



**YORK HARBOUR**  
M E T A L S

**CONSOLIDATED FINANCIAL STATEMENTS**

**York Harbour Metals Inc.**  
**(An exploration stage company)**  
**(Formerly Phoenix Gold Resources Corp.)**

**For the years ended January 31, 2022 and 2021**

(Expressed in Canadian dollars)

# Independent Auditor's Report

To the Shareholders of **York Harbour Metals Inc.**

## Opinion

We have audited the accompanying consolidated financial statements of **York Harbour Metals Inc.** (the "Company"), which comprise the consolidated statement of financial position as at January 31, 2022 and 2021, and the consolidated statements of comprehensive loss, changes in shareholders' deficiency and cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

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

## 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 Financial Statements* section of our report. We are independent of the Company 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 2 in the financial statements, which indicates that the Company incurred a net loss in the past and currently has an accumulated deficit of \$5,969,056. As stated in Note 2, these events or conditions, along with other matters 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 comprise:

- Management's Discussion and Analysis; and

Our opinion on the consolidated financial statements does not cover the other information and we do not and will 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 identified above 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 Financial Statements

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

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

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

### **Auditor's Responsibilities for the Audit of the Financial Statements**

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

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

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

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the 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 Nick Miseros.

Toronto, Ontario  
May 31, 2022



MS Partners LLP  
Licensed Public Accountants



**York Harbour Metals Inc.**  
**(An exploration stage company)**  
**(Formerly Phoenix Gold Resources Corp.)**  
**Consolidated Statements of Financial Position**  
**(Expressed in Canadian dollars)**

	January 31, 2022	January 31, 2021
<b>ASSETS</b>		
<b>Current Assets</b>		
Cash	\$ 2,467,439	\$ 814,122
Other receivables	388,735	7,959
Prepaid expenses (note 4)	412,814	350,000
Refundable deposit (note 9(e))	250,000	-
	<u>3,518,988</u>	<u>1,172,081</u>
<b>Mineral Rights</b> (note 5)	3,282,625	1
<b>Total Assets</b>	<u>\$ 6,801,613</u>	<u>\$ 1,172,082</u>
<b>LIABILITIES</b>		
<b>Current Liabilities</b>		
Accounts payable and accrued liabilities (note 6)	\$ 816,233	\$ 146,403
Advances from related party (note 7)	-	10,816
<b>Total Liabilities</b>	<u>\$ 816,233</u>	<u>\$ 157,219</u>
<b>SHAREHOLDERS' EQUITY</b>		
<b>Share Capital</b> (note 8)	\$ 8,880,828	\$ 4,022,639
<b>Warrants Reserve</b> (note 8)	1,740,408	393,050
<b>Share-based Payment Reserve</b> (note 8)	1,333,200	-
<b>Deficit</b>	(5,969,056)	(3,400,826)
<b>Total Shareholders' Equity</b>	<u>5,985,380</u>	<u>1,014,863</u>
<b>Total Liabilities and Shareholders' Equity</b>	<u>\$ 6,801,613</u>	<u>\$ 1,172,082</u>

Commitments and Contractual Arrangements (note 9)

APPROVED ON BEHALF OF THE BOARD OF DIRECTORS:

"Roger Baer"  
 Director

"Andrew Lee"  
 Director

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

**York Harbour Metals Inc.**  
**(An exploration stage company)**  
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**Consolidated Statements of Loss and Comprehensive Loss**  
**(Expressed in Canadian dollars)**

	Year ended January 31, 2022	Year ended January 31, 2021
<b>Revenue</b>	<b>\$ -</b>	<b>\$ -</b>
<b>Expenses</b>		
Stock-based compensation	1,333,200	-
Investor relations	332,644	-
Management and consulting fees (note 12)	366,666	113,808
Professional fees	102,159	67,958
Office and administration	55,059	39,185
Filing fees	48,828	12,427
Travel	8,856	-
Foreign exchange loss	5,298	8,094
Exploration	68,150	7,989
Interest expense (income)	(547)	(74)
<b>Loss before the undernoted</b>	<b>\$ 2,320,313</b>	<b>\$ 249,387</b>
<b>Other loss (gain)</b>		
Impairment of other receivables (note 9(b))	247,917	-
Gain on debt settlements	-	(170,503)
<b>Net Loss and Comprehensive Loss</b>	<b>\$ 2,568,230</b>	<b>\$ 78,884</b>
Weighted Average Number of Shares Outstanding (Note 8)	39,793,739	16,212,662
Earnings (Loss) per Share - Basic and Diluted	\$ (0.06)	\$ (0.00)

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**York Harbour Metals Inc.**  
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**Consolidated Statements of Changes in Shareholders' Equity (Deficiency)**  
**(Expressed in Canadian dollars)**

	Number of Shares	Common Shares	Warrants Reserve	Share-based Payment Reserve	Deficit	Shareholders' Equity (Deficiency)
<b>Balance – January 31, 2020</b>	<b>5,038,986</b>	<b>\$ 1,904,350</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ (3,321,942)</b>	<b>\$ (1,417,592)</b>
Private placements	4,000,000	200,000	-	-	-	200,000
Shares issued for debt settlements	18,346,780	917,339	-	-	-	917,339
Private placements	7,000,000	1,400,000	-	-	-	1,400,000
Warrants valuation – subscription warrants	-	(393,050)	393,050	-	-	-
Share issue cost – in cash	-	(6,000)	-	-	-	(6,000)
Loss for the year	-	-	-	-	(78,884)	(78,884)
<b>Balance – January 31, 2021</b>	<b>34,385,766</b>	<b>\$ 4,022,639</b>	<b>\$ 393,050</b>	<b>\$ -</b>	<b>\$ (3,400,826)</b>	<b>\$ 1,014,863</b>
Shares issued for acquisition of mineral property	1,485,557	579,367	-	-	-	579,367
Private placements	2,500,000	1,000,000	-	-	-	1,000,000
Warrants valuation – subscription warrants	-	(438,750)	438,750	-	-	-
Private placements	1,075,000	301,000	-	-	-	301,000
Warrants valuation – subscription warrants	-	(136,203)	136,203	-	-	-
Stock-based compensation	-	-	-	1,333,200	-	1,333,200
Private placements	3,000,000	1,200,000	-	-	-	1,200,000
Warrants valuation – Subscription warrants	-	(344,550)	344,550	-	-	-
Share issue cost – in cash	-	(25,800)	-	-	-	(25,800)
Private placements	4,644,000	2,322,000	-	-	-	2,322,000
Warrants valuation – Subscription warrants	-	(477,171)	477,171	-	-	-
Share issue cost – in cash	-	(46,020)	-	-	-	(46,020)
Private placements	700,000	350,000	-	-	-	350,000
Warrants valuation – Subscription warrants	-	(68,600)	68,600	-	-	-
Shares issued on exercise of warrants	1,050,000	642,916	(117,916)	-	-	525,000
Loss for the year	-	-	-	-	(2,568,230)	(2,568,230)
<b>Balance – January 31, 2022</b>	<b>48,840,323</b>	<b>\$ 8,880,828</b>	<b>\$ 1,740,408</b>	<b>\$ 1,333,200</b>	<b>\$ (5,969,056)</b>	<b>\$ 5,985,380</b>

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

**York Harbour Metals Inc.**  
**(An exploration stage company)**  
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**Consolidated Statements of Cash Flows**  
**(Expressed in Canadian dollars)**

	Year ended January 31, 2022	Year ended January 31, 2021
<b>Cash provided by (used in):</b>		
<b>Operating Activities:</b>		
Net loss for the period	\$ (2,568,230)	\$ (78,884)
Adjustments for non-cash items:		
Stock-based compensation	1,333,200	-
Impairment of other receivables	247,917	-
Gain on debt settlements	-	(170,503)
Changes in non-cash working capital items:		
Other receivables	(628,693)	(7,959)
Prepaid expense	(62,814)	(350,000)
Refundable deposit	(250,000)	-
Accounts payable and accrued liabilities	669,830	(183,348)
<b>Net Cash Used in Operating Activities</b>	<b>(1,258,790)</b>	<b>(790,694)</b>
<b>Investing Activities:</b>		
Additions in mineral rights	(2,703,257)	-
<b>Net Cash Used in Investing Activities</b>	<b>(2,703,257)</b>	<b>-</b>
<b>Financing Activities:</b>		
Issuance of common shares and warrants – net of issue costs	5,626,180	1,594,000
Advances from (Repayments to) related party	(10,816)	10,816
<b>Net Cash Provided by Financing Activities</b>	<b>5,615,364</b>	<b>1,604,816</b>
Net changes in cash	1,653,317	814,122
Cash – beginning of year	814,122	-
<b>Cash – end of year</b>	<b>\$ 2,467,439</b>	<b>\$ 814,122</b>

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**York Harbour Metals Inc.**  
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**Notes to the Consolidated Financial Statements**  
**For the years ended January 31, 2022 and 2021**  
**(Expressed in Canadian dollars)**

**1. Nature and Continuance of Operations**

York Harbour Metals Inc. (the “Company”) was incorporated under the British Columbia’s Business Corporations Act on May 2, 2011 under the name of Zuri Capital Corp. (“Zuri”) which commenced trading on the TSX Venture Exchange as a Capital Pool Company on March 19, 2012. On April 23, 2014, Zuri was acquired by Phoenix Gold Resources Ltd. (“Phoenix”) in a reverse takeover transaction and Zuri changed its name to Phoenix Gold Resources Corp. (“PXA”). Effective February 10, 2022, PXA changed its name to York Harbour Metals Inc. and resumed on the TSX Venture Exchange with the trading symbol “YORK”. The Company’s corporate address is Suite 1518 – 800 West Pender Street, Vancouver, British Columbia, Canada, V6C 2V6.

The Company is a TSX Venture Exchange (“Exchange”) tier 2 listed mineral exploration and development company with its principal business focusing on the acquisition and exploration of the mineral rights.

**2. Going Concern**

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board (“IASB”) applicable to a going concern, which assumes the Company will continue to meet its obligations and discharge its liabilities in the normal course of business for the foreseeable future. Different bases of measurement may be appropriate when a company is not expected to continue operations for the foreseeable future. As at January 31, 2022, the Company has an accumulated deficit of \$5,969,056 (January 31, 2021 - \$3,400,826) and incurred net losses of \$2,568,230 (2021 - \$78,884) for the year then ended and working capital of \$2,702,755 (January 31, 2021 - \$1,014,862). The Company has not yet achieved profitable operations and expects to incur further losses in the development of its business.

The outbreak of the novel strain of coronavirus, specifically identified as “COVID-19”, has resulted in governments worldwide enacting emergency measures to combat the spread of the virus. These measures, which include the implementation of travel bans, self-imposed quarantine periods and social distancing, have caused material disruption to businesses globally resulting in an economic slowdown. Global equity markets have experienced significant volatility and weakness. Governments and central banks have reacted with significant monetary and fiscal interventions designed to stabilize economic conditions. The duration and impact of the COVID-19 outbreak is unknown at this time, as is the efficacy of the government and central bank interventions. It is not possible to reliably estimate the length and severity of these developments and the impact on the financial results and condition of the Company. Given the continuation of weak investor sentiment and capital market conditions in the Company’s operating environment, there exists an uncertainty as to the Company’s ability to raise additional funds on favorable terms and achieve profitability.



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**2. Going Concern (Cont'd)**

These conditions indicate the existence of a material uncertainty that raises substantial doubt about the Company's ability to continue as a going concern. The Company's expenditures on discretionary activities have some scope for flexibility in terms of amount and timing, which can be adjusted accordingly.

These consolidated financial statements do not reflect the adjustments to the carrying values of assets and liabilities and the reported expenses and statement of financial position classifications that would be necessary should the going concern assumption be inappropriate, and those adjustments could be material.

**3. Significant Accounting Policies**

The accounting policies set out below have been applied consistently to all periods presented in these consolidated financial statements.

**a) Statement of compliance with IFRS**

These consolidated financial statements have been prepared using accounting policies in compliance with International Financial Reporting Standards ("IFRS"), as issued by the International Accounting Standards Board ("IASB"). The policies applied in these consolidated financial statements are based on IFRS issued and outstanding as of May 31, 2022 the date the Board of Directors approved the consolidated financial statements for issue.

**b) Basis of presentation**

These consolidated financial statements have been prepared on a historical cost convention using the accrual basis of accounting except for cash flow information.

Presentation of the consolidated statement of financial position differentiates between current and non-current assets and liabilities. The consolidated statement of loss and comprehensive loss is prepared using the functional classification.

These consolidated financial statements include the accounts of York Harbour Metals Inc. and its wholly-owned subsidiaries, Phoenix and Phoenix USA. All intercompany transactions, balances, and unrealized gains and losses on intercompany transactions have been eliminated. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Company controls another entity. Where control of an entity is obtained during a financial period, its results are included in the consolidated statement of loss and comprehensive loss from the date on which control commences. Where control of an entity ceases during a financial period, its results are included for that part of the period during which control existed.

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**3. Significant Accounting Policies (Cont'd)**

**c) Functional currency translation**

*i) Functional and presentation currency*

Items included in the financial statements of each consolidated entity in the group are measured using the currency of the primary economic environment in which the entity operates (the “functional currency”). The consolidated financial statements are presented in Canadian dollars, which is the reporting parent’s and Phoenix’s functional currency. The functional currency of the reporting parent’s subsidiary, Phoenix USA, is the United States dollar (“USD”).

The financial statements of entities that have a functional currency different from that of the reporting parent’s operations are translated into Canadian dollars as follows: assets and liabilities – at the closing rate at the date of the consolidated statement of financial position, and income and expenses – at the average rate for the period (as this is considered a reasonable approximation to the actual rates). All resulting changes are recognized in other comprehensive income or loss as cumulative translation adjustments.

When an entity disposes of its entire interest in a foreign operation, or loses control, joint control, or significant influence over a foreign operation, the foreign currency gains or losses accumulated in other comprehensive income or loss related to the foreign operation are recognized in profit or loss. If an entity disposes of part of an interest in a foreign operation which remains a subsidiary, a proportionate amount of foreign currency gains or losses accumulated in other comprehensive income related to the subsidiary are reallocated between controlling and non-controlling interests.

*ii) Transactions and balances*

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Generally, foreign exchange gains and losses resulting from the settlement of foreign currency transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in currencies other than an operation’s functional currency are recognized in the consolidated statement of loss and comprehensive loss.

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**3. Significant Accounting Policies (Cont'd)**

**d) Measurement Uncertainty**

The preparation of financial statements in conformity with IFRS requires management to make judgements, estimates and assumptions that affect the application of the accounting policies to financial information presented. Actual results may differ from the estimates, assumptions and judgements made. Estimates and underlying assumptions are reviewed on an ongoing basis. Changes made to estimates are reflected in the period the changes are made.

Significant areas requiring the use of estimates and assumptions include accounts payable and accrued liabilities, valuation of share-based payment reserves, warrant reserves, valuation of short-term investments, valuation of mineral rights, and recoverability of deferred tax assets. By their nature, these estimates and assumptions are subject to measurement uncertainty, and the impact of changes in estimates in the financial statements of a future period could be material. These assumptions are reviewed periodically and, as adjustments become necessary, they are reported in loss in the periods in which they become known.

**e) Significant accounting judgements**

The critical judgements that the Company's management has made in the process of applying the Company's accounting policies, apart from those involving estimations (note 3(d)), that have the most significant effect on the amounts recognized in the Company's consolidated financial statements are related to the economic recoverability of the mineral rights, determining the smallest group of assets that generates independent cash flow, the interpretation and application of tax laws, the determination of functional currency for the Company and its subsidiaries, and the assumption that the Company will continue as a going concern.

**f) Financial instruments**

Financial assets and liabilities are recognized when the Company becomes a party to the contractual provisions of the instrument. Financial assets are derecognized when the rights to receive cash flows from the assets have expired or have been transferred and the Company has transferred substantially all risks and rewards of ownership.

Financial assets and liabilities are offset and the net amount reported in the statement of financial position when there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis, or realize the asset and settle the liability simultaneously.

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**3. Significant Accounting Policies (Cont'd)**

**f) Financial instruments (Cont'd)**

Effective January 1, 2018, the Company adopted IFRS 9, Financial Instruments (“IFRS 9”), which supersedes IAS 39 – Financial Instruments: Recognition and Measurement. Application of the Standard is mandatory and it establishes principles for the financial reporting of financial assets and financial liabilities in the Company’s consolidated financial statements. Upon adoption of IFRS 9, the Company completed an assessment of the impact of adopting IFRS 9 and determined that no adjustments to the consolidated financial statements are required as a result of adopting IFRS 9.

The Company classified its financial instruments as follows:

<u>Financial Statement Item:</u>	<u>Classification:</u>	<u>Measurement:</u>
Cash	Amortized Cost	Amortized Cost
Other receivable	Amortized Cost	Amortized Cost
Prepaid expenses	Amortized Cost	Amortized Cost
Refundable deposit	Amortized Cost	Amortized Cost
Accounts payable and accrued liabilities	Amortized Cost	Amortized Cost
Advances from related party	Amortized Cost	Amortized Cost

The Company does not have any held-to-maturity investments or available-for sales financial assets.

All financial instruments measured at fair value are categorized into one of three hierarchy levels, described below, for disclosure purposes. Each level is based on the transparency of the inputs used to measure the fair values of assets and liabilities:

- Level 1 – inputs that are unadjusted quoted prices of identical instruments in active markets.
- Level 2 – inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly.
- Level 3 – inputs used in a valuation technique that are not based on observable market data in determining fair values of the instruments.

Transaction costs for financial liabilities classified as amortized costs are applied against these liabilities and amortized using the effective interest method, the resulting amortization being recorded as interest expense. Gains and losses on financial instruments classified as Fair Value through Profit or Loss are included in net earnings in the period in which they arise.

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**3. Significant Accounting Policies (Cont'd)**

**g) Impairment of financial assets**

At each reporting date, the Company assesses whether there is objective evidence that a financial asset is impaired. If such evidence exists, the Company recognizes an impairment loss, as follows:

The loss is the difference between the amortized cost of the financial asset and the present value of the estimated future cash flows, discounted using the instrument's original effective interest rate. An impairment loss on an available for sale financial asset or fair value through profit or loss financial asset is calculated by reference to its fair value. The carrying amount of the asset is reduced by this amount either directly or indirectly through the use of an allowance account. The amount of the impairment is recognized in net loss.

Impairment losses on financial assets carried at amortized cost may be reversed in subsequent periods if the amount of the loss decreases and the decreases can be related objectively to an event occurring after the impairment was recognized. Financial assets measured at amortized cost and available for sale financial assets that are debt securities are reversed through profit and loss. For available for sale financial assets that are equity securities, the reversal is recognized in other comprehensive income.

**h) Revenue recognition**

Revenue will be recorded when consideration is received or receivable and will be recognized to the extent that it is probable that the economic benefits will flow to the Company and when the revenue can be reliably measured.

Interest income will be recognized as it accrues.

**i) Other Comprehensive income or loss**

Other comprehensive income or loss is the change in equity of an enterprise during a period from transactions, events and circumstances other than those under the control of management and the owners. It includes all changes in equity during a period except those resulting from investments by owners and distributions to owners. The Company reports comprehensive loss in its statement of loss and other comprehensive loss and its statement of changes in deficiency.

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**3. Significant Accounting Policies (Cont'd)**

**j) Taxes**

Tax expense comprises current and deferred tax. Current tax and deferred tax are recognized in profit and loss except to the extent that it relates to a business combination, or items recognized directly in equity or in other comprehensive income.

*Current tax*

Current tax is the expected tax payable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

*Deferred tax*

Deferred taxes are calculated using the liability method on temporary differences between the carrying amounts of assets and liabilities and their tax bases. However, deferred tax is not recognized on the initial recognition of goodwill, on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss at the time of the transaction, and on temporary differences relating to investments in subsidiaries and jointly controlled entities where the reversal of these temporary differences can be controlled by the Company and it is probable that reversal will not occur in the foreseeable future.

Deferred tax assets and liabilities are measured, without discounting, at the tax rates that are expected to apply when the assets are recovered and the liabilities settled, based on tax rates that have been enacted or substantively enacted by the reporting date.

A deferred tax asset is recognized for unused tax losses, tax credits and deductible temporary differences, to the extent that it is probable that future taxable profits will be available against which they can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow the related tax benefit to be utilized.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to set off current tax assets against current tax liabilities, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realize the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities and assets are expected to be settled or recovered.



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**3. Significant Accounting Policies (Cont'd)**

**k) Non-monetary transactions**

Transactions with no cash consideration are measured at the fair value of either the asset given up or the asset received, whichever is more reliably determinable.

**l) Earnings (loss) per share**

Basic earnings (loss) per share is calculated by dividing the net earnings (loss) available to common shareholders by the weighted average number of shares outstanding during the period. Diluted earnings per share reflects the potential dilution of securities that could share in earnings of an entity. In a loss year, potentially dilutive common shares are excluded from the loss per share calculations as the effect would be anti-dilutive.

**m) Identifiable intangible assets**

The Company is in the exploration stage and defers all expenditures related to its acquired mineral rights until such time as the property is put into commercial production, sold or abandoned. Under this method, the amounts reported represent costs incurred to date less amounts amortized and/or written off, and do not necessarily represent present or future values.

*i) Pre-Exploration*

Pre-exploration costs in areas where a legal right to explore has not been obtained are expensed as incurred.

*ii) Exploration and evaluation expenditures*

Exploration and evaluation ('E&E') costs incurred after the legal right to explore is obtained, but before technical feasibility and commercial viability of the project has been demonstrated are capitalized as E&E assets. These include the costs of acquiring the licenses and directly attributable general and administrative costs. All applicable costs are capitalized as either tangible or intangible E&E assets depending on the nature of the assets acquired. The costs are accumulated in cost centers by exploration area.

*iii) Development and production costs*

When technical feasibility and commercial viability of a property is established and the Company determines that it will proceed with development, all E&E costs attributable to that area are reclassified to construction in progress within property, plant and equipment or as intangible assets depending on the nature of the expenditure. If economically recoverable ore deposits are developed, the capitalized costs of the related property will be amortized using the unit-of-production method following the commencement of production.

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**3. Significant Accounting Policies (Cont'd)**

**n) Impairment of non-financial assets**

Non-financial assets are reviewed for impairment if there is any indication that the carrying amount may not be recoverable. If any such indication is present, the recoverable amount of the asset is estimated in order to determine whether impairment exists. Where the asset does not generate cash flows that are independent from other assets, the Company estimates the recoverable amount of the cash-generating unit ("CGU") to which the asset belongs. Any intangible asset with an indefinite useful life is tested for impairment annually and whenever there is an indication that the asset may be impaired.

A CGU recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value, using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset or CGU is estimated to be less than its carrying amount, the carrying amount is reduced to the recoverable amount. Impairment is recognized immediately in profit or loss. Where an impairment subsequently reverses, the carrying amount is increased to the revised estimate of recoverable amount but only to the extent that this does not exceed the carrying value that would have been determined if no impairment had previously been recognized.

Industry specific indicators for an impairment review on mineral rights and capitalized exploration related expenditures arise typically when one of the following circumstances applies:

- Substantive expenditure on further exploration and evaluation activities is neither budgeted nor planned;
- Title to the asset is compromised;
- Adverse changes in variations in commodity prices and markets; and
- Variations in the exchange rate for the currency of operation.

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**3. Significant Accounting Policies (Cont'd)**

**o) Restoration, rehabilitation and environmental obligations**

An obligation to incur restoration, rehabilitation and environmental costs arises when an environmental disturbance is caused by the exploration or development of a mineral property interest. Such costs arising from the decommissioning of plant, other site preparation work, and water and soil management, discounted to their net present value, are provided for and capitalized at the start of each project to the carrying amount of the asset, along with a corresponding liability as soon as the obligation to incur such costs arises. The timing of the actual rehabilitation expenditure is dependent on a number of factors such as the life and nature of the asset, the operation license conditions and, when applicable, the environment in which the mine operates.

Discount rates using a pre-tax rate that reflects the time value of money are used to calculate the net present value of the liability. These costs are charged against profit or loss over the economic life of the related assets, through amortization using either the unit-of-production or the straight-line method. The corresponding liability is progressively increased as the effect of discounting unwinds creating an expense in profit or loss.

Decommissioning costs are also adjusted for changes in estimates. Those adjustments are accounted for as a change in the corresponding capitalized cost, except where a reduction in costs is greater than the unamortized capitalized cost of the related assets, in which case the capitalized cost is reduced to nil and the remaining adjustment is recognized in profit or loss.

The operations of the Company may in the future be affected from time to time in varying degrees by changes in environmental regulations, including those for site restoration costs. Both the likelihood of new regulations and their overall effect upon the Company are not predictable.

The Company has no material restoration, rehabilitation or environmental obligations as at January 31, 2022.

**p) Share-based payments**

The Company from time to time may issue shares or options to its directors, officers, consultants and employees. The Company values share-based payments using the fair-value method of the services provided. For stock options issued to its directors, officers, consultants and employees where the value of the services provided cannot be determined or the options are provided for services already provided to the Company, the Company values stock-based compensation by reference to the fair value of the stock options issued, utilizing the Black-Scholes option pricing model. The estimated fair value is recognized over the applicable vesting period as stock-based compensation expense and an increase to share-based payment reserve.

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**3. Significant Accounting Policies (Cont'd)**

**p) Share-based payments (Cont'd)**

Any consideration paid by employees on the exercise of stock options or purchase of stock is credited to share capital plus the amounts originally recorded as share-based payment reserve. An individual is classified as an employee when they are an employee for legal purposes, or primarily performing services similar to the services that would be provided by a legal employee.

**q) New accounting standards and recent pronouncements**

The standards and interpretations that are issued, but not yet effective, up to the date of authorization of these consolidated financial statements are disclosed below. Management anticipates that all of the pronouncements will be adopted in the Group's accounting policy for the first period beginning after the effective date of the pronouncement. Information on new standards, amendments and interpretations that are expected to be relevant to the Group's financial statements is provided below. Certain other new standards and interpretations have been issued but are not expected to have a material impact on the Company's consolidated financial statements.

**IAS 37, PROVISIONS, CONTINGENT LIABILITIES, AND CONTINGENT ASSETS**

The amendments clarify when assessing if a contract is onerous, the cost of fulfilling the contract includes all costs that relate directly to the contract – i.e. a full-cost approach. Such costs include both the incremental costs of the contract (i.e. – costs a company would avoid if it did not have the contract) and an allocation of other direct costs incurred on activities required to fulfill the contract – e.g. contract management and supervision, or depreciation of equipment used in fulfilling the contract. The amendments are effective for annual periods beginning on January 1, 2022.

The Company is currently evaluating the impact that the new and amended standards will have on its consolidated financial statements and expects no material impact upon applying the amendments to IAS 37.

**4. Prepaid Expenses**

Prepaid expenses are comprised of the followings:

	January 31, 2022	January 31, 2021
Balance remaining for investor relations services (i)	\$ 248,115	\$ -
Balance remaining for investor relations services (ii)	-	350,000
Deposit made to a drilling contractor	104,199	-
Deposits made to consultants	60,500	-
Balance	\$ 412,814	\$ 350,000

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**4. Prepaid Expenses (Cont'd)**

- (i) Balance remaining for an advance payment of \$441,105 (US\$350,000) made to Gold Standard Media LLC for investor relations services for a service term of 24 months starting from March 15, 2021 (also see note 9(c)).
- (ii) Balance of \$350,000 advance payment that the Company made to Wallace Hill Partners Ltd. in December 2020 for investor relations services for a term of 24 months starting from March 15, 2021. On October 21, 2021, the Company terminated the agreement as it was unable to receive approval of the TSX Venture Exchange and the reclassified \$247,914, the balance of the cancelled term, to other receivables. On January 31, 2022, the Company has determined that it is not likely that the amount will be recovered, therefore recognizing an impairment loss of \$247,917.(also see note 9(b)).

**5. Mineral Rights**

On July 9, 2013, Phoenix issued 500,000 common shares to Americas Gold Exploration Inc. ("AGEI"), at \$0.10 per share in order to acquire a 50% right, title and interest to the Plumas Property and 100,000 common shares to William Matlack ("Matlack") at \$0.10 per share as consideration for a 20-year renewable lease entered into for the remaining 50% right, title and interest to the Plumas Property. Matlack has the option to convert the lease payments into a 1% net smelter return royalty on the property and the Company has the right to buy back this option by paying Matlack \$1,271,900 (US\$1,000,000).

The Plumas Property consists of two patented lode mining claims with extra lateral rights (40 acres) and one patented mill site claim (8.5 acres) situated in Battle Mountain, Lander County, Nevada, USA.

Phoenix acquired a 50% right, title and interest to the Eldorado Property for a total payment of \$115,080 (US \$105,000) and in consideration of Phoenix assuming all of the obligations of AGEI.

The Eldorado Property consists of one patented lode mining claim (20 acres) named Eldorado situated in Battle Mountain, Lander County, Nevada, USA.

On February 26, 2021, the Company entered into an option agreement with WBN Prospecting Group to acquire a 100% interest in the York Harbour Property ("York Harbour" or the "Property"), The Company made a cash payment of \$95,000 and issued 1,485,557 shares of the Company as part of this transaction.

The York Harbour Property consists of five mineral licences and 156 mineral claims totalling 3,900 hectares. The property is located 27km west of the city of Corner Brook, Newfoundland, Canada.

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**5. Mineral Rights (Cont'd)**

The cumulative costs incurred and capitalized on the Company's mineral rights are as follows:

	York Harbour Property (Newfoundland, Canada)	Phoenix Gold Properties (Nevada, USA)	Total
<b>Balance as at January 31, 2020</b>	\$ -	\$ 1	\$ 1
Additional during the year	-	-	-
<b>Balance as at January 31, 2021</b>	-	1	1
Additional during the year	3,282,624	-	3,282,624
<b>Balance as at January 31, 2022</b>	<b>\$ 3,282,624</b>	<b>\$ 1</b>	<b>\$ 3,282,625</b>

All exploration and evaluation expenditures related to York Harbour Property have been capitalized in mineral rights whereas all exploration and evaluation expenditures related to Phoenix Gold Properties have been expensed in exploration expense during the year ended January 31, 2022.

**6. Accounts Payable and Accrued Liabilities**

Accounts payable and accrued liabilities are comprised of the followings:

	January 31, 2022	January 31, 2021
Trade payables	\$ 792,611	\$ 140,781
Accrued liabilities	23,622	5,622
Balance	\$ 816,233	\$ 146,403

**7. Advances from Related Party**

As of January 31, 2022, the Company had advances from an officer and director of the Company, in the amount of \$nil (2021 - \$10,816). The advances are non-interest bearing, unsecured, and have no fixed term of repayment.



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**8. Share Capital**

a) *Authorized*

Unlimited number of common shares.

IFRS 2 recommends that an entity shall measure any equity-settled share-based payment transactions directly at the fair value of the goods or services received. The Company issued warrants and options as part of the private placements and compensation payments to agents and brokers. The Company determined that the fair value of services received is not reliably measurable because the warrants attached to these transactions are not from the result of any services purchased by the Company. Also, fair value of services from agents and brokers are not reliably determinable because there is no similar open market for the services they provide, and the compensation is not based on a fixed market rate, but rather subject to negotiation by management. Lastly, it is common for exploration stage companies to provide share-based compensation as part of its equity and debt transactions in addition to a cash component. As such management determined that the fair value of warrants rather than the fair value of services received should be used to determine the fair value of share-based transactions.

b) *Issued and outstanding*

Issued common shares are as follows:

	<b>Number of shares</b>	<b>Amount</b>
<b>Balance – January 31, 2020</b>	<b>5,038,986</b>	<b>\$ 1,904,350</b>
Private placement (i)	4,000,000	200,000
Shares issued for debt settlements (ii)	18,346,780	917,339
Private placement (iii)	7,000,000	1,400,000
Warrants valuation – subscription warrants (iii)	-	(393,050)
Share issue cost (iii)	-	(6,000)
<b>Balance – January 31, 2021</b>	<b>34,385,766</b>	<b>\$ 4,022,639</b>
Shares issued for acquisition of mineral property (iv)	1,485,557	579,367
Private placement (v)	2,500,000	1,000,000
Warrants valuation – subscription warrants (v)	-	(438,750)
Private placement (vi)	1,075,000	301,000
Warrants valuation – subscription warrants (vi)	-	(136,203)
Private placement (vii)	3,000,000	1,200,000
Warrants valuation – subscription warrants (vii)	-	(344,550)
Share issue cost (vii)	-	(25,800)
Private placement (viii)	4,644,000	2,322,000
Warrants valuation – subscription warrants (viii)	-	(477,171)
Share issue cost (viii)	-	(46,020)

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**8. Share Capital (Cont'd)**

b) *Issued and outstanding (Cont'd)*

Private placement (ix)	700,000	350,000
Warrants valuation – subscription warrants (ix)	-	(68,600)
Shares issued on exercise of warrants (x)	1,050,000	642,916
<b>Balance – January 31, 2022</b>	<b>48,840,323</b>	<b>\$ 8,880,828</b>

- (iii) On July 31, 2020, the Company issued 4,000,000 common shares of the Company at a price of \$0.05 per common share for gross proceeds of \$200,000.
- (iv) On August 18, 2020, the Company issued 18,346,780 common shares of the Company at a price of \$0.05 per common share to settle \$917,339 in advances and payables to the companies controlled by officers and director of the Company.
- (v) On December 18, 2020, the Company issued 7,000,000 units of the Company at a price of \$0.20 per unit for gross proceeds of \$1,400,000. Each unit is comprised of one common share and one-half common share purchase warrants of the Company. Each whole warrant is exercisable at a price of \$0.50 per share if exercised within the first 12 months, and at \$0.75 per share after 12 months but within 24 months following the closing date. The Company incurred finders' fees of \$6,000 related to the financing.
- (vi) On February 26, 2021, the Company issued 1,485,557 shares of the Company at a deemed price of \$0.39 per share as of part of the acquisition of a 100% interest in the York Harbour Property.
- (vii) On March 31, 2021, the Company issued 2,500,000 units of the Company at a price of \$0.40 per unit for gross proceeds of \$1,000,000. Each unit is comprised of one common share and one full warrant of the Company. Each warrant is exercisable at a price of \$0.60 per share for the 24 months from the date of issuance.
- (viii) On August 17, 2021, the Company issued 1,075,000 units of the Company at a price of \$0.28 per unit for gross proceeds of \$301,000. Each unit is comprised of one common share and one full warrant of the Company. Each warrant is exercisable at a price of \$0.40 per share for the 36 months from the date of issuance. The shares contained in these units are qualified as "flow through shares" as defined in subsection 66(15) of the Income Tax Act (Canada). An amount equal to the gross proceeds allocated to the sale of shares will be used for expenditures which qualify as Canadian exploration expenses ("CCE") and "flow through mining expenditures" (within the meaning of the Income Tax Act (Canada)).

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**8. Share Capital (Cont'd)**

b) *Issued and outstanding (Cont'd)*

- (ix) On November 30, 2021, the Company issued 3,000,000 units of the Company at a price of \$0.40 per unit. Each unit is comprised of one common share and one-half common share purchase warrants of the Company. Each whole warrant is exercisable at a price of \$0.60 per share for the 24 months from the date of issuance. The Company incurred finders' fees of \$25,800 related to the financing.
- (x) On November 30, 2021, the Company issued 4,644,000 units of the Company at a price of \$0.50 per unit for gross proceeds of \$2,322,000. Each unit is comprised of one common share and one-half common share purchase warrants of the Company. Each whole warrant is exercisable at a price of \$0.75 per share if exercised within the first 12 months, and at \$1.00 per share after 12 months but within 24 months following the closing date. The Company incurred finders' fees of \$46,020 related to the financing. The shares contained in these units are qualified as "flow through shares" as defined in subsection 66(15) of the Income Tax Act (Canada). An amount equal to the gross proceeds allocated to the sale of shares will be used for expenditures which qualify as Canadian exploration expenses ("CCE") and "flow through mining expenditures" (within the meaning of the Income Tax Act (Canada)).
- (xi) On December 21, 2021, the Company issued 700,000 units of the Company at a price of \$0.50 per unit for gross proceeds of \$350,000. Each unit is comprised of one common share and one-half common share purchase warrants of the Company. Each whole warrant is exercisable at a price of \$0.75 per share if exercised within the first 12 months, and at \$1.00 per share after 12 months but within 24 months following the closing date. The Company incurred finders' fees of \$46,020 related to the financing. The shares contained in these units are qualified as "flow through shares" as defined in subsection 66(15) of the Income Tax Act (Canada). An amount equal to the gross proceeds allocated to the sale of shares will be used for expenditures which qualify as Canadian exploration expenses ("CCE") and "flow through mining expenditures" (within the meaning of the Income Tax Act (Canada)).
- (xii) During the year ended January 31, 2022, a total of 1,050,000 warrants originally issued on December 18, 2020 were exercised at a price of \$0.50 per common share for total proceeds of \$525,000. The previously recognized value of warrants of \$117,916 was reclassified from warrants reserve to share capital.

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**8. Share Capital (Cont'd)**

c) *Warrants Reserve*

The following is a summary of the changes in the Company's warrants during the periods:

	Exercise price	Number	Amount
<b>Balance – January 31, 2020</b>	\$ -	-	\$ -
Subscription warrants issued on December 18, 2020 (i)	\$0.50 - \$0.75	3,500,000	393,050
<b>Balance – January 31, 2021</b>		<b>3,500,000</b>	<b>\$ 393,050</b>
Subscription warrants issued on March 31, 2021 (ii)	\$0.60	2,500,000	438,750
Subscription warrants issued on August 17, 2021 (iii)	\$0.40	1,075,000	136,203
Subscription warrants issued on November 30, 2021 (iv)	\$0.60	1,500,000	344,550
Subscription warrants issued on November 30, 2021 (v)	\$0.75 - \$1.00	2,322,000	477,171
Subscription warrants issued on December 21, 2021 (vi)	\$0.75 - \$1.00	350,000	68,600
Warrants exercised (vii)	\$0.50	(1,050,000)	(117,916)
<b>Balance – January 31, 2022</b>		<b>10,197,000</b>	<b>\$ 1,740,408</b>

The fair value of warrants have been estimated using the Black-Scholes option pricing model with the following assumptions:

(i) expected dividend yield – 0%; expected volatility – 214% to 276%; risk-free interest rate – 0.24%; expected life – 2 years.

(ii) expected dividend yield – 0%; expected volatility – 209%; risk-free interest rate – 0.22%; expected life – 2 years.

(iii) expected dividend yield – 0%; expected volatility – 184%; risk-free interest rate – 0.55%; expected life – 3 years.

(iv) expected dividend yield – 0%; expected volatility – 210%; risk-free interest rate – 0.98%; expected life – 2 years.

(v) expected dividend yield – 0%; expected volatility – 120% to 210%; risk-free interest rate – 0.98%; expected life – 2 years.

(vi) expected dividend yield – 0%; expected volatility – 112% to 210%; risk-free interest rate – 0.98%; expected life – 2 years.

(vii) During the year ended January 31, 2022, a total of 1,050,000 warrants originally issued on December 18, 2020 were exercised at a price of \$0.50 per common share for total proceeds of \$525,000. The previously recognized value of warrants of \$117,916 was reclassified from warrants reserve to share capital.

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**8. Share Capital (Cont'd)**

c) *Warrants Reserve (Cont'd)*

The following table summarized information about the Company's warrants outstanding as at January 31, 2022:

<b>Grant Date</b>	<b>Expiration Date</b>	<b>Exercise Price</b>	<b>Warrants outstanding at January 31, 2022</b>
December 18, 2020	December 18, 2022	\$0.75	2,450,000
March 31, 2021	March 31, 2023	\$0.60	2,500,000
August 17, 2021	August 17, 2024	\$0.40	1,075,000
November 30, 2021	November 30, 2023	\$0.60	1,500,000
November 30, 2021	November 30, 2023	\$0.75 - \$1.00	2,322,000
December 21, 2021	December 21, 2023	\$0.75 - \$1.00	350,000
			<b>10,197,000</b>

d) *Stock options and share-based payment*

As at January 31, 2022, the Company had 3,000,000 stock options outstanding (January 31, 2021 – nil). The following table summarizes information about stock options outstanding as at January 31, 2022.

	<b>Number</b>	<b>Weighted average exercise price</b>
<b>Balance – January 31, 2021</b>	-	\$ -
Stock options issued to consultants and contractors on September 7, 2021(i)	3,000,000	0.55
<b>Balance – January 31, 2022</b>	<b>3,000,000</b>	<b>\$ 0.55</b>

- (i) The assumptions utilized in determining the value of the 3,000,000 stock options was a share price of \$0.52, an exercise price of \$0.55, a risk free interest rate of 0.40%, volatility of 208%, expected yield of nil, and an expected life of 2 years. The estimated fair value of the 3,000,000 options issued was \$1,333,200, which were fully vested. These options expire on September 6, 2023.

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**9. Commitments and Contractual Arrangements**

As at January 31, 2022, the Company had the following contractual arrangements and commitments in place for the provision of certain services:

a) As part of the letter of agreement entered into with AGEI and Matlack on July 9, 2013 and as amended on October 29, 2013, December 16, 2013, January 21, 2014, and February 21, 2014 for the acquisition of certain patented mineral claims in Nevada, comprised of the Eldorado Property, the Plumas Property (collectively, the “Phoenix Gold Properties”), the Company has the following commitment:

(i) As part of the lease of the Plumas Property described in note 5, the Company is required to make annual payments of \$44,517 (US\$35,000) on each anniversary date of April 23, 2014 for a period of 20 years. Future minimum lease payments are as follows:

2022	\$ 44,517
2023	44,517
2024	44,517
2025	44,517
2026	44,517
Thereafter	<u>623,238</u>
Total	\$ 845,823

The Company is currently in default of the Plumas Lease for failure to pay the 2016, 2017, 2018, 2019, 2020, and 2021 payment amounts under the terms of the lease and if the Company remains in default, Matlack may terminate the lease resulting in a loss of a 50% leasehold interest in the Plumas Property. In April 2021, the Company made a payment of \$62,875 (US\$50,000) to Matlack to settle 2015 Plumas Lease plus accrued financing charges which is recorded in exploration expenses during the year. The Company is currently in negotiation with Matlack for the remaining balance and the terms of the lease.

b) On February 19, 2021, the Company signed an agreement with Wallace Hill Partners (“Wallace Hill”) for investor relations services, including financial publishing and digital marketing services to improve the profile and market awareness of the Company. On December 30, 2020, the Company made an advance payment of \$350,000 to Wallace Hill. The intent was to engage Wallace Hill for a term of 24 months, commencing on March 15, 2021, as confirmed in the agreement signed on February 19, 2021. However, the Company terminated the agreement in October 2021 as it was unable to receive approval of the TSX Venture Exchange. As a result, the Company reclassified \$247,917 from prepaid expense to other receivables for the balance of the cancelled term and has been seeking reimbursement of the balance from Wallace Hill. On January 31, 2022, the Company has determined that it is not likely that the amount will be recovered, therefore recognizing an impairment loss of \$247,917.



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**9. Commitments and Contractual Arrangements (Cont'd)**

- c) On February 19, 2021, the Company engaged Gold Standard Media LLC (“Gold Standard”) for investor relations services. The Company paid \$441,105 (US\$350,000) to Gold Standard in advance for a service term of 24 months commencing on March 15, 2021.
- d) On March 29, 2021, the Company retained Integral Wealth Securities Ltd. (“Integral”) to provide market-making services in accordance with the policies of the TSX Venture Exchange. In consideration of the services provided by Integral, the Company will pay integral a monthly fee of \$5,500, plus any reasonable costs and expenses it incurs in connection with the services provided. The Company has retained Integral for an initial three months term and thereafter may be terminated by the Company upon 30 days’ written notice.
- e) On April 12, 2021, the Company signed a Letter of Intent (LOI) with ENE-MIN Development Corp. for an exclusive option to acquire up to 75% interest in the LiBeGa Lithium Project, comprising adjoining perimeters (concessions or mineral claims) covering a total of 27km<sup>2</sup> in Sibiu County, Romania. Pursuant to the LOI, the Company paid a refundable \$250,000 good faith due diligence deposit and has initiated an exclusive comprehensive confidential evaluation of the project.
- f) On November 3, 2021, the Company granted an aggregate of 2,417,003 restricted share units (the “RSUs”) to its directors, officers and consultants pursuant to the Company’s RSU plan. Each vested RSU will entitle the holder to receive a common share of the Company. The RSUs are expected to be issued by the Company in late 2022.

**10. Capital Management**

As at January 31, 2022, the capital structure of the Company consists of equity attributable to common shareholders and includes share capital of \$8,880,828 (2021 - \$4,022,639), warrants reserve of \$1,740,408 (2021 - \$393,050), share-based payment reserve of \$1,333,200 (2021 - \$nil) and deficit of \$5,969,056 (2021 - \$3,400,826).

The Company’s objective when managing capital structure is to ensure sufficient financial resources exist to meet the Company’s strategic exploration and business development objectives, and to ensure that the Company continues as a going concern.

**11. Segmented Information**

The Company operates in one reportable segment. Segments are defined as components for which separate financial information is available and is regularly evaluated by the chief operating decision maker.

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**12. Related Party Transactions**

The Company considers its Board of Directors and certain consultants which, by virtue of the contracts in place and the functions performed, to be key management. Compensation awarded to key management is listed below:

	Year ended January 31, 2022	Year ended January 31, 2021
Management and consulting fees	\$ 86,500	\$ 62,500
Total	\$ 86,500	\$ 62,500

For the year ended January 31, 2022, the Company paid or accrued management fees of \$31,500 (2021 - \$40,000) to a company controlled by an officer of the Company, and management and consulting fees of \$55,000 (2021 - \$22,500) to an officer and director of the Company.

Accounts payable and accrued liabilities consists of \$nil (January 31, 2021 - \$2,692) owing to a company controlled by an officer of the Company, and \$3,802 (January 31, 2021 - \$nil) owing to a company controlled by an officer and director of the Company.

On August 18, 2020, the Company issued 3,750,000 shares at a deemed price of \$0.05 per share to settle \$233,288 in accounts payable owing to a company controlled by an officer of the Company. The Company recognized a gain on debt settlement of \$45,788 on this transaction.

On August 18, 2020, the Company issued a total of 14,596,780 shares at a deemed price of \$0.05 per share to settle \$359,839 in advances from a company controlled by an officer and director of the Company, and \$370,000 in accounts payable owing to an officer and director of the Company.

These transactions are in the normal course of operations and at the exchange amount agreed to by the related parties.

**13. Income Taxes and Deferred Income Tax**

In assessing the realization of the Company's deferred income tax assets, management considers whether it is probable that some portion or all of the deferred income tax assets will be realized. The ultimate realization of deferred tax assets is dependent upon the generation of taxable income during the periods in which those temporary differences become deductible. Management considers the scheduled reversal of deferred income tax liabilities, projected future taxable income, and tax planning strategies in making this assessment.

The amount of deferred income tax assets considered realizable could change materially in the near term based on future taxable income generated during the carry-forward period.

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**13. Income Taxes and Deferred Income Tax (Cont'd)**

a) Deferred income tax assets and liabilities

No deferred tax asset has been recognized as the Company is reflecting uncertainties associated with realization of all deferred income tax assets.

The significant components of the Company's deferred tax assets are as follows:

	January 31, 2022	January 31, 2021
Non-capital losses carried forward	\$ 1,000,601	\$ 753,500
Financing fees deductible in future periods	-	-
Exploration and development expenses	1,130,091	246,704
Deferred tax assets not recognized	(2,130,692)	(1,000,204)
Deferred income tax assets	\$ -	\$ -

b) Losses

As at January 31, 2022, the Company can carry forward Canadian non-capital losses to reduce taxable income in future years of approximately \$3,775,853 expiring as follows:

Year 2032	\$ 31,000
Year 2033	\$ 68,000
Year 2035	\$ 719,000
Year 2036	\$ 664,000
Year 2037	\$ 363,000
Year 2038	\$ 212,000
Year 2039	\$ 190,000
Year 2040	\$ 410,000
Year 2041	\$ 133,740
Year 2042	\$ 985,113

c) Income tax reconciliation

	January 31, 2022	January 31, 2021
Income tax (expense) recovery at 27% statutory rate (2021 – 27%)	\$ 693,000	\$ 21,000
Expenses not deductible for tax purposes	-	-
Temporary differences	(419,526)	(15,000)
Tax losses for which no deferred tax asset was recognized	(273,474)	(6,000)
Deferred income tax assets	\$ -	\$ -

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**14. Financial Instruments**

IFRS 7 establishes a fair value hierarchy that reflects significance of inputs in measuring fair value as follows:

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

The Company's financial assets and liabilities at fair value through profit or loss, consisting of cash, is classified as level 1.

The Company examines the various financial instrument risks to which it is exposed and assesses the impact and likelihood of those risks.

**Fair value**

As at January 31, 2022, the Company's financial instruments consist of cash, other receivables, prepaid expenses, refundable deposit, accounts payable and accrued liabilities.. These financial instruments are classified as other financial liabilities and are carried at amortized cost. The fair values of these financial instruments approximate their carrying values due to the short-term nature of these instruments.

**Liquidity risk**

Liquidity risk is the risk that the Company is unable to meet its financial obligations as they fall due. The Company takes steps to ensure that it has sufficient working capital and available sources of financing to meet future cash requirements for capital programs and operations.

The Company intends to issue equity to ensure the Company has sufficient access to cash to meet current and foreseeable financial requirements. The Company actively monitors its liquidity to ensure that its cash flows and working capital are adequate to support its financial obligations and the Company's capital programs.

**Credit risk**

Credit risk is the risk of loss if counterparties do not fulfill their contractual obligations. The Company has credit risk with its other receivables and prepaid expenses, but it is considered to be minimal. There is no allowance for doubtful accounts recorded as at January 31, 2022.

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**14. Financial Instruments (Cont'd)**

**Market risk**

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

*(i) Interest rate risk*

The Company is not exposed to the risk that the value of financial instruments will change due to movement in market interest rates.

*(ii) Currency risk*

Currency risk is the risk to the Company's earnings that arises from fluctuations of foreign exchange rates and the degree of volatility of these rates. The Company does not use derivative instruments to reduce its exposure to foreign currency risk. The Company has a portion of its cash and accounts payable and accrued liabilities in US Dollars and Australian Dollars.

For the year ended January 31, 2022, a 5% increase or decrease on an annualized basis in the value of a Canadian Dollar in relation to the US Dollar and Australian Dollar would have resulted in a \$3,316 (2021 - \$18,712) and \$936 (2021 - \$1,021) increase or decrease in foreign exchange gain or loss, for respective foreign currencies.

*(iii) Commodity price risk*

The Company is exposed to price risk with respect to commodity and equity prices. Equity price risk is defined as the potential adverse impact on the Company's earnings due to movements in individual equity prices or general movements in the level of the stock market. Commodity price risk is defined as the potential adverse impact on earnings and economic value due to commodity price movements and volatilities. The Company closely monitors commodity prices, particularly as they relate to base metals, individual equity movements, and the stock market in general to determine the appropriate course of action to be taken by the Company.

**15. Subsequent Events**

- a) Effective February 10, 2022, the Company changed its name from Phoenix Gold Resources Corp. to York Harbour Metals Inc. and resumed on the TSX Venture Exchange with the trading symbol "YORK".
- b) Effective February 25, 2022, the Company's USA's ticker symbol PGRCF has been updated to "YORKF".
- c) On May 11, 2022, the Company announced that it has successfully completed the earn-in to acquire 100% interest of the York Harbour Project by completing all conditions in the option agreement that it entered into on February 26, 2021.

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**15. Subsequent Events (Cont'd)**

- d) On May 12, 2022, the Company announced that it has signed an agreement to reduce the existing 2% Net Smelter Royalty (“NSR”) for its York Harbour Project down to 0.5% NSR by purchasing 1.5% NSR. Grassroots Prospecting & Prospect Generation Inc. (“Grassroots”), United Gold Inc. (“UGI”), and G2B Gold Inc. (“G2B”) (Grassroots, UGI and G2B are collectively, the “Vendors”) have agreed to a buyout of 1.5% NSR (the “NSR Buyout”) for \$1,500,000 settled by issuance of 1,500,000 common shares in the share capital of the Company at a price of \$1.00 per share (the “Compensation Shares”), subject to approval of the TSX Venture Exchange.

The 1,500,000 Compensation Shares issued by the Company will be restricted and gradually released over a 24-month period, with 25% being released every 6 months following the closing date of this transaction. The Compensation Shares will also be subject to a four month hold form the date of issuance in accordance with applicable securities laws and the policies of the TSX Venture Exchange.

- e) Subsequent to January 31, 2022, a total of 1,127,500 share purchase warrants of the Company were exercised.
- f) On May 30, 2022, the company announced that it has entered into an agreement with Research Capital Corporation and Red Cloud Securities Inc. as joint bookrunners, together with Haywood Securities Inc. as co-lead agents, on behalf of a syndicate of agents (collectively, the “Agents”), in connection with a best efforts, private placement offering (the “Offering”) for an aggregate gross proceeds of up to \$6,600,000 in a combination of:
- a. Units of the Company (the “Units”) at a price of \$1.00 per Unit. Each Unit will consist of one common share in the capital of the Company (a “Common Share”) and one-half of one Common Share purchase warrant (each whole warrant, a “Warrant”);
  - b. Flow-through Units of the Company (the “FT Units”) at a price of \$1.20 per FT Unit. Each FT Unit will consist of one Common Share that will qualify as “flow-through shares” within the meaning of subsection 66(15) of the *Income Tax Act* (Canada) (the “*Tax Act*”) and one-half of one Warrant; and
  - c. Flow-through units of the Company to be sold to charitable purchasers (the “Charity FT Units”) at a price of \$1.50 per Charity FT Unit. Each Charity FT Unit will consist of one Common Share that will qualify as “flow-through shares” within the meaning of subsection 66(15) of the *Tax Act* that will be issued as part of a charity arrangement and one-half of one Warrant.

Each Warrant shall entitle the holder thereof to purchase one Common Share (a “Warrant Share”) at an exercise price of \$1.50 per Warrant Share at any time up to 24 months following the Closing.

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**15. Subsequent Events (Cont'd)**

The Agents will have an option (the “Agents’ Option”) to offer for sale up to an additional 15% of the number of Units, FT Units and Charity FT Units sold in the offering, which Agents’ Option is exercisable, in whole or in part, at any time up to 48 hours prior to the closing of the Offering.

In connection with the Offering, the Agents will receive an aggregate cash fee equal to 6% of the gross proceeds from the Offering, including in respect of any exercise of the Agents’ Option, subject to a reduction for certain purchasers on a “president’s list”. In addition, the Company will grant the Agents, on date of Closing, non-transferable compensation warrants (the “Compensation Warrants”) equal to 6% of the total number of units, FT Units and Charity FT Units sold under the offering, including in respect of any exercise of the Agents’ Option, subject to a reduction for certain purchasers on a “president’s list”. Each Compensation Warrant will entitle the holder thereof to purchase one Unit at an exercise price of \$1.00 per Unit for a period of 24 months following the Closing.

Completion of the Offering is subject to final approval of the TSX Venture Exchange. All securities issued pursuant to the Offering will be subject to a statutory hold period expiring four months and a day from the date of distribution.