55 North Mining Inc.

Consolidated Financial Statements

December 31, 2022 and 2021

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of 55 North Mining Inc.:

Opinion
We have audited the consolidated financial statements of 55 North Mining Inc. and its subsidiary (the Group), which comprise the consolidated statements of financial position as at December 31, 2022 and 2021 and the consolidated statements of loss and comprehensive loss, consolidated statements of changes in equity and consolidated statements of cash flows for the years then ended, and notes to the financial statements, including a summary of significant accounting policies.

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

Basis for Opinion
We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of the Group in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Material Uncertainty Related to Going Concern
We draw attention to Note 1 in the financial statements, which indicates that the Group is still in the exploration stage and, as such, no revenue has been yet generated from its operating activities. Accordingly, the Group depends on its ability to raise financing in order to discharge its liabilities in the normal course of business. The Group had a deficit of $7,409,882 (2021 - $7,921,115). As stated in Note 1, these events or conditions, along with other matters as set forth in Note 1, indicate that a material uncertainty exists that may cast significant doubt on the Group's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Key Audit Matters
Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. In addition to the matter described in the *Material Uncertainty Related to Going Concern* section, we have determined the matter described below to be a key audit matter to be communicated in our report.

Valuation of warrants and share options - refer to Notes 7 and 8 to the consolidated financial statements
Key audit matter description
The Group's valuation of warrants and share options involves the input of various factors that have varying degrees of judgement and estimation from management of the Group. Management calculates the valuation using the Black-Scholes option pricing model. In determining the value of the warrants and share options the most significant estimate management made related to volatility. Auditing management's valuation and assumption required auditor judgement in applying audit procedures and evaluating the results of those procedures.

As the valuation of warrants and share options are typically substantial in size and the number and timing of transactions can vary significantly from period to period depending on activity and the estimates involved, this audit area is considered a key audit risk.

How our audit addressed the key audit matter

To test the Group’s estimate of fair value of the warrants and share options, our audit procedures included, among others:

- Obtained the warrant and share option grant agreements to understand the key terms and conditions of the warrants and share options granted.
- Compared the risk free interest rate used by management to published sources for similar term Government of Canada Bond rates.
- Reviewed management’s estimate of volatility against market data on historical trading to determine reasonability based on historical information available.
- Reviewed the fair value calculation using the Black-Scholes option pricing model as performed by management.

Other Information

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

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

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRS’s, 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 Group'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 Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group'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 Group’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 Group’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 Group 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 Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

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

Scarrow & Donald LLP

Chartered Professional Accountants
February 9, 2023
Winnipeg, Manitoba

55 North Mining Inc.

Consolidated Statements of Financial Position

Expressed in Canadian dollars

	December 31, 2022	December 31, 2021
ASSETS		
Current assets		
Cash	**$ 31,779**	$ 115,155
Receivables	**1,844**	27,898
Prepaids	**2,733**	23,157
	$ 36,356	$ 166,210
LIABILITIES AND SHAREHOLDERS' DEFICIT		
Current liabilities		
Accounts payable and accrued liabilities	**$ 194,242**	$ 390,659
Flow-through share premium liability	**---**	12,500
	194,242	403,159
Long-term liabilities		
Canada Emergency Business Account *(Note 5)*	**30,000**	30,000
	224,242	433,159
Shareholders' equity		
Share capital *(Note 6)*	**4,791,408**	4,327,258
Warrant reserve	**2,295,348**	2,313,168
Contributed surplus	**135,240**	1,013,740
Deficit	**(7,409,882)**	(7,921,115)
	(187,886)	(266,949)
	$ 36,356	$ 166,210

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

On behalf of the Board:

B D Reid

Bruce Reid
Director

55 North Mining Inc.
Consolidated Statements of Loss and Comprehensive Loss
For the years ended December 31, 2022 and 2021
Expressed in Canadian dollars

	2022	2021
Expenditures		
Mining claim commitments	**$ 375,000**	$ 100,000
Management and consulting	**205,679**	267,947
Stock-based compensation	**135,240**	1,013,740
Promotion and shareholder communications	**48,405**	91,382
General and administration	**46,677**	121,228
Professional fees	**30,075**	130,440
Project expenditures	**11,490**	3,162,063
Loss and comprehensive loss before other items	**852,566**	4,886,800
Gain on sale of investment and mining claim	**(20,000)**	(2,752,169)
Interest income	**(3)**	(2,784)
Loss and comprehensive loss before taxes	**832,563**	2,131,847
Future tax recovery	**(12,500)**	(665,991)
Loss and comprehensive loss for the year	**$ 820,063**	$ 1,465,856
Basic and diluted loss per common share *(Note 13)*	**$ (0.01)**	$ (0.01)
Weighted average number of shares outstanding during the year - basic and diluted	**124,822,316**	107,721,218

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

55 North Mining Inc.

Consolidated Statements of Changes in Equity

For the years ended December 31, 2022 and 2021

Expressed in Canadian dollars

	Share Capital	Warrant Reserve	Contributed Surplus	Deficit	Total
Balance at December 31, 2020	**$ 3,882,775**	**$ 1,987,833**	**$ ---**	**$(3,798,447)**	**$ 2,072,161**
Loss for the period	---	---	---	(1,465,856)	(1,465,856)
Issue of shares - private placement	691,134	293,866	---	---	985,000
Vesting of share-based compensation	---	---	1,013,740	---	1,013,740
Flow-through share premium liability	(149,650)	---	---	---	(149,650)
Share issue costs	(97,001)	---	---	---	(97,001)
Warrants issued	---	31,469	---	---	31,469
Dividend	---	---	---	(2,656,812)	(2,656,812)
Balance at December 31, 2021	**$ 4,327,258**	**$ 2,313,168**	**$ 1,013,740**	**$ (7,921,115)**	**$ (266,949)**
Loss for the period	---	---	---	(820,063)	(820,063)
Issue of shares - private placement	239,468	216,144	---	---	455,612
Issue of shares – debt settlement	152,182	83,592	---	---	235,774
Issue of shares – property payment	75,000	---	---	---	75,000
Share issue costs	(2,500)	---	---	---	(2,500)
Vesting of share-based compensation	---	---	135,240	---	135,240
Warrant expiry	---	(317,556)		317,556	---
Cancellation of share-based compensation	---	---	(1,013,740)	1,013,740	---
Balance at December 31, 2022	**$ 4,791,408**	**$ 2,295,348**	**$ 135,240**	**$ (7,409,882)**	**$ (187,886)**

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

55 North Mining Inc.
Consolidated Statements of Cash Flows
For the years ended December 31, 2022 and 2021
Expressed in Canadian dollars

	2022	2021
Cash provided by (used in):		
OPERATING ACTIVITIES		
Net loss for the year	**$ (820,063)**	$ (1,465,856)
Share-based compensation	**135,240**	1,013,740
Shares issued for debt	**235,774**	---
Shares issued for mining claim commitments	**75,000**	---
Future tax recovery	**(12,500)**	(665,991)
Gain on sale of investment and mining claim	**(20,000)**	(2,752,169)
Net change in non-cash working capital items:		
Receivables	**26,054**	141,252
Prepaids	**20,424**	110,643
Accounts payable and accrued liabilities	**(196,417)**	2,375
	(556,488)	(3,616,006)
INVESTING ACTIVITIES		
Proceeds from investments	**---**	7,586,169
Proceeds from sale of mining claim	**20,000**	---
	20,000	7,586,169
FINANCING ACTIVITIES		
Shares/units issued net of share issue costs	**453,112**	919,468
Change in restricted cash	**---**	1,241,631
Dividend paid	**---**	(6,495,806)
	453,112	(4,334,707)
Net change in cash	**(83,376)**	(364,544)
Cash, beginning of year	**115,155**	479,699
Cash, end of year	**$ 31,779**	$ 115,155

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

1. CORPORATE INFORMATION

55 North Mining Inc., a company incorporated under the Canada Business Corporation Act, and its wholly-owned subsidiary 55 North Mining Operations Inc. (collectively “55 North” or the “Company”) are engaged in the acquisition, exploration, development and extraction of natural resources, specifically precious metals. The Company’s corporate head office is located at 401 Bay Street, Suite 2702, Toronto ON M5H 2Y4. The registered office of the Company is MLT Aikins LLP, 30th Floor, 360 Main Street, Winnipeg, MB R3C 4G1. The Company is a reporting issuer, as defined in corporate law, and its shares are currently listed for trading on the Canadian Securities Exchange (“CSE”) under the symbol “FFF”.

These consolidated financial statements of the Company for the year ended December 31, 2022 were approved and authorized for issue by the Board of Directors of the Company on February 9, 2023.

Going Concern

Mineral exploration projects, even when successful, require large amounts of exploration investment to prove mineable reserves, generally over long periods of time, prior to commencement of production. Operating activities have not yet generated any revenues. The ability of the Company to continue as a going concern is dependent upon, among other things, being able to obtain additional financing, the continued support of its existing shareholders, and the outlining and development of commercial deposits of metals at its project to generate positive cash flows from operations. While the Company has been successful in securing financing and identifying suitable properties to date, there is no assurance that the Company will continue to be successful in achieving these objectives. To date the Company has incurred losses since inception and expects to incur further losses in the development of its business. As at December 31, 2022, the Company had an accumulated deficit of $7,409,882 (2021 - $7,921,115), which has been funded primarily by the issuance of share capital. The Company also had a working capital deficiency of $157,886 (2021 - working capital deficiency of $236,949).

The ability of the Company to realize the costs it has incurred to date on its properties is dependent upon the Company being able to identify economically recoverable reserves, to finance their development costs and to resolve any environmental, regulatory or other constraints, which may hinder the successful development of the reserves. Although the Company has taken steps to verify title to the properties on which it is conducting exploration and development activities and in which it has an interest, in accordance with industry standards for the current stage of exploration and development of such properties, these procedures do not guarantee the Company's title. Property title may be subject to government licensing requirements or regulations, unregistered prior agreements, unregistered claims, and non-compliance with regulatory and environmental requirements.

1. CORPORATE INFORMATION (CONT'D)

Going Concern (cont'd)

These consolidated financial statements have been prepared on a going concern basis, which assumes that the Company will be able to realize assets and discharge liabilities in the normal course of operations for the foreseeable future. These factors may cast significant doubt upon the Company's ability to continue as a going concern and, therefore, it may be unable to realize its assets and discharge its liabilities in the normal course of business. These consolidated financial statements do not reflect the adjustments to the carrying values of assets and liabilities, the reported revenues and expenses, and statement of financial position classifications that might be necessary if the Company was unable to continue as a going concern. These adjustments could be material.

2. SIGNIFICANT ACCOUNTING POLICIES, JUDGMENTS AND ESTIMATES

a) Basis of presentation and consolidation:

The Company prepares it consolidated financial statements in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and IFRS Interpretations Committee ("IFRIC") which the Canadian Accounting Standards Board has approved for incorporation into Part I of the Chartered Professional Accountants Canada Handbook. These consolidated financial statements have been prepared under the historical cost method, except for certain financial instruments measured at fair value. The Company has consistently applied the accounting policies used in preparation of these consolidated financial statements throughout all the periods presented. Critical accounting judgments and estimates used by management in the preparation of these consolidated financial statements are presented in Note 3.

The consolidated financial statements include the accounts of 55 North and its wholly-owned subsidiary 55 North Mining Operations Inc. All transactions and balances between 55 North and 55 North Mining Operations Inc. are eliminated on consolidation, including unrealized gains and losses on transactions between the companies. The consolidated financial statements for the year ended December 31, 2022 include the results of operations of 55 North and 55 North Mining Operations Inc. as at and for the year-ended December 31, 2022.

Profit or loss and other comprehensive loss of subsidiaries acquired or disposed of during the year are recognized from the effective date of acquisition, or up to the effective date of disposal, as applicable.

These consolidated financial statements are presented in Canadian dollars, which is also the Company's functional currency. All reference to dollars ($) are to Canadian dollars unless otherwise noted.

b) Cash

Cash consists of funds on deposit.

2. SIGNIFICANT ACCOUNTING POLICIES, JUDGMENTS AND ESTIMATES (CONT'D)

c) Financial instruments

Financial assets must be classified and measured based on three categories: amortized cost, fair value through other comprehensive income ("FVTOCI") and fair value through profit or loss ("FVTPL"). Financial liabilities are classified and measured based on two categories: amortized cost and FVTPL. Initially, all financial assets and financial liabilities are recorded in the consolidated balance sheets at fair value. After initial recognition, the effective interest related to financial assets and liabilities measured at amortized cost and the gain or loss arising from the change in the fair value of financial assets or liabilities classified as FVTPL are included in net income (loss) for the year in which they arise. Financial assets measured at amortized cost or those measured at FVTOCI, except for investment in equity instruments, at each balance sheet date requires an impairment analysis using the expected credit loss model ("ECL") to determine the expected credit losses using judgment determined on a probability weighting basis.

The Company has designated its cash and receivables as amortized cost, measured at amortized cost and has designated its accounts payable and accrued liabilities and Canada Emergency Business Account as amortized cost measured at amortized cost, which is reflected on the statement of financial position as amortized cost using the effective interest method of measurement.

Transaction costs are expensed as incurred for financial instruments classified or designated at fair value through profit or loss. For other financial instruments, transaction costs are added to the related financial asset or liability on initial recognition and are measured at amortized cost using the effective interest method. Transaction costs are incremental costs that are directly attributable to the acquisition, issue or disposal of a financial asset or financial liability.

The Company assesses impairment of all its financial assets, except those classified at fair value through profit or loss. Management considers whether there has been a breach in contract, such as a default or delinquency in interest or principal payments in determining whether objective evidence of impairment exists. Impairment is measured as the difference between the asset's carrying value and its fair value. Impairment is included in current net loss.

d) Fair Value

The fair value of a financial instrument is the amount of consideration that could be agreed upon in an arm's length transaction between knowledgeable, willing parties who are under no obligation to act. In certain circumstances, however, the initial fair value may be based on other observable current market transactions in the same instrument, without modification or on a valuation technique using market-based inputs.

Fair value measurements recognized in the statement of financial position are categorized using a fair value hierarchy that reflects the significance of inputs used in determining the fair values:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1)
- Inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices) (Level 2); and
- Inputs for the asset or liability that are not based on observable market data (unobserved inputs) (Level 3).

Each type of fair value is categorized based on the lowest level input that is significant to the fair value measurement in its entirety.

2. SIGNIFICANT ACCOUNTING POLICIES, JUDGMENTS AND ESTIMATES (CONT'D)

e) Income taxes

Current tax is based on the local taxable income at the local statutory tax rate enacted or substantively enacted at the statement of financial position date and includes adjustments to tax payable or recoverable in respect of previous periods.

Deferred tax is recognized using the statement of financial position method in respect of all temporary differences between the tax bases of assets and liabilities, and their carrying amounts for financial reporting purposes, except as indicated below.

Deferred income tax assets are recognized for all deductible temporary differences, carry-forward of unused tax assets and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences and the carry-forward of unused tax assets and unused tax losses can be utilized, except where the deferred income tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in an acquisition that is not a business combination and, at the time of the acquisition, affects neither the accounting profit nor taxable profit or loss and in respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred tax assets are recognized only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilized.

Deferred income tax liabilities are recognized for all taxable temporary differences, except where the deferred income tax liability arises from the initial recognition of goodwill, or the initial recognition of an asset or liability in an acquisition that is not a business combination and, at the time of the acquisition, affects neither the accounting profit nor taxable profit or loss and in respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

The carrying amount of deferred income tax assets is reviewed at each statement of financial position date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilized. To the extent that an asset not previously recognized fulfils the criteria for recognition, a deferred income tax asset is recorded.

Deferred tax is measured on an undiscounted basis at the tax rates that are expected to apply in the periods in which the asset is realized or the liability is settled, based on tax rates and tax laws enacted or substantively enacted at the statement of financial position date.

Current and deferred taxes relating to items recognized directly in equity are recognized in equity and not in the income statement.

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income tax assets and liabilities relate to income taxes levied by the same tax authority on either the same taxable entities or in different taxable entities, and, where there is the intent to settle the balance on a net basis.

Mining taxes

Income tax expense includes the mining taxes payable to governments that are calculated based on a percentage of taxable profit whereby taxable profit represents net income adjusted for certain items defined in the applicable legislation.

Flow-through shares

The Company will, from time to time, issue flow-through shares to finance a 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) the flow-through share premium liability measured at fair value, which is recognized as a liability representing the sale of tax deductions, and ii) the residual proceeds are allocated

2. SIGNIFICANT ACCOUNTING POLICIES, JUDGMENTS AND ESTIMATES (CONT'D)

e) Income taxes (cont'd)

Flow-through shares (cont'd)

as the value of the common shares issued. On issuance of a flow-through unit (consisting of a flow-through share and a warrant to purchase a common share), the Company allocates the flow-through unit into i) the flow-through share premium liability measured at fair value, which is recognized as a liability representing the sale of tax deductions, ii), and the estimated fair value of a warrant and common share using the relative fair value method. Upon qualifying expenses being incurred the Company derecognizes the flow-through share premium liability and recognizes a credit to future tax recovery.

The Company may also be subject to a Part XII.6 tax on flow-through proceeds renounced under the Lookback Rule, in accordance with Government of Canada flow-through regulations. When applicable, this tax is accrued as a liability until paid.

f) Impairment of non-financial assets

Mining claims are tested for impairment when events or changes in circumstances indicate that the carrying amount may not be recoverable. For the purpose of measuring recoverable amounts, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units or CGUs). The recoverable amount is the higher of an asset's fair value less costs to sell and value in use (being the present value of the expected future cash flows of the relevant asset or CGU). Value in use is determined as the present value of the future cash flows expected to be derived from an asset or CGU. The estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which estimates of future cash flows have not been adjusted. Fair value less cost to sell is the amount obtainable from the sale of an asset or CGU in an arm's length transaction between knowledgeable, willing parties, less the costs of disposal. An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount and is recorded as an expense.

Non-financial assets that have been impaired in prior periods are tested for possible reversal of impairment whenever events or changes in circumstances indicate that the impairment has reversed. If the impairment has reversed, the carrying amount of the asset is increased to its recoverable amount but not beyond the carrying amount that would have been determined had no impairment loss been recognized for the asset in the prior periods. A reversal of an impairment loss is recognized in the statement of loss and comprehensive loss.

g) Revenue recognition

Interest income is recognized using the effective interest rate method.

h) Exploration expenditures and mining claims

Exploration expenditures relate to activities that are directed towards less than proven and probable ore reserves and are expensed as incurred. The costs to acquire mining claims is expensed.

i) Provisions

Provisions are recognized in other liabilities when the Company has a present legal or constructive obligation because of past events, it is more likely than not that an outflow of resources will be required to settle the obligation, and the amount can be reliably estimated. Provisions are measured at management's best estimate of the expenditure required to settle the obligation at the end of the reporting period, and are discounted to present value where the effect is material, such as closure costs.

2. SIGNIFICANT ACCOUNTING POLICIES, JUDGMENTS AND ESTIMATES (CONT'D)

j) Share-based compensation plan and warrants

The fair value-based method of accounting is applied to all share-based compensation. The fair value of the share options granted is estimated on the date of grant using the Black-Scholes option-pricing model and is recorded as an expense over the applicable vesting period based on the number of awards expected to vest. Each tranche of an award is considered a separate award with its own vesting period and grant date fair value. Any consideration paid by the directors on exercise of the share option is credited to share capital. Awards of options and warrants related to private placements or public offerings of shares are treated as share issue costs.

k) Net loss per share

Basic net loss per share is calculated using the daily weighted average number of shares outstanding.

Diluted net loss per share is calculated using the daily weighted average number of shares that would have been outstanding during the year had all dilutive potential common shares been issued at the beginning of the year, or when the underlying options, warrants or convertible securities were granted or issued, if later. The treasury share method is employed to determine the incremental number of shares that would have been outstanding had the Company used proceeds from the exercise of options or warrants to acquire shares.

l) Adoption of new accounting policies

In May 2020, the IASB issued amendments to IAS 37 to specify which costs an entity needs to include when assessing whether a contract is onerous or loss-making. The amendments specify which costs an entity includes in determining the cost of fulfilling a contract for the purpose of assessing whether the contract is onerous. The amendments are effective for annual reporting periods beginning on or after January 1, 2022. There was no material impact to its consolidated financial statements from the adoption of this amendment.

In May 2020, the IASB issued an amendment to IFRS 9 as part of its annual improvements to IFRS standards process. The amendment clarifies the fees a company includes when assessing whether the terms of a new or modified financial liability are substantially different from the terms of the original financial liability. The amendment is effective for annual reporting periods beginning on or after January 1, 2022, with earlier adoption permitted. There was no material impact to its consolidated financial statements from the adoption of this amendment.

m) Future accounting pronouncements

In January 2020, the IASB issued amendments to IAS 1 - Presentation of Financial Statements to specify the requirements for classifying liabilities as current or non-current. The amendments clarify that the classification of liabilities as current or non-current is based on rights that are in existence at the end of the reporting period, specify that classification is unaffected by expectations about whether an entity will exercise its right to defer settlement of a liability, explain that rights are in existence if covenants are complied with at the end of the reporting period, and introduce a definition of 'settlement' to make clear that settlement refers to the transfer to the counterparty of cash, equity instruments, other assets or services. The amendments are applied retrospectively for annual periods beginning on or after January 1, 2023, with early application permitted. The Company does not expect a material impact to its consolidated financial statements from the adoption of these amendments.

3. CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

The preparation of these consolidated financial statements requires management to use estimates and judgments that affect the reported amounts of assets and liabilities, as well as revenues and expenses. These estimates are reviewed periodically, and, as adjustments become necessary, they are reported in net income (loss) in the period in which they become known.

The recoverability of deferred expenditures is dependent upon the discovery of economically recoverable reserves and resources, securing and maintaining title and beneficial interest in the properties, the ability to obtain necessary financing to complete exploration, development and construction of processing facilities, obtaining certain government approvals and attaining profitable production.

The likelihood that tax positions taken will be sustained upon examination by applicable tax authorities is assessed based on individual facts and circumstances of the relevant tax position evaluated in light of all available evidence. Where applicable tax laws and regulations are either unclear or subject to ongoing varying interpretations, it is reasonably possible that changes in these estimates can occur that materially affect the amounts of income tax provision. At the end of each reporting period, the Company reassesses unrecognized income tax assets.

The Company is also required to spend proceeds received from the issuance of flow-through shares on qualifying resource expenditures. Management's judgment is applied in determining whether qualified expenditures have been incurred. Differences in judgment between management and regulatory authorities could materially increase the flow-through premium liability and flow-through expenditure commitment.

The Company makes estimates as to the market value and inputs related to the valuation of share capital, flow-through share premium liability and the value associated with warrants issued at the time of issuance with respect to the volatility on the underlying common shares, risk free interest rate and forfeiture rates and market premiums paid for flow-through common shares. In establishing fair value management considers historical performance.

4. MINERAL PROPERTIES

On September 5, 2017, the Company signed an option agreement with Peter Dunlop to option the Last Hope Project near Lynn Lake, Manitoba. On signing, the Company paid $65,000 and issued 1,500,000 common shares.

The Company committed to incur an aggregate of at least $250,000 per year for the four years following the execution of this agreement to an aggregate of $1,000,000 and make additional option payments as follows:

- September 5, 2018: $65,000 and an additional 1,500,000 common shares;
- September 5, 2019: $65,000;
- September 5, 2020: $65,000;
- September 5, 2021: $100,000; and
- September 5, 2022: $3,000,000

On August 24, 2022, the terms of the option agreement were amended by extending the final $3,000,000 payment by three years to September 5, 2025. Furthermore, annual payments of $100,000 are to be paid on September 5, 2022, 2023 and 2024. Pursuant to the amended agreement, the Company paid $200,000 as well as issued 5,000,000 common shares of 55 North Mining Inc.

The Last Hope Project bears a 2% net smelter returns royalty with the ability to buy back 1% for $1,000,000.

Expressed in Canadian dollars, unless otherwise indicated

5.CANADA EMERGENCY BUSINESS ACCOUNT

As a result of COVID-19, the Canadian federal government created the Canada Emergency Business Account ("CEBA"), designed to provide some financial assistance to qualifying Canadian companies. In April 2020, the Company applied for this funding and received $40,000 as an unsecured, non-interest-bearing loan. This loan is due on or before December 31, 2023. If $30,000 is paid before this time, $10,000 of the loan is forgiven. If not paid by this date, the loan is extended by two years bearing interest at a rate of 5% per annum, with the loan maturing on December 31, 2025.

6. SHARE CAPITAL

a) Authorized:

The Company is authorized to issue an unlimited number of common shares with each common share entitled to one vote.

b) Common shares issued:

	Number of Shares	Stated Capital
Balance, December 31, 2020	**104,052,862**	**$ 3,882,775**
Issued on private placement	9,550,000	985,000
Warrant allocation	---	(293,866)
Share issue costs	---	(97,001)
Flow-through premium	---	(149,650)
Balance, December 31, 2021	**113,602,862**	**$ 4,327,258**
Issued on settlement of debt	8,103,882	235,774
Warrant allocation on settlement of debt	---	(83,592)
Issued on private placement	20,988,761	455,612
Warrant allocation on private placement	---	(216,144)
Issued as property payment	5,000,000	75,000
Share issue costs	---	(2,500)
Balance, December 31, 2022	**147,695,505**	**$ 4,791,408**

Included in the share capital balance on December 31, 2022 are 189,206 shares (2021 - 189,206) held by 55 North Mining Operations Inc. and are included as shares held in treasury. Also included in the issued and outstanding shares is 11,023,976 shares (2021 – 18,373,261 shares) held in escrow related to the direct listing on the CSE. The shares are released at a rate of 15% every six months of the original escrowed shares or 3,674,642 shares.

On April 12 and 26, 2021, the Company closed an additional tranche of a non-brokered private placement for gross proceeds of $310,000 in flow-through financing. The financing consisted of 1,550,000 units priced at $0.20. Each unit is comprised of one common share and one common share purchase warrant entitling the holder to acquire one additional common share of the Company at a price of $0.30 per share for 48 months from the date of closing. As compensation for this financing, a total of $21,000 was paid in cash and 105,000 finders warrants were issued, with each warrant exercisable to purchase common share at a price of $0.30 for a period of 48 months from closing.

On July 15 and 20, 2021, the Company closed an additional tranche of a non-brokered private placement for gross proceeds of $550,000 in flow-through financing. The financing consisted of 5,500,000 units priced at $0.10. Each unit is comprised of one common share and one common share purchase warrant entitling the holder to acquire one additional common share of the Company at a price of $0.20 per share for 60 months from the date of closing. As compensation for this financing, a total of $39,550 was paid in cash and 350,000 finders warrants were issued, with each warrant exercisable to purchase common share at a price of $0.20 for a period of 60 months from closing.

6. SHARE CAPITAL (CONT'D)

On December 30, 2021 the Company, closed a non-brokered flow-through private placement financing of 2,500,000 flow-through common shares at a price of $0.05 per share for proceeds of $125,000.

On January 27, 2022, the Company completed the settlement of $56,992 of debt through the issuance of common shares of the Company (the "Debt Settlement"). Pursuant to the debt settlement, the Company issued 1,139,831 common shares of the Company (the "Shares") at a deemed price of $0.05 per Share to certain creditors of the Company, including a director and an officer.

On May 6, 2022, the Company completed the settlement of $77,122 of debt through the issuance of units of the Company. Pursuant to the debt settlement, the Company issued 1,881,019 units, with each unit comprised of one common share and one common share purchase warrant. Each warrant allows the holder to purchase one common share at a price of $0.05 per share for a period of 48 months from the date of issuance.

Also on May 6, 2022, the Company closed a private placement for gross proceeds of $70,000, issuing 1,707,317 units at $0.041 per unit. Each unit consists of one common share and one warrant, with each warrant entitling the holder to acquire a common share at $0.05 per share for 48 months from the date of issuance.

On August 26, 2022, the Company closed a private placement for gross proceeds of $103,437, issuing 5,172,710 units at $0.02 per unit. Each unit consists of one common share and one warrant, with each warrant entitling the holder to acquire a common share at $0.05 per share for 48 months from the date of issuance.

On September 7, 2022, the Company issued 5,000,000 common shares for deemed proceeds of $75,000 as part of amending the Last Hope Project option agreement (see Note 4).

On October 5, 2022, the Company closed a private placement for gross proceeds of $240,000, issuing 12,000,000 units at $0.02 per unit. Each unit consists of one common share and one warrant, with each warrant entitling the holder to acquire a common share at $0.05 per share for 48 months from the date of issuance.

On October 5, 2022, the Company completed the settlement of $101,660 of debt through the issuance of units of the Company. Pursuant to the debt settlement, the Company issued 5,083,032 units, with each unit comprised of one common share and one common share purchase warrant. Each warrant allows the holder to purchase one common share at a price of $0.05 per share for a period of 48 months from the date of issuance.

On October 27, 2022, the Company closed a private placement for gross proceeds of $32,175, issuing 1,608,734 units at $0.02 per unit. Each unit consists of one common share and one warrant, with each warrant entitling the holder to acquire a common share at $0.05 per share for 48 months from the date of issuance.

On November 2, 2022, the Company closed a private placement for gross proceeds of $10,000, issuing 500,000 units at $0.02 per unit. Each unit consists of one common share and one warrant, with each warrant entitling the holder to acquire a common share at $0.05 per share for 48 months from the date of issuance.

Expressed in Canadian dollars, unless otherwise indicated

7. WARRANTS

A summary of the status of the Company’s outstanding warrants and changes are as follows:

	2022		2021	
	Number	Weighted average exercise price	Number	Weighted average exercise price
Balance, beginning	**59,419,010**	**$0.24**	**51,914,010**	**$0.24**
Granted	27,952,812	0.05	7,505,000	0.22
Expired	(24,517,950)	0.18	---	---
Balance, ending	**62,853,872**	**$0.18**	**59,419,010**	**$0.24**

At December 31, 2022, there were 62,853,872 (2021 – 59,419,010) warrants outstanding, with each warrant entitling the holder to acquire one common share of the Company at the prices noted below:

Number	Exercise Price	Remaining Contractual Life in Years	Expiry Date
December 31, 2022			
7,132,080	$0.30	1.73	September 21, 2024
500,000	$0.20	1.73	September 21, 2024
36,800	$0.15	1.73	September 21, 2024
4,200,000	$0.30	1.79	October 15, 2024
329,600	$0.20	1.79	October 15, 2024
6,400	$0.15	1.79	October 15, 2024
9,221,133	$0.30	1.86	November 9, 2024
534,531	$0.15	1.86	November 9, 2024
6,000	$0.30	1.86	November 9, 2024
3,840,183	$0.30	1.91	November 27, 2024
141,333	$0.15	1.91	November 27, 2024
8,000	$0.20	1.91	November 27, 2024
1,333,334	$0.30	1.93	December 4, 2024
106,666	$0.15	1.93	December 4, 2024
1,500,000	$0.30	2.28	April 12, 2025
105,000	$0.30	2.28	April 12, 2025
50,000	$0.30	2.32	April 26, 2025
5,000,000	$0.20	3.54	July 15, 2026
350,000	$0.20	3.54	July 15, 2026
500,000	$0.20	3.55	July 20, 2026
3,588,336	$0.05	3.35	May 6, 2026
5,172,710	$0.05	3.65	August 26, 2026
5,083,032	$0.05	3.76	October 5, 2026
12,000,000	$0.05	3.76	October 5, 2026
1,608,734	$0.05	3.82	October 27, 2026
500,000	$0.05	3.84	November 2, 2026
62,853,872	**$0.18**	**2.88**	

Expressed in Canadian dollars, unless otherwise indicated

7. WARRANTS (CONT'D)

Number	Exercise Price	Remaining Contractual Life in Years	Expiry Date
December 31, 2021			
24,300,774	$0.18	1.00	December 31, 2022
217,176	$0.61	0.96	December 18, 2022
7,132,080	$0.30	2.73	September 21, 2024
500,000	$0.20	2.73	September 21, 2024(1)
36,800	$0.15	2.73	September 21, 2024(2)
4,200,000	$0.30	2.79	October 15, 2024
329,600	$0.20	2.79	October 15, 2024(1)
6,400	$0.15	2.79	October 15, 2024(2)
9,221,133	$0.30	2.86	November 9, 2024
534,531	$0.15	2.86	November 9, 2024(2)
6,000	$0.30	2.86	November 9, 2024
3,840,183	$0.30	2.91	November 27, 2024
141,333	$0.15	2.91	November 27, 2024(2)
8,000	$0.20	2.91	November 27, 2024(1)
1,333,334	$0.30	2.93	December 4, 2024
106,666	$0.15	2.93	December 4, 2024(2)
1,500,000	$0.30	3.28	April 12, 2025
105,000	$0.30	3.28	April 12, 2025
50,000	$0.30	3.32	April 26, 2025
5,000,000	$0.20	4.54	July 15, 2026
350,000	$0.20	4.54	July 15, 2026
500,000	$0.20	4.57	July 20, 2026
59,419,010	**$0.24**	**2.28**	

Notes:

(1) These compensation options entitle the holder to acquire a unit at a price of $0.20 per unit. Each unit is comprised of one common share and one warrant which can be exercised to acquire one additional common share at a price of $0.30 for a period of 48 months.

(2) These compensation options entitle the holder to acquire a unit at a price of $0.15 per unit. Each unit is comprised of one common share and one warrant which can be exercised to acquire one additional common share at a price of $0.30 for a period of 48 months.

Expressed in Canadian dollars, unless otherwise indicated

7. WARRANTS (CONT'D)

The value warrants issued were estimated on the date of the grant using the Black-Scholes option-pricing model with the following weighted average assumptions used for grants:

Date Issued	Number	Dividend Yield	Expected Volatility	Risk Free Interest Rate	Expected Life In Years
September 21, 2020	7,132,080	0%	100%	0.33%	4
September 21, 2020	500,000	0%	100%	0.33%	4
September 21, 2020	36,800	0%	100%	0.33%	4
October 15, 2920	4,200,000	0%	100%	0.30%	4
October 15, 2920	6,400	0%	100%	0.30%	4
October 15, 2920	329,600	0%	100%	0.30%	4
November 9, 2020	9,221,133	0%	100%	0.41%	4
November 9, 2020	534,531	0%	100%	0.41%	4
November 9, 2020	6,000	0%	100%	0.41%	4
November 27, 2020	3,840,183	0%	100%	0.37%	4
November 27, 2020	141,333	0%	100%	0.37%	4
November 27, 2020	8,000	0%	100%	0.37%	4
December 4, 2020	1,333,334	0%	100%	0.43%	4
December 4, 2020	106,666	0%	100%	0.43%	4
April 12, 2021	1,605,000	0%	100%	0.78%	4
April 26, 2021	50,000	0%	100%	0.76%	4
July 15, 2021	5,350,000	0%	100%	0.88%	5
July 26, 2021	500,000	0%	100%	0.88%	5
May 6, 2022	3,588,336	0%	142%	2.85%	4
August 26, 2022	5,172,710	0%	182%	3.37%	4
October 5, 2022	17,083,032	0%	191%	3.52%	4
October 27, 2022	1,608,734	0%	202%	3.44%	4
November 2, 2027	500,000	0%	202%	3.59%	4

As part of the April 2021 financings, the Company issued 1,550,000 warrants entitling the holder to acquire one additional common share of the Company at a price of $0.30 per share for 48 months from the date of issuance. The Company issued 105,000 compensation warrants that entitle the holder to acquire one common share at a price of $0.30 per common share for a period of 48 months.

As part of the July 2021 financings the Company issued 5,500,000 warrants entitling the holder to acquire one additional common share of the Company at a price of $0.20 per share for 60 months from the date of issuance. The Company issued 350,000 compensation warrants that entitle the holder to acquire one common share at a price of $0.20 per common share for a period of 60 months.

In connection with the May 6, 2022 financing and debt settlement, the Company issued 3,588,336 warrants entitling the holder to acquire one additional common share of the Company at an exercise price of $0.05 per common share for 48 months from the date of issuance.

In connection with the August 26, 2022 financing, the Company issued 5,172,710 warrants entitling the holder to acquire one additional common share of the Company at an exercise price of $0.05 per common share for 48 months from the date of issuance.

In connection with the financing with closings in October and November 2022, the Company issued 18,691,766 warrants entitling the holder to acquire one additional common share of the Company at an exercise price of $0.05 per common share for 48 months from the date of issuance.

Expressed in Canadian dollars, unless otherwise indicated

8. SHARE OPTIONS

The Company may grant options to directors, officers, employees, and technical consultants of the Company. The maximum number of shares reserved for issuance under all securities compensation arrangements is limited to 10% of the total number of issued and outstanding shares exercisable for a period of up to 10 years. The maximum number of shares that may be issued to any officer, director or employee shall not exceed 5% of the total number of issued and outstanding shares. The maximum number of shares that may be issued to technical consultants, including investor relation consultants, shall not exceed 2% of the total number of issued and outstanding shares.

On April 20, 2021, the Company issued 9,100,000 incentive share options to officers, directors, employees and consultants with each option having a 5-year term and an exercise price of $0.15. These options vested immediately, have a five-year life, and an exercise price of $0.15. The value of these options was calculated using the Black-Scholes option pricing model under the following weighted average assumptions: share price - $0.15; risk free rate of return - 0.91%; annualized volatility - 100%; expected life - 5 years; dividend yield - 0%. The Company recognized a share-based compensation expense of $1,013,740 related to the vesting that occurred.

On May 11, 2022, all of the 9,396,148 share options outstanding were cancelled. On July 26, 2022, the Company issued 7,350,000 incentive share options to officers, directors, employees and consultants with each option having a 5-year term and an exercise price of $0.02. The value of these options was calculated using the Black-Scholes option pricing model under the following weighted average assumptions: share price - $0.02; risk free rate of return – 2.87%; annualized volatility - 153%; expected life - 5 years; dividend yield - 0%. The Company recognized a share-based compensation expense of $135,240 related to the vesting that occurred.

The average remaining life of the options is 4.57 years (2021 – 4.26 years). A summary of the status of the Company's outstanding options as at December 31, 2022 and 2021 and changes during the years then ended are as follows:

	Dec. 31, 2022		Dec. 31, 2021	
	Number	**Weighted average exercise price**	**Number**	**Weighted average exercise price**
Balance, beginning	**9,396,148**	**$ 0.16**	**296,148**	**$** 0.51
Granted	7,350,000	0.02	9,100,000	$ 0.15
Cancelled	(9,396,148)	0.16	---	---
Balance, ending	**7,350,000**	**$ 0.02**	**9,396,148**	**$ 0.16**

Expressed in Canadian dollars, unless otherwise indicated

9. INCOME TAXES

Income tax provision

The provision for income taxes reflects an effective rate that differs from the combined federal and provincial tax rates for the following reasons:

	2022	2021
Loss and comprehensive loss before income taxes	**$ (832,563)**	$ (2,131,847)
Combined statutory income tax rate	**26.50%**	26.50%
Income tax recovery using statutory income tax rates	**(220,600)**	(564,900)
Share issue costs	**(663)**	19,595
Gain on sale of investment	**---**	(353,700)
Stock-based compensation	**35,800**	268,600
Renunciation of flow through expenditure	**20,663**	90,750
Revaluation of investment and other	**(86)**	(28,071)
Valuation allowance	**152,386**	(98,265)
Deferred tax recovery	**$ (12,500)**	$ (665,991)

Deferred income taxes

Significant components of the Company's deferred income tax assets are as follows:

	2022	2021
Non-capital losses	**$ 2,542,270**	$ 2,417,869
Canadian exploration and development expense pools	**1,872,056**	1,808,081
Share issuance costs	**72,486**	108,476
Deferred income tax asset	**4,486,812**	4,334,426
Valuation allowance	**(4,486,812)**	(4,334,426)
Deferred tax asset	**$ ---**	$ ---

The Company has non-capital loss carry forward amounts available for income tax purposes of $9,594,300 that expire $747,000 in 2031, $1,007,000 in 2032, $2,451,000 in 2033, $1,665,000 in 2034, $743,300 in 2035, $423,300 in 2036, $407,000 in 2037, $429,100 in 2038, $260,000 in 2039, $983,200 in 2040, $8,400 in 2041 and $470,000 in 2042. The Company has $7,064,496 (December 31, 2021 - $6,823,006) of unused cumulative Canadian exploration and development costs available to offset future taxable income. The tax benefits pertaining to these expenses are available for carry forward indefinitely.

10. RELATED PARTY TRANSACTIONS

At December 31, 2022, included in accounts payable and accrued liabilities is amounts owed to the Company's Chairman and CEO of $16,909 on account of accrued fees (December 31, 2021 – $16,000) and $15,500 due to the company's CFO on account of accrued fees and expenses (December 31, 2021 - $20,777). These liabilities are non-interest bearing, unsecured and repayable on demand.

During the year ended December 31, 2022, the Company's CEO was paid $72,000 (2021 - $54,000) in compensation. During the year ended December 31, 2022, the Company's CFO was paid $62,500 (2021 - $60,000) in compensation.

During the year ended December 31, 2022, the Company's directors did not receive compensation for services (2021 - $20,000).

11. CAPITAL MANAGEMENT

The Company's total capital deficiency of $157,886 (December 31, 2021 - capital deficiency of $236,949) consists of $30,000 (December 31, 2021 - $30,000) Canada Emergency Business Account, $4,791,408 (December 31, 2021 - $4,327,258) of share capital, warrants reserve of $2,295,348 (December 31, 2021 - $2,313,168), $135,240 (2021 - $1,013,740) of contributed surplus, and a deficit of $7,409,882 (December 31, 2021 - $7,921,115).

The Company's objectives when managing capital, which consists of shareholders' equity, are to safeguard its ability to continue as a going concern, so that it can continue to provide returns for shareholders and benefits for other stakeholders, and to provide an adequate return to shareholders by pricing products and services commensurately with the level of risk.

The Company sets the amount of capital in proportion to risk. The Company manages the capital structure and adjusts it in the light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares, or sell assets to reduce debt.

The Company monitors capital from time-to-time using a variety of measures. Monitoring procedures are typically performed as a part of the overall management of the Company's operations. The Company's strategy during the period, which was unchanged from the prior period, was to maintain its ability to secure access to financing at a reasonable cost. The requirements and terms of sources of capital cannot be predicted and change in ways the Company cannot predict.

12. RISK MANAGEMENT AND FAIR VALUES

Management's risk management policies are typically performed as a part of the overall management of the Company's operations. Management is aware of risks related to these objectives through direct personal involvement with employees and outside parties. In the normal course of its business, the Company is exposed to a number of risks that can affect its operating performance. Management's close involvement in operations helps identify risks and variations from expectations. The Company has not designated transactions as hedging transactions to manage risk. As a part of the overall operation of the Company, management considers the avoidance of undue concentrations of risk. The risks and the actions taken to manage them include the following:

Liquidity risk

Liquidity risk is the risk that the Company cannot meet its financial obligations associated with financial liabilities in full. The Company's main sources of liquidity are external sources of debt and equity. The funds are primarily used to finance working capital and capital expenditure requirements. The Company's current liabilities exceed its current assets by $157,886 (December 31, 2021 - current assets exceed its current liabilities by $236,949).

Receivables, accounts payable and accrued liabilities, and Canada Emergency Business Account are due within one year.

Credit risk

Credit risk arises from the possibility that debtors may be unable to fulfill their commitments. For a financial asset, this is typically the gross carrying amount, net of any amounts offset and any impairment losses. The Company has credit policies to address credit risk on accounts receivable, which may include the analysis of the financial position of the debtor and review of credit limits. The Company also may review credit history before establishing credit and review credit performance. An allowance for doubtful accounts or other impairment provisions are established based upon factors surrounding credit risk, historical trends and other information.

12. RISK MANAGEMENT AND FAIR VALUES (CONT'D)

A financial asset is past due when a debtor has failed to make a payment when contractually due. The Company has no financial assets that are past due and does not have an allowance for doubtful accounts receivable. Receivables relate to amounts due from the Government of Canada for Goods and Services Tax recoverable.

Currency risk

Currency risk is the risk that changes in foreign exchange rates may have an effect on future cash flows associated with financial instruments. Changes in the applicable exchange rate may result in a decrease or increase in foreign exchange income or expense.

Interest rate risk

Interest rate risk is the risk that changes in market interest rates may have an effect on the cash flows associated with some financial instruments, known as interest rate cash flow risk, or on the fair value of other financial instruments, known as interest rate price risk. The Company is exposed to interest rate risk price risk with its Canada Emergency Business Loan held at fixed rates.

Other price risk

Other price risk is the risk that changes in market prices, including commodity or equity prices, will have an effect on future cash flows associated with financial instruments. Mineral prices are affected by numerous factors such as the sale or purchase by various central banks and financial institutions, interest rates, exchange rates, inflation or deflation, fluctuations in the value of the US dollar and other foreign currencies, global and regional supply and demand, and the political and economic conditions of major gold-producing countries throughout the world.

Fair values

The fair values of the Company's financial assets and liabilities consisting of cash, receivables, accounts payable and accrued liabilities and dividends payable approximate their recorded values as at December 31, 2022 and December 31, 2021 due to their short-term nature. The fair value of the Canada Emergency Business Account is impacted by changes in market interest rates which can result in differences between the carrying value of the instruments. The fair value of the Canada Emergency Business Account has been estimated based on a loan with an interest rate of 5% (2021 – 5%) with a term of 2 years. The estimated fair value at December 31, 2022 is $28,571 (2021 - $27,211).

The Company's financial assets are classified as level 1 (2021 - level 1). The Company's financial liabilities are classified as level 2 (2021 – level 2).

Fair value is an estimate of the amount at which items might be exchanged in an arm's length transaction between knowledgeable willing parties who are under no compulsion to act. Fair value should not be interpreted as an amount that could be realized in immediate settlement of the instruments. The estimate of fair value at the end of the periods may not represent fair values at any other date. The determination of fair value is also affected by the use of judgment and by uncertainty.

13. LOSS PER SHARE

The calculation of basic and diluted loss per share for the years ended December 31, 2022 and 2021, was based on total loss attributable to common shareholders of $820,063 (2021 - $1,465,856) and a weighted average number of common shares outstanding of 124,822,316 (2021 - 107,721,218). Outstanding warrants and share options are anti-dilutive.

Expressed in Canadian dollars, unless otherwise indicated

14. FLOW-THROUGH SHARE PREMIUM LIABILITY

Balance, December 31, 2020	**$**	**528,841**
Flow-through share premium liability incurred		149,650
Settlement of flow-through share liability on incurring expenditures		(665,991)
Balance, December 31, 2021	**$**	**12,500**
Settlement of flow-through share liability on incurring expenditures		(12,500)
Balance, December 31, 2022	**$**	**---**

During the years ended December 31, 2022 and 2021, the Company incurred qualified flow through funded exploration expenditures, fulfilling its commitment under the flow through financing from the year ended December 31, 2022 and 2021.