using a 6% relief from royalty valuation mode and will be amortized over a period of five years. On December 31, 2021, it was determined the brand value was impaired.

	Movement in Brand Value
Balance as of December 31, 2019	$ 63,000
Amortization	(12,600)
Balance as of December 31, 2020	$ 50,400
Amortization	(12,600)
Impairment	(37,800)
Balance as of December 31, 2021	$ -

8. Exploration and Evaluation Assets

	Blue Lake (Retty Lake)	**Schefferville Ashuanipi**	**Total**
Balance, December 31, 2020 and 2019	$ 1	$ 1	$ 2
Disposition of mineral property	-	(1)	(1)
Balance as of December 31, 2021	$ 1	$ -	$ 1

Blue Lake Property (Cu-Ni-Pt-Pd)

On June 30, 2008, the Company entered into an option agreement to earn a 100% interest in the Blue Lake (formerly the Retty Lake Property) copper-nickel-PGM exploration property, which is located northeast of Schefferville, Quebec. On February 12, 2013, the Company completed the earn-in by issuing 1,800,000 common shares and by incurring exploration expenditures totaling $1,855,000. This included a 2,377-line km VTEM and a 1,767-line km ProspecTEM airborne survey, which showed anomalous EM responses in the region of the historic Blue Lake mineral deposit (this historic deposit is hosted on claims not held by the Company). These claims are subject to a 3% net smelter return royalty ("NSR"), which is subject to a buy-back right to repurchase the NSR for $3,000,000 and a 30-day right-of-first-refusal by the Company to acquire all or part of the NSR on the same terms and conditions as set out in a notice provided to the Company by the holder (the "NSR ROFR"). In 2014, after obtaining additional VTEM airborne and Pt-Pd sampling data from Anglo American Exploration (Canada), the Company staked the Blue Lake South property to the southeast of the historic Blue Lake mineral deposit. During the year ended December 31, 2017, the Company elected to write-down the carrying value of the Blue Lake claims to $1 and most of the Blue Lake South claims were allowed to lapse. On July 21, 2020, the Company announced it staked 194 high priority claims in the Blue Lake South area and renamed all of the claims as the Blue Lake Property.

As of December 31, 2021, the Blue Lake Property consisted of 263 claims covering 12,724 hectares.

8. Exploration and Evaluation Assets (continued)

Schefferville Ashuanipi Gold Property (Au)

On June 15, 2011, the Company acquired a 55% interest in the Schefferville Ashuanipi Gold Property, which is located southwest of Schefferville, Quebec. Upon completing the terms off the earn-in, the Company and Western Troy Capital Resources Inc formed a joint venture. As of December 31, 2016, the Company had increased its interest in the joint venture to 64%. During the year ended December 31, 2017, the Company elected to write-down the carried value of the property to $1 and certain claims were allowed to lapse. On November 3, 2020, the Company announced it had acquired an undivided 100% interest in the Schefferville Ashuanipi Gold Property mineral claims by acquiring the remaining 36% of the joint venture. To complete the acquisition, the Company paid Western Troy a consideration of $25,000 plus 666,666 common shares and 333,333 common share purchase warrants exercisable at $0.075 per warrant for a period of two years. The common shares were valued at $26,667 based on a market price of $0.04 on November 2, 2020 and the warrants were valued using the Black-Scholes valuation model at $11,963 based on a risk-free rate of 1.66% and a volatility of 250%. The total acquisition cost of $63,630 was expensed as part of exploration and evaluation expenses.

On February 16, 2021, the Company announced the sale of its Schefferville Ashuanipi Gold Project and related exploration data to Prospector Metals Corp. ("Prospector"). The Company received a total consideration of $460,000 consisting of $100,000 in cash, 666,667 common shares with a fair market value of $360,000, and a 2.0% net smelter royalty ("NSR"), which can be reduced to 1.0% for a further payment of $1.0 million in cash. No carrying value has been recognized for the NSR. Prospector has also committed to spending $500,000 over three years on the claims with any shortfall resulting in an additional cash payment to the Company of $100,000 to be prorated based on any shortfall in the spending commitment. If the commitment is fully satisfied, then no additional payment will be owed. The Company determined that performance conditions for the sale transaction were satisfied as of March 31, 2021, upon effecting the transfer of the mineral claims in the Quebec mineral claims database and the receipt of $50,000 in cash and the common share certificates.

Upon closing of the sale transaction, the Company realized a gain on sale of mineral property of $459,999.

Exploration and evaluation expenditures

During the year ended December 31, 2021, the Company incurred mineral claim management and renewal fees of $898 (2020: $105,685).

9. Short-Term and Long-Term Debt

Credit facility

On December 23, 2021, the Company secured a non-revolving $5,250,000 standby credit facility whereby the Company can make drawdowns until December 23, 2022 (the "Advance Period"). The Company may terminate the Advance Period at any time subject to a fee of 1% on undrawn amounts. The undrawn amounts until termination of the Advance Period and drawdowns will incur an interest rate of 12.75% per annum. Principal repayments of 2.5% of drawdown amounts are due on June 30, 2022, September 30, 2022 and December 31, 2022. Under certain circumstances, the Company can prepay drawdown amounts subject to a 2% prepayment fee. The credit facility is secured by the assets of the company and by certain related parties. In relation to the credit facility, the Company incurred a workfee of $105,000 and lender legal fees of $61,809. The initial advance of $482,065 on December 23, 2021, resulted in the issuance of 1,000,000 common share purchase warrants exercisable at a price of $0.08 per share for a period of 5 years, which were valued at $77,533. Each subsequent advance under the credit facility will require the Company to issue such number of warrants that is equal to 1.1x the dollar value of the drawdown, up to an aggregate of 5,500,000 warrants. Each warrant issuance will be priced at the minimum price permissible under the rules of the Canadian Securities Exchange and will be exercisable for a period of 5 years. The workfee, legal fees and warrant value were deducted from the initial drawdown, resulting in an initial fair value of $237,723.

Based on the assumption that drawdowns will be repaid on or about December 23, 2022, the credit facility debt was measured at amortized cost and the initial fair value was determined to be the present value of the repayments at an effective discount rate of 64.5%. As of December 23, 2021, the drawdowns totalled $482,065 resulting in an undrawn amount of $4,767,935 and a fair value of $242,342 for the credit facility debt. During the year ended December 31, 2021, the Company incurred interest of $13,006 (2020: $nil) and recognized accretion of $4,619 (2020: $nil).

CEBA

The Company's subsidiary Capitalight Research Inc. has a Canada Emergency Business Account (CEBA), which has loan forgiveness provisions whereby 25% of the loan principal will be forgiven if 75% of the loan principal is repaid prior to December 31, 2022. The loan principal is not subject to any interest until after December 31, 2022. As of December 31, 2021, the Company had previously withdrawn $40,000 and intends to repay CAD $30,000 of loan principal. The loan has carrying balance of $40,000 (December 31, 2020: $40,000).

10. Deferred Revenue

Deferred revenues arise from the sale of annual subscriptions to the Company's research products. The balance of deferred revenue as of December 31, 2021, is expected to be recognized into revenues over the next twelve months.

	Movement in Deferred Revenues
Balance as of December 31, 2019	$ 98,248
Deferred revenue recognized into revenue where performance obligations have been completed	(98,248)
Additions to deferred revenue where performance obligations have not been completed	134,692
Balance as of December 31, 2020	$ 134,692
Deferred revenue recognized into revenue where performance obligations have been completed	(134,692)
Additions to deferred revenue where performance obligations have not been completed	162,378
Balance as of December 31, 2021	$ 162,378

11. Deferred Debenture Obligation

On March 30, 2020, pursuant to a purchase agreement for Stone debentures, the Company recognized a deferred payment of $330,000 due to the vendor upon maturity of the debentures, which was expected to occur on December 28, 2021. The deferred obligation was originally measured at amortized cost and the initial fair value was calculated as the present value of the obligation based on a discount rate of 10%. On December 28, 2021, Stone defaulted on the maturity. Since the purchase agreement did not foresee a maturity default event, the obligation will be treated as an on-demand obligation until Stone sets a maturity date.

	Movement in Deferred Obligation
Balance as of December 31, 2019	$ -
Recognition of deferred obligation on March 30, 2020	279,303
Accretion of deferred obligation	20,697
Balance as of December 31, 2020	$ 300,000
Accretion of deferred obligation	30,000
Balance as of December 31, 2021	$ 330,000

12. Deferred Flow-Through Obligation

On October 2, 2019, the Company issued flow-through shares to eligible Canadian taxpayer subscribers that included a contractual commitment for the Company to incur $86,000 in eligible Canadian Exploration Expenditures ("CEEs") by December 31, 2020 as per the provisions of the Income Tax Act of Canada. The CEEs were renounced as a tax credit to the flow-through share subscribers on December 31, 2019. To help alleviate issues relating to COVID-19, the Department of Finance Canada announced a proposal in July 2020 that it would extend the timelines for incurring eligible expenses applicable to Issuers of flow-through shares renounced using the look-back rule in 2019 and 2020 by twelve months. The Company did not incur any flow-through eligible expenditures in 2019, 2020 or 2021.

On December 31, 2021, the Company reversed a $21,500 provision for the flow through premium and recorded a provision of $45,941 for the indemnification obligation to subscribers of flow-through shares for the additional taxes payable related to the CEE renunciation shortfall.

Series	**2019 F/T Series**
Financing date	October 2, 2019
Renunciation date under look-back rule	December 31, 2019
Original CEE expenditure commitment	$ 86,000
Estimated tax benefit at top marginal rate	53%
Flow-through provision as of December 31, 2021	$ 45,941

During the year ended December 31, 2021, the Company expensed $9,752 for Part XII.6 taxes related to the CEE renunciations (2020: $nil) that were recognized through profit and loss.

13. Share Capital

The Company's common shares have no par value and an authorized share capital of an unlimited number of common shares.

As of December 31, 2021, the Company had 90,416,146 common shares issued and outstanding (December 31, 2020: 86,247,436).

Shares issued during the year ended December 31, 2021

On February 15, 2021, the Company announced the completion of a shares for debt settlement whereby the Company settled total indebtedness of $221,161 by issuing 3,402,479 common shares, which had a market value of $187,136 on the settlement date resulting in a gain on settlement of debt of $34,025. This was completed pursuant to certain employment agreements that contain provisions for the issuance of shares as part of the annual compensation of the employees.

On October 22, 2021, a total of 769,231 RSUs were converted into common shares, which had a fair value of $42,308 that was reclassified from contributed surplus to equity upon the conversion.

Shares issued during the year ended December 31, 2020

On January 28, 2020, the Company announced the completion of a shares for debt settlement whereby the Company settled total indebtedness of $44,636 by issuing 892,707 common shares resulting in no gains or loss on the settlement. This was completed pursuant to certain employment agreements that contain provisions for the issuance of shares as part of the annual compensation of the employees.

On November 3, 2020, the Company announced it had acquired undivided 100% interest in the Schefferville Ashuanipi Gold Property mineral claims by acquiring the remaining 36% of the joint venture. To complete the acquisition, the Company paid Western Troy a consideration of $25,000 plus 666,666 common shares and 333,333 common share purchase warrants exercisable at $0.075 per warrant for a period of two years. The common shares were valued at $26,667 based on a market price of $0.04 on November 2, 2020.

14. Warrants

The Black-Scholes option valuation model is used by the Company to determine the fair value of common share purchase warrants based on the market price, the exercise price, compound risk free interest rate, annualized volatility and number of periods until expiration. Each warrant entitles the holder to purchase one common share of the Company at the respective exercise price prior to or on the respective expiration date.

As of December 31, 2021, the Company had 1,333,333 common share purchase warrants issued and outstanding (December 31, 2020: 333,333) with a weighted average expiration of 3.95 years (December 31, 2020: 1.84) which are exercisable into 1,333,333 common shares (December 31, 2020: 333,333) at a weighted average exercise price of $0.079 (December 31, 2020: $0.075).

Warrants issued during the year ended December 31, 2021

Issued Date	Expiration Date	Exercise Price	As at December 31, 2020	Issued	Cancelled	Exercised	As at December 31, 2021
November 3, 2020	November 3, 2022	$ 0.075	333,333	-	-	-	333,333
December 23, 2021	December 23, 2026	$ 0.080	-	1,000,000	-	-	1,000,000
Totals			333,333	1,000,000	-	-	1,333,333

On December 23, 2022, in relation to the initial drawdown from the credit facility, the Company granted 1,000,000 common share purchase warrants exercisable at a price of $0.08 per share for a period of 5 years. The warrants vested immediately and were valued at $77,533 using the Black-Scholes valuation model based on a risk-free rate of 1.25%, expected term of 5 years and volatility of 192%.

Warrants issued during the year ended December 31, 2020

Issued Date	Expiration Date	Exercise Price	As at December 31, 2019	Issued	Cancelled	Exercised	As at December 31, 2020
November 3, 2020	November 3, 2022	$ 0.075	-	333,333	-	-	333,333
Totals			-	-	-	-	333,333

On November 3, 2020, the Company announced it had acquired undivided 100% interest in the Schefferville Ashuanipi Gold Property mineral claims by acquiring the remaining 36% of the joint venture. To complete the acquisition, Capitalight paid Western Troy a consideration of $25,000 plus 666,666 common shares and 333,333 common share purchase warrants exercisable at $0.075 per warrant for a period of two years. The warrants were valued at $11,963 using the Black-Scholes valuation model based on a risk-free rate of 1.66%, expected term of 2 years and a volatility of 250%.

15. Long-term Incentive Plan

The Company's long term incentive plan (the "LTIP plan") is restricted to a maximum of 10% of the issued and outstanding common shares. Under the LTIP plan, the Company may grant securities-based incentives including stock options and restricted share units ("RSUs") to directors, officers, employees, and consultants. The Board of Directors administers the plan and determines the vesting and terms of each grant.

Stock Options

The Company determined the fair value of stock options using the Black-Scholes option valuation model, which has several inputs including the market price, the exercise price, compound risk free interest rate, annualized volatility and the number of periods until expiration. The fair value is expensed over the vesting period. Each stock option entitles the holder to purchase common shares of the Company at the respective exercise price prior to, or on, its expiration date.

As of December 31, 2021, the Company had 4,200,000 stock options issued and outstanding (December 31, 2020: 2,700,000) with a weighted average expiration of 3.47 years (December 31, 2020: 4.07 years) which are exercisable into 4,200,000 common shares (December 31, 2020: 2,700,000) at a weighted average exercise price of $0.055 (December 31, 2020: $0.05). All stock options that are outstanding vested on their grant date.

Options granted during the year ended December 31, 2021

Award and Vesting Date	Expiration Date	Exercise Price	As at December 31, 2020	Awarded	Cancelled	Exercised	As at December 31, 2021
January 24, 2020	January 24, 2025	$ 0.050	2,700,000	-	-	-	2,700,000
February 12, 2021	February 12, 2026	$ 0.065	-	1,500,000	-	-	1,500,000
Totals			2,700,000	1,500,000	-	-	4,200,000

On February 15, 2021, the Company granted 1,500,000 stock options exercisable at a price of $0.065 for a period of five years. The options were valued at $80,700 using the Black-Scholes pricing model based on a risk-free rate of 0.5%, a term of 5 years, volatility of 208% and a market price of $0.055. These stock options vested on the grant date.

Options granted during the year ended December 31, 2020

Award and Vesting Date	Expiration Date	Exercise Price	As at December 31, 2019	Awarded	Cancelled	Exercised	As at December 31, 2020
January 24, 2020	January 24, 2025	$ 0.050	-	2,700,000	-	-	2,700,000
Totals			-	2,700,000	-	-	2,700,000

On January 24, 2020, the Company announced that 2,700,000 incentive stock options have been granted to directors, officers and employees pursuant to the Company's stock option plan. The options have an exercise price of $0.05 per share and are exercisable for a period of five years unless terminated pursuant to the terms of the stock option plan. The options were valued at $121,714 using the Black-Scholes valuation model based on a risk-free rate of 1.66%, expected term of 5 years and a volatility of 146%.

Restricted share units (RSUs)

The fair value of RSUs is based on the grant-day intrinsic value of the shares that are expected to vest by the vesting date. Each RSU entitles the holder to receive one common share of the company prior to, or on, its expiration date subject to achieving the performance criterion ("milestone") prior to, or on, its vesting date. The fair value is expensed over the vesting period and is subject to remeasurement at the end of each reporting period based on the probability of achieving the milestone and adjustments for potential forfeitures.

As of December 31, 2021, the Company had 1,769,232 RSUs issued and outstanding (December 31, 2021: Nil) with a weighted average expiration of 2.26 years (December 31, 2020: nil) which entitle the holders to receive 1,769,232 common shares (December 31, 2020: nil) for no additional consideration subject to satisfying the vesting conditions.

15. Long-term Incentive Plan (continued)

RSUs granted during the year ended December 31, 2021

Award Date	Vesting Condition	Vesting Date	As at December 31, 2020	Awarded	Cancelled	Converted	As at December 31, 2021
February 12, 2021	Employment (vested)	February 28, 2021	-	1,207,692	-	-	1,207,692
February 12, 2021	Gross sales (vested)	December 31, 2021	-	600,000	(500,000)	-	100,000
June 23, 2021	Employment	July 31, 2021	-	769,231	-	(769,231)	-
June 23, 2021	Gross sales targets	December 31, 2023	-	461,540	-	-	461,540
Totals			-	3,038,463	(500,000)	(769,231)	1,769,232

On February 15, 2021, the Company announced the completion of a shares for debt settlement whereby the Company settled total indebtedness of $78,500 by granting 1,207,692 RSUs. This was completed pursuant to certain employment agreements that contain provisions for the issuance of shares as part of the annual compensation of the employees. The RSUs vested on February 28, 2021, are convertible into common shares for no additional consideration and will expire on December 31, 2023.

On February 15, 2021, the Company granted 600,000 RSUs pursuant to an employment agreement of a new sales consultant for Capitalight Research. The RSUs would vest on December 31, 2021, provided that certain gross sales milestones relating to the subscription research division have been achieved between January 1, 2021, to December 31, 2021. As of, December 31, 2021, based on the gross sales milestones achieved, 500,000 of the RSUs were cancelled. Vested RSUs will be convertible into common shares for no additional consideration and will expire on December 31, 2023.

On June 23, 2021, the Company granted 769,231 RSUs pursuant to an employment agreement for Capitalight Research. The RSUs vested on July 31, 2021. On October 22, 2021, a total of 769,231 RSUs were converted into common shares.

On June 23, 2021, the Company granted 461,540 RSUs pursuant to an employment agreement for Capitalight Research. The RSUs will vest on December 31, 2023, provided that certain gross sales milestones relating to the subscription research division have been achieved between January 1, 2021, to December 31, 2023. Vested RSUs will be convertible into common shares for no additional consideration and will expire on December 31, 2024.

16. Segmented Reporting

The Company has three operating segments, consisting of the research business, exploration properties and securities investments. All of the Company assets are held in Canada. The Company's President and Chief Executive Officer and Chief Financial Officer are the operating decision-makers and direct the allocation of resources to its segments.

The following is the segmented information by operating segments:

	Year ended December 31, 2021	Year ended December 31, 2020
Research business segment		
Research revenues	$ 388,311	$ 296,537
Research expenses		
Payroll and benefits	256,585	256,983
Consultants and services	163,620	120,278
Legal fees	14,099	-
Travel expenses	1,657	8,174
Office and administrative	39,333	30,584
Bad debts	21,238	7,731
Sales and marketing	25,311	-
Share-based compensation	47,808	-
Total research expenses	569,651	423,751
Research business segment income (loss)	(181,340)	(127,214)
Exploration properties segment		
Realized gain on sale of mineral property	459,999	-
Exploration and evaluation expenses		
Mineral claim renewal fees	898	105,685
Total exploration and evaluation expenses	898	105,685
Exploration properties segment income (loss)	459,101	(105,685)
Securities investment segment		
Consulting revenues	11,137	-
Coupon income from investments	203,377	177,079
Realized gain on investments	173,849	-
Unrealized gain on investments	500,443	23,661
Total securities investment income	888,806	200,740
Total segments income (loss)	1,166,567	(32,159)
General and administrative expenses		
Management Consulting fees	223,200	258,441
Investment evaluation expenses	41,695	-
Professional and legal fees	286,655	87,642
Public filing fees	6,520	26,708
Insurance expenses	7,013	8,375
Rent	17,230	19,200
Travel expenses	-	2,725
Office and administrative	21,674	10,195
Total general and administrative expenses	603,987	413,286
Amortization of brand value	12,600	12,600
Impairment	226,800	-
Interest (income)	(10)	-
Interest expense	13,399	250
Share-based compensation	80,700	121,714
Accretion	34,619	20,697
Part XII.6 taxes	9,752	-
Flow through premium	-	-
Flow through obligation	45,941	-
Realized gain on settlement of debt	(34,025)	-
Foreign exchange (gain) loss	7,255	10,920
Net income (loss) and comprehensive income (loss) for the period	$ 165,549	$ (611,625)

17. Related Party Transactions and Balances

Parties are related if one party has the direct or indirect ability to control or exercise significant influence over the other party in making operating and financial decisions. Parties are also related if they are subject to common control or common significant influence. Other related parties include companies controlled by key management personnel. Key management personnel are composed of the Board of Directors, Chief Executive Officer and Chief Financial Officer of the Company.

A transaction is considered a related party transaction when there is a transfer of economic resources or financial obligations between related parties. Related party transactions that are in the normal course of business and have commercial substance are measured at the fair value. Balances and transactions between the Company and its wholly owned subsidiary, which is a related party of the Company, have been eliminated and are not disclosed in this note.

The following key management related party transactions occurred during the following reporting periods:

	Year ended December 31, 2021	Year ended December 31, 2020
Management consulting fees	$ 223,200	$ 258,441
Professional and legal fees	21,600	23,099
Share-based compensation	57,342	99,174
Total	$ 302,142	$ 380,714

The following key management related party balances existed as of December 31, 2021, and December 31, 2020:

	As of December 31, 2021	As of December 31, 2020
Accounts payable due to companies controlled by key management	$ 9,011	$ 147,069
Accrued liabilities due to companies controlled by key management	$ 148,297	$ 47,419
Amounts receivable from companies controlled by key management	$ 14,500	$ 14,500

18. Capital Management

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

The Company's investment policy is to invest excess cash in very low risk financial instruments such as term deposits or by holding funds in high yield savings accounts with major Canadian banks and to provide shareholders with long-term capital growth by investing in a portfolio of undervalued companies, assets, or equity investment vehicles in the subscription research, mineral exploration and asset management sectors of the North American market, but may also include investments in other sectors.

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

The Company is generating revenues from the research business but has not generated any revenues from mineral property interests, which are still in the exploration & evaluation stage. To date, the Company has funded its operations by raising equity. To minimize liquidity risk, the Company has implemented cost control measures including an operating budget and the minimizing of discretionary expenditures related to the exploration properties.

The Company manages its capital structure (consisting of shareholders' equity) on an ongoing basis and in response to changes in economic conditions and risk characteristics of its underlying assets. Changes to the capital structure could involve the issuance of new equity, obtaining working capital loans, issuing debt, the acquisition or disposition of assets, or adjustments to the amounts held in cash, cash equivalents and investments.

Capital resource analysis

As of December 31, 2021, the Company had a working capital deficiency of $885,514 (December 31, 2020: deficiency of $705,922). Although the Company has a negative working capital position, the Company believes it can satisfy short-term obligations as they come due by generating cash from operations and the investment portfolio.

Should unexpected financial circumstances arise, the Company may choose to raise additional capital by issuing new equity, obtaining working capital loans, or construction financing. While the Company has been successful in obtaining funding in the past, there is no assurance that future financings will be available on terms acceptable to the Company. Based on management's assessment of its past ability to obtain required funding, the Company believes it will be able to satisfy its current and long-term obligations as they come due.

19. Financial Instruments and Risk Management

Financial instruments are exposed to certain financial risks, which may include liquidity risk, credit risk, interest rate risk, commodity price risk, and currency risk:

Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its obligations associated with financial liabilities. Liquidity risk arises from the Company's financial obligations and in the management of its assets, liabilities and capital structure.

In managing liquidity, the Company's primary objective is to ensure the entity can continue as a going concern while obtaining sufficient funding to meet its obligations as they come due. The Company manages this risk by regularly evaluating its liquid financial resources to fund current and long-term obligations and to meet its capital commitments in a cost-effective manner. The main factors that affect liquidity include working capital requirements, capital-expenditure requirements, and equity capital market conditions. The Company's liquidity requirements are met through a variety of sources, including cash and cash equivalents and equity capital markets.

As of December 31, 2021, the Company is exposed to liquidity risk since it had a cash and cash equivalents balance of $422,719 (December 31, 2020: $76,176) to settle current liabilities of $1,444,916 (December 31, 2020: $909,373). Based on management's assessment of its past ability to obtain required funding, the Company believes that it will be able to satisfy its current and long-term obligations as they come due. The Company has disclosed in Note 2 to these consolidated financial statements the existence of circumstances which may cast significant doubt on its ability to continue as a going concern.

Credit risk

The Company has credit risk arising from accounts receivable from the sale of research business services to commercial customers. The Company manages this risk by reviewing the credit worthiness of material new customers, monitors customer payment performance, has weekly meetings to discuss uncollected accounts, and, where appropriate, reviews the financial condition of existing customers.

The Company has credit risk arising from the debenture interest receivable. Although Stone defaulted on the maturity of the debenture on December 28, 2021, it has never missed a debenture interest payment and completed the interest payments due January 15, 2022 and April 15, 2022.

The Company has credit risk arising from the potential from counterparty default on cash and cash equivalents held on deposit with financial institutions. The Company manages this risk by ensuring that deposits are only held with large Canadian banks and financial institutions, whereas any offshore deposits are held with reputable financial institutions.

Interest rate risk

This is the sensitivity of the fair value or of the future cash flows of a financial instrument to changes in interest rates. The Company does not have any financial assets or liabilities that are subject to variable interest rates.

Commodity price risks

This is the sensitivity of the fair value of, or of the future cash flows, from mineral assets. The Company manages this risk by monitoring mineral prices and commodity price trends to determine the appropriate timing for funding the exploration or development of its mineral assets, or for the acquisition or disposition of mineral assets. The Company does not have any mineral assets at the development or production stage carried at historical cost. The Company has expensed the acquisition and exploration costs of its exploration stage mineral assets.

Currency risk

This is the sensitivity of the fair value or of the future cash flows of financial instruments to changes in foreign exchange rates. The Company transacts with customers and suppliers in currencies other than the Canadian dollar, including the US dollar. The Company also has monetary and financial instruments that may fluctuate due to changes in foreign exchange rates. As of December 31, 2021, the Company estimated that a 10% decrease of the CAD versus foreign exchange rates would result in a gain of $2,512 (2020: gain of $209).

	December 31, 2021	**December 31, 2020**
Cash and cash equivalents (USD)	$ 3,801	$ 15,107
Accounts receivable (USD and EUR)	22,652	40
Accounts payable and accrued liabilities (USD)	(1,332)	(13,057)
Net foreign exchange exposure	$ 25,121	$ 2,090
Impact of 10% change in foreign exchange rates	$ 2,512	$ 209

20. Taxes

The reconciliation of the combined Canadian federal and provincial statutory income tax rate of 26.5% (2020 - 26.5%) to the effective tax rate is as follows:

	December 31, 2021	December 31, 2020
Net Income (Loss) before recovery of income taxes	$ 165,549	$ (611,625)
Expected income tax (recovery) expense	44,700	(165,140)
Tax rate changes and other adjustments	32,240	1,080
Non-deductible expenses	(41,630)	48,730
Change in tax benefits not recognized	(35,310)	115,330
Income tax (recovery)	$ -	$ -

Deferred tax

The following table summarizes the components of deferred tax:

	December 31, 2021	December 31, 2020
Deferred tax asset		
Operating tax losses carried forward	$ 76,760	$ 13,360
Subtotal of deferred tax assets	76,760	13,360
Deferred tax liabilities		
Intangible assets	-	13,360
Investments	(12,040)	-
Credit facility	(64,720)	-
Subtotal of deferred tax liabilities	(76,760)	13,360
Net deferred tax liability	$ -	$ -

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

Unrecognized deferred tax assets

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

	December 31, 2021	December 31, 2020
Equipment	1,340	1,500
Investments	$ -	355,870
CEBA loan	$ 10,000	10,000
Share issuance costs	195,470	-
Reserves	45,940	-
Operating tax losses carried forward	$ 3,060,830	$ 2,764,350
Mineral development resource pool	766,250	1,229,620
Deductible temporary differences	$ 4,079,830	$ 4,361,340

20. Taxes (continued)

The Canadian operating tax loss carry forwards expire as noted in the table below. 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. The Company's Canadian operating tax losses expire as follows:

Expiration	Operating Tax Losses
2031	$ 194,540
2032	407,960
2034	297,260
2035	190,510
2036	186,030
2037	287,860
2038	94,070
2039	500,920
2040	397,390
2041	504,280
Total	$ 3,060,830

21. Subsequent Events

On February 16, 2022, the Company completed the acquisition of the technical analysis subscription research business of Phases and Cycles Inc. for a cash acquisition price of $270,000. The transaction involved the acquisition of clients, trademarks, intellectual property, and other related assets of the business.

On February 18, 2022, the Company completed a second drawdown from the credit facility totaling $278,640 resulting in the granting of 306,504 common share purchase warrants exercisable at $0.07 per share for a period of five years.