GREENHAWK RESOURCES INC. (FORMERLY CRYPTOLOGIC CORP.)

CONSOLIDATED FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2021 AND 2020

(EXPRESSED IN CANADIAN DOLLARS)

DALE MATHESON CARR-HILTON LABONTE LLP
CHARTERED PROFESSIONAL ACCOUNTANTS

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of Greenhawk Resources Inc.

Opinion

We have audited the consolidated financial statements of Greenhawk Resources Inc. (formerly Cryptologic Corp.) (the "Company"), which comprise the consolidated statements of financial position as at December 31, 2021 and 2020, and the consolidated statements of (loss) income and comprehensive (loss) income, cash flows and changes in shareholders' equity for the years then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies (collectively referred to as the "financial statements").

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

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 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.

Other Information

Management is responsible for the other information. The other information comprises the information included in Management's Discussion and Analysis.

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

In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

We obtained Management's Discussion and Analysis prior to the date of this auditor's report. 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 International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

DMCL

DALE MATHESON CARR-HILTON LABONTE LLP
CHARTERED PROFESSIONAL ACCOUNTANTS
Vancouver, BC

April 26, 2022

MOORE

An independent firm
associated with Moore
Global Network Limited

Greenhawk Resources Inc. (formerly Cryptologic Corp.)
Consolidated Statements of Financial Position
(Expressed in Canadian Dollars)

	As at December 31, 2021	As at December 31, 2020
ASSETS		
Current assets		
Cash	**$ 5,692,396**	$ 7,677,172
Prepaid expenses and deposits (note 5)	**43,040**	54,582
Sales tax receivable	**488**	127,941
Total current assets	**5,735,924**	7,859,695
Non-current assets		
Prepaid expenses and deposits (note 5)	**-**	15,996
Right-of-use assets (note 8)	**-**	191,862
Equipment (note 9)	**1,962**	39,291
Total non-current assets	**1,962**	247,149
Total assets	**$ 5,737,886**	$ 8,106,844
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities		
Accounts payable and accrued liabilities (note 21)	**$ 65,906**	$ 162,772
Lease obligations (note 10)	**14,565**	115,172
Total current liabilities	**80,471**	277,944
Non-current liabilities		
Lease obligations (note 10)	**-**	21,013
Total non-current liabilities	**-**	21,013
Total liabilities	**80,471**	298,957
Shareholders' equity		
Share capital (note 13)	**100,846,709**	88,438,709
Contributed surplus (note 14)	**15,328,016**	14,312,982
Deficit	**(110,517,310)**	(94,943,804)
Total shareholders' equity	**5,657,415**	7,807,887
Total liabilities and shareholders' equity	**$ 5,737,886**	$ 8,106,844

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

Nature of operations (note 1)

Approved on behalf of the Board:

"Greg McKenzie " Director (Signed)   "Tom English" Director (Signed)

Greenhawk Resources Inc. (formerly Cryptologic Corp.)

Consolidated Statements of (Loss) Income and Comprehensive (Loss) Income
(Expressed in Canadian Dollars)

	Year ended December 31, 2021	Year ended December 31, 2020
Expenses		
Exploration and evaluation expenditures (notes 12 & 17)	**$ 12,658,000**	$ -
General and administrative (note 20)	**1,860,958**	3,004,657
Stock-based compensation (notes 14 & 21)	**1,015,034**	308,259
Acquisition related costs (note 12)	**115,956**	319,790
	15,649,948	3,632,706
Other (loss) income		
Interest expense, net	**(3,687)**	(1,585,693)
Gain on extinguishment of convertible debenture (note 11)	**-**	24,775,610
Gain on sale of marketable securities (note 6)	**-**	4,306,458
Write-off of right-of-use asset (note 8)	**(119,914)**	-
Write-off of equipment (note 9)	**(31,708)**	-
Loss on disposal of equipment (note 9)	**(4,299)**	-
Allowances for sales tax receivable (note 22)	**(127,941)**	(158,915)
Recovery of sales tax receivable	**364,460**	-
Finance charges	**-**	(140,930)
Foreign exchange loss	**(469)**	(247)
Net (loss) income and comprehensive (loss) income before discontinuing operations	**(15,573,506)**	23,563,577
Loss from discontinued operations (note 7)	**-**	(1,561,224)
Net (loss) income and comprehensive (loss) income for the year	**$ (15,573,506)**	$ 22,002,353
(Loss) earnings per share from continuing operations - basic and diluted (note 16)	**$ (0.22)**	$ 0.77
(Loss) earnings per share - basic and diluted (note 16)	**$ (0.22)**	$ 0.72
Weighted average number of shares outstanding - basic and diluted (note 16)	**70,953,135**	30,757,199

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

Greenhawk Resources Inc. (formerly Cryptologic Corp.)
Consolidated Statements of Cash Flows
(Expressed in Canadian Dollars)

	Year ended December 31, 2021	Year ended December 31, 2020
Operating activities		
Net (loss) income for the year	**$ (15,573,506)**	$ 22,002,353
Adjustments for:		
Exploration and evaluation expenditures.	**12,408,000**	-
Revenue from mining digital assets	**-**	(3,102,562)
Depreciation	**75,320**	57,172
Fair value gain on re-measurement of digital assets	**-**	(79,916)
Gain on extinguishment of convertible debentures	**-**	(24,775,610)
Gain on sale of marketable securities	**-**	(4,306,458)
Write-off of right-of-use asset	**119,914**	-
Write-off of equipment	**31,708**	-
Loss on disposal of equipment	**4,299**	1,706,948
Loss on sale of subsidiary	**-**	646,331
Gain on lease modification	**-**	(220,399)
Foreign exchange loss	**-**	246
Stock-based compensation	**1,015,034**	308,259
Interest expense, net	**10,309**	719,404
Interest accretion	-	1,010,141
Changes in non-cash working capital items:		
Prepaid expenses and deposits	**27,538**	376,006
Sales tax receivable	**127,453**	1,586,279
Digital assets	-	3,308,798
Accounts payable and accrued liabilities	**(96,866)**	(416,599)
Security deposit	-	(318,050)
Net cash used in operating activities	**(1,850,797)**	(1,497,657)
Investing activities		
Proceeds from sale of subsidiary	**-**	1,734,315
Proceeds from sale of marketable securities	**-**	7,306,458
Interest earned on cash equivalents	**-**	6,014
Return of proceeds from sale of equipment	**-**	(79,686)
Purchase of equipment	**(2,050)**	-
Net cash (used in) provided by investing activities	**(2,050)**	8,967,101
Financing activities		
Lease liability payments	**(131,929)**	(670,659)
Net cash used in financing activities	**(131,929)**	(670,659)
Net change in cash	**(1,984,776)**	6,798,785
Cash, beginning of year	**7,677,172**	226,532
Cash included in assets held for sale	-	651,855
Cash, end of year	**$ 5,692,396**	$ 7,677,172

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

Greenhawk Resources Inc. (formerly Cryptologic Corp.)
Consolidated Statements of Changes in Shareholders' Equity
(Expressed in Canadian Dollars)

	Share Capital					
	Number of Shares	Amount	Warrants	Contributed Surplus	Deficit	Total
Balance, December 31, 2019	**12,719,171**	**$ 79,675,709**	**$ 1,606,933**	**$ 12,397,790**	**$(116,946,157)**	**$ (23,265,725)**
Expiry of warrants	-	-	(1,606,933)	1,606,933	-	-
Issuance of common shares in connection with conversion of Convertible Debentures	35,879,991	8,763,000	-	-	-	8,763,000
Stock-based compensation	-	-	-	308,259	-	308,259
Net income for the year	-	-	-	-	22,002,353	22,002,353
Balance, December 31, 2020	**48,599,162**	**$ 88,438,709**	**$ -**	**$ 14,312,982**	**$ (94,943,804)**	**$ 7,807,887**
Acquisition of Copenhagen Minerals Inc.	37,600,000	12,408,000	-	-	-	12,408,000
Stock-based compensation	-	-	-	1,015,034	-	1,015,034
Net loss for the year	-	-	-	-	(15,573,506)	(15,573,506)
Balance, December 31, 2021	**86,199,162**	**$100,846,709**	**$ -**	**$ 15,328,016**	**$(110,517,310)**	**$ 5,657,415**

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

1. NATURE OF OPERATIONS

Greenhawk Resources Inc. (formerly Cryptologic Corp.) (the "Company" or "Greenhawk"), is a mineral exploration mining company who has activities in Greenland. The common shares trade on the Canadian Stock Exchange ("CSE") under the symbol "GRHK".

The head office and registered record office is located at 22 Adelaide Street West, Suite 2020, Toronto, Ontario, M5H 4E3.

On April 8, 2020, the Company sold all of the shares of its wholly-owned subsidiary 9376-9974 Quebec Inc., ("9376"), which was engaged in cryptocurrency mining operations located in Lachute, Quebec. See note 7.

On May 28, 2021, the Company acquired 100% of the outstanding shares of the wholly-owned subsidiary, Copenhagen Minerals Inc. ("Copenhagen"), which owns a 100% legal and beneficial interest in two mineral exploration licenses and one prospecting license in Greenland known as the Storø Gold Project. Consideration for the transaction was satisfied through the payment of $250,000 cash and the issuance of 37,600,000 common shares of the Company.

The outbreak of the coronavirus, also known as "COVID-19," has spread across the globe and is impacting worldwide economic activity. Conditions surrounding the coronavirus continue to rapidly evolve and government authorities have implemented emergency measures to mitigate the spread of the virus. The outbreak and the related mitigation measures may have an adverse impact on global economic conditions as well as on the Company's business activities. The extent to which the coronavirus may impact the Company's business activities will depend on future developments, such as the duration of the outbreak, travel restrictions, business disruptions, and the effectiveness of actions taken in Canada and other countries to contain and treat the disease. The effects that these events will have are highly uncertain and as such, the Company cannot determine the corresponding financial impact at this time.

2. BASIS OF PRESENTATION

Statement of Compliance

These consolidated financial statements have been prepared in accordance and compliance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and interpretation issued by the International Financial Reporting Interpretations Committee ("IFRIC"). These consolidated financial statements were approved and authorized for issuance by the Board of Directors on April 26, 2022.

Basis of presentation

The consolidated financial statements have been prepared on a historical cost basis except for some financial instruments that have been measured at fair value. In addition, these financial statements have been prepared using the accrual basis of accounting except for cash flow information.

Functional and presentation currency

These consolidated financial statements have been prepared in Canadian dollars ("CAD"), which is the functional and presentation currency of the Company. The functional currency of Copenhagen Minerals Inc. is the Danish krone and the functional currency of Vogogo Canada Inc., Crypto 205 Inc., 2700313 Ontario Inc. 2700311 Ontario Inc. is the Canadian dollar.

2. BASIS OF PRESENTATION (continued)

Consolidation

These consolidated financial statements include the financial statements of the Company and its wholly-owned subsidiaries. All intercompany transactions are eliminated on consolidation.

As of December 31, 2021, the Company had five wholly-owned subisidiaries: (i) Vogogo Canada Inc., (ii) Crypto 205 Inc. ("Crypto 205"), (iii) 2700313 Ontario Inc., (iv) 2700311 Ontario Inc., and (v) Copenhagen Minerals Inc.

3. SIGNIFICANT JUDGMENTS AND ESTIMATES

The preparation of the Company's consolidated financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts of assets, liabilities, revenue and expenses, and the disclosure of contingent assets and contingent liabilities at the end of the reporting period. However, uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in future periods. The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next fiscal year are described below. The Company based its assumptions and estimates on parameters available when the financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising beyond the control of the Company. Such changes are reflected in the assumptions when they occur.

The following are the estimates and assumptions that have been made in applying the Company's accounting policies that have the most significant effect on the amounts in the consolidated financial statements.

Business acquisitions

Classification of an acquisition as a business combination or an asset acquisition depends on whether the assets acquired constitute a business, which requires significant judgment. Whether an acquisition is classified as a business combination or asset acquisition can have a significant impact on the entries made on and after acquisition.

Income taxes

Uncertainties exist with respect to the interpretation of complex tax regulations, changes in tax laws, and the amount and timing of future taxable income. The Company has not recognized the value of any deferred tax assets in its statements of financial position.

The Company recognizes the tax benefit from an uncertain tax position only if it is more likely than not that the tax position will be sustained based on its technical merits. The Company measures and records the tax benefits from such a position based on the largest benefit that has a greater than 50% likelihood of being realized upon ultimate settlement. The Company's estimated liabilities related to these matters are adjusted in the period in which the uncertain tax position is effectively settled, the statute of limitations for examination expires or when additional information becomes available.

The Company's liability for unrecognized tax benefits requires the use of assumptions and significant judgment to estimate the exposures associated with its various filing positions. Although the Company believes that the judgments and estimates made are reasonable, actual results could differ and resulting adjustments could materially affect its effective income tax rate and income tax provision.

3. SIGNIFICANT JUDGMENTS AND ESTIMATES (continued)

Income taxes (continued)

The Company has earned Bitcoin from the commercial activity of Bitcoin mining. The Company has followed the published Canada Revenue Agency ("CRA") view that Bitcoin is a commodity and inventory of the business, the value of which is included in the calculation of taxable income from the business. Bitcoin is valued in accordance with Section 10 of the Income Tax Act. Revenue from Bitcoin mining is included in taxable income when the Bitcoin earned is sold or exchanged for cash or another asset. There is uncertainty regarding the taxation of cryptocurrency and the CRA may assess the Company differently from the position adopted. This could result in additional current taxes payable with equal offset to deferred tax expense.

Impairment of non-financial assets

Assets are deemed to be impaired when the carrying value exceeds its recoverable amount, which is the higher of its fair value less costs to sell and its value in use. These calculations are based on available data, other observable inputs and projections of cash flows, all of which are subject to estimates and assumptions. Recoverable amounts are also sensitive to assumptions about the future usefulness of in-process development and the related marketing rights.

Foreign currency translation

Within each entity, transactions in currencies other than the functional currency are recorded at the rates of exchange prevailing on dates of transactions. At the end of each reporting period, monetary assets and liabilities denominated in foreign currencies are translated to the functional currency at the exchange rate at that date. Foreign exchange differences arising on translation are recognized in profit or loss. Non-monetary assets and liabilities that are measured at historical cost are translated using the exchange rate at the date of the transaction.

Fair value measurement of equity instruments

The Company measures the cost of equity-settled transactions by reference to the fair value of the equity instruments at the date on which they are granted. Estimating fair value requires determining the most appropriate valuation model, which is dependent on the terms and conditions of the grant. This estimate also requires the determination of the most appropriate inputs to the valuation model including the expected life of the stock options and warrants, volatility and dividend yield, and making assumptions about them. The assumptions and models used for estimating fair value for stock options and warrants are disclosed in note 14.

Accounting for digital assets

At present, there is limited guidance in IFRS on the recognition and measurement of digital assets. Noted below are the key policies used to account for these assets.

Fair value of digital assets

Digital assets are measured at fair value using the quoted price on www.coinmarketcap.com ("Coin Market Cap"). Management considers this fair value to be a Level 2 input under IFRS 13 Fair Value Measurement fair value hierarchy as the price on this source represents an average of quoted prices on multiple digital currency exchanges. The digital assets are valued based on the closing price obtained from Coin Market Cap at the reporting period. The Company is relying on the data available at Coin Market Cap to be an accurate representation of the closing price for the different digital assets.

3. SIGNIFICANT JUDGMENTS AND ESTIMATES (continued)

Leases

In determining lease terms, the Company used its judgment to determine that the extension options were not significant. Furthermore, the Company does not believe the interest rate implicit in its leases can be readily determined. It therefore used its judgment to determine the incremental borrowing rate and use it as the discount rate to establish its lease liability.

For every lease, management makes a judgment to determine the appropriate lease term. Management considers all relevant facts and circumstances that create an economic incentive for the Company to exercise a renewal option or not to exercise a termination option, including, for example, investments in extensive leasehold improvements. The periods covered by the renewal options are included in the lease term only if management is reasonably certain it will renew the lease.

Management considers reasonable certainty to be a high threshold. Changes in the economic environment can have an impact on management's lease term assessments, and any changes in the estimates that management makes for lease terms could have a significant impact on the Company's consolidated statement of financial position and consolidated statement of profit or loss.

4. SIGNIFICANT ACCOUNTING POLICIES

Business acquisitions

Business combinations are accounted for using the acquisition method of accounting, whereby identifiable assets acquired and liabilities assumed are recorded at fair value as of the date of acquisition with the excess of the purchase price over such fair value recorded as goodwill. If a transaction does not meet the definition of a business combination as per IFRS standards, the transaction is recorded as an acquisition of an asset. Acquisition related costs are expensed as incurred.

Revenue recognition

Bitcoin mining

Revenue is comprised of the fair value of consideration received for the provision of services in the ordinary course of business. The Company derives its revenue through the receipt of Bitcoin in exchange for providing successful "mining" services to the blockchains corresponding to various Bitcoin. Mining is the process by which transactions are verified and added to a blockchain.

Revenue is recognized in accordance with IFRS 15, Revenue from Contracts with Customers. Bitcoin mining is the ordinary business activity of the Company and the consideration received meets the definition of revenue as income arising in the course of the Company's ordinary activities. The Company has determined that the substance of its mining activities is a service provision under the scope of IFRS 15 notwithstanding the lack of a formal contractual arrangement under which it provides such services as the services are provided through the blockchain protocol. Also, there is no collaboration arrangement within the blockchain and the Company's rights and obligations are implied by the customary business practices prevalent within the industry.

Revenue is recognized by the Company when payment, in the form of Bitcoin, is received for successful mining services rendered. Revenue earned from Bitcoin mining activities is recognized at the fair value of the Bitcoin received as consideration on the date of actual receipt. Fair value is measured using the closing price on Coin Market Cap on the date of receipt. During the year ended December 31, 2021, the Company recognized $nil (December 31, 2020 - $3,102,562) in revenue from discontinued Bitcoin mining operations.

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

Revenue recognition (continued)

Colocation services

During the year ended December 31, 2020, the Company earned colocation revenue from one customer at one of its mining facilities in exchange for hosting the customer's cryptocurrency mining equipment. Colocation revenue is recognized in profit or loss based on the consumption of electricity on a monthly basis.

Digital assets

Digital assets are generated from the Company's mining activities, which meet the definition of intangible assets in IAS 38 Intangible Assets as they are identifiable non-monetary assets without physical substance. They are initially recorded at cost and the revaluation method is used to measure the digital assets subsequently. Where digital assets are recognized as revenue, the fair value of the Bitcoin received is considered to be the cost of the digital assets. Under the revaluation method, increases in fair value are recorded in other comprehensive income, while decreases are recorded in profit or loss. The Company revalues its digital asset at the end of each of its three interim financial reporting periods and at its annual financial reporting period end date. There is no recycling of gains from other comprehensive income to profit or loss. However, to the extent that an increase in fair value reverses a previous decrease in fair value that has been recorded in profit or loss, that increase is recorded in profit or loss. Decreases in fair value that reverse gains previously recorded in other comprehensive income are recorded in other comprehensive income.

The Company obtains the equivalency rate of tradable digital assets to United States Dollars ("USD") from Coin Market Cap, a source that aggregates data from multiple exchanges and applies a methodology to determine the best quoted USD price on the date the digital assets were generated. The Company converts the price from USD to CAD based on the closing exchange rate on the date of asset generation. The equivalency rate obtained from Coin Market Cap represents a generally well recognized quoted price for tradeable digital assets, and this information and all related databases are accessible to the Company.

Equipment

Equipment is stated at cost, net of accumulated depreciation and/or accumulated impairment losses, if any. Such cost includes the cost of replacing component parts of the equipment and any expenditure required to make the equipment ready for use. Repairs and maintenance expenses are charged against income as incurred. Expenditures that extend the estimated life of an asset are capitalized.

Depreciation is provided annually on equipment at rates designed to charge the cost of the assets over their estimated useful lives, as follows:

Office equipment	5 years	straight-line

The asset's residual values, useful lives and methods of depreciation are reviewed at each fiscal year end and adjusted prospectively, if appropriate.

Exploration and evaluation expenditures

The Company expenses exploration and evaluation expenditures as incurred in mineral properties not commercially viable and technically feasible. Exploration and evaluation expenditures include acquisition costs of mineral properties, property option payments and evaluation activities. Once a project has been established as commercially viable and technically feasible, related development expenditures are capitalized. Development costs include costs incurred in preparing the site for mining operations. Capitalization ceases when the mine is capable of commercial production.

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial instruments

Financial instruments are accounted for in accordance with IFRS 9, "Financial Instruments: Classification and Measurement". A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

Financial assets

On initial recognition, financial assets are recognized at fair value and are subsequently classified and measured at: (i) amortized cost; (ii) fair value through other comprehensive income ("FVOCI"); or (iii) fair value through profit or loss ("FVTPL"). The classification of financial assets is generally based on the business model in which a financial asset is managed and its contractual cash flow characteristics. A financial asset is measured at fair value net of transaction costs that are directly attributable to its acquisition except for financial assets at FVTPL where transaction costs are expensed.

All financial assets not classified and measured at amortized cost or FVOCI are measured at FVTPL. On initial recognition of an equity instrument that is not held for trading, the Company may irrevocably elect to present subsequent changes in the investment's fair value in other comprehensive income.

The Company derecognizes financial assets only when the contractual rights to cash flows from the financial assets expire, or when it transfers the financial assets and substantially all of the associated risks and rewards of ownership to another entity.

The classification determines the method by which the financial assets are carried on the statement of financial position subsequent to inception and how changes in value are recorded. Cash is measured at FVTPL.

Impairment of financial assets

IFRS 9 uses the expected credit loss ("ECL") model. The credit loss model groups receivables based on similar credit risk characteristics and days past due in order to estimate bad debts. The ECL model applies to the Company's receivables.

An 'expected credit loss' impairment model applies that requires a loss allowance to be recognized based on expected credit losses. The estimated present value of future cash flows associated with the asset is determined and an impairment loss is recognized for the difference between this amount and the carrying amount as follows: the carrying amount of the asset is reduced to estimated present value of the future cash flows associated with the asset, discounted at the financial asset's original effective interest rate, either directly or through the use of an allowance account, and the resulting loss is recognized in profit or loss for the period.

In a subsequent period, if the amount of the impairment loss related to financial assets measured at amortized cost decreases, the previously recognized impairment loss is reversed through profit or loss to the extent that the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortized cost would have been had the impairment not been recognized.

Financial liabilities

Financial liabilities are designated as either: (i) fair value through profit or loss; or (ii) other financial liabilities. All financial liabilities are classified and subsequently measured at amortized cost except for financial liabilities at FVTPL. The classification determines the method by which the financial liabilities are carried on the statement of financial position subsequent to inception and how changes in value are recorded. Accounts payable are classified under other financial liabilities and carried at amortized cost.

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial instruments (continued)

Financial liabilities (continued)

The Company derecognizes a financial liability when its contractual obligations are discharged or cancelled, or expire. The Company also derecognizes a financial liability when the terms of the liability are modified such that the terms and/or cash flows of the modified instrument are substantially different, in which case a new financial liability based on the modified terms is recognized at fair value.

Gains and losses on derecognition are generally recognized in profit or loss.

Restoration, rehabilitation and environmental obligations

A legal or constructive obligation to incur restoration, rehabilitation and environmental costs may arise when environmental disturbance is caused by the Company's exploration and evaluation activities. Discount rates using a pretax rate that reflects the risk and the time value of money are used to calculate the net present value. These costs are charged against profit or loss as exploration and evaluation expenditures and the related liability is adjusted for each period for the unwinding of the discount rate and for changes to the current market-based discount rate, amount or timing of the underlying cash flows needed to settle the obligation.

The Company has no restoration, rehabilitation and environmental provisions recorded as at December 31, 2021 and 2020.

Provisions

A provision is recognized when the Company has a present legal or constructive obligation as a result of a past event, it is probable that an outflow of economic benefits will be required to settle the obligation, and the amount of the obligation can be reliably estimated. If the effect is material, provisions are determined by discounting the expected future cash flows to present value using a pre-tax rate.

Earnings/Loss per share

The calculation of earnings/loss per common share is based on the reported net income or loss divided by the weighted average number of shares outstanding during the period. Diluted earnings/loss per share is calculated on the treasury stock basis. Where potentially dilutive equity instruments are antidilutive, basic and diluted earnings/loss per share are the same.

Share issue costs

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

Share-based transactions

Equity-settled share-based payment transactions with parties other than employees are measured at the fair value of the goods or services received, except where that fair value cannot be estimated reliably, in which case they are measured at the fair value of the equity instruments granted on the date the entity obtains the goods or the counterparty renders the service.

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

Income taxes

The Company is in the business of mining for digital assets in a commercial manner. The income from the business is included in determining taxable income for the period. Revenue from digital assets mining is included in taxable income when the digital assets earned are sold or exchanged for cash or another asset. The digital assets held at period end are treated as a commodity and valued pursuant to section 10 of the Income Tax Act.

Income tax expense consists of current and deferred tax expenses. Current and deferred taxes are recognized in profit or loss except to the extent that they relate to items recognized directly in equity or other comprehensive income.

Current income tax

Current income tax is measured as the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amounts are those that are enacted or substantively enacted at the reporting date.

Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

Deferred income tax

Deferred tax is recognized on any temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable income.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable income will be available to allow all or part of the deferred tax assets to be utilized. Unrecognized deferred tax assets are reassessed at each reporting date and are recognized to the extent that it has become probable that future taxable income will allow the deferred tax assets to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period when the asset is realized or the liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted at the reporting date.

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

Leases

The Company leases property. As is permitted under IFRS 16, the Company elected to expense its short-term leases (term of 12 months or less), and leases of low-value assets, such as computer equipment, on a straight-line basis over the lease term.

For its other contracts, the Company assesses whether its new or amended contracts contain a lease. A lease represents the right to control the use of an identified asset for a period of time in exchange for consideration. To determine whether a contract conveys the right to control the use of an identified asset, the Company assesses the following:

- Is the identified asset directly or indirectly specified in the contract, or does it represent substantially all of the capacity of an asset that is physically distinct?
- Does the right of use cover substantially all of the economic benefits from use of the identified asset for a period of time?

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

Leases (continued)

- Does the Company have the right to direct the use of the identified asset? In cases where the use is predetermined, does the Company operate the asset or did the Company design the asset in a way that predetermines how and for what purpose the asset will be used?

When a lease is identified, the Company allocates the consideration in the contract to each of the lease components, separately from the non-lease components, on the basis of their relative stand-alone price. However, as is permitted under IFRS 16, the Company elected to account for all contracts of land and buildings it occupies as leases.

A right-of-use asset (a “lease asset”) and a lease liability are recognized in the statement of financial position at the lease commencement date.

Lease asset

A lease asset is initially recognized at cost, which comprises the amount of the initial measurement of the lease liability, adjusted for any lease payments made or any lease incentives received at or before the commencement date, plus any initial direct costs incurred by the Company and an estimate of costs to be incurred in dismantling, removing or restoring the asset or site, as required by the terms and conditions of the lease.

The lease asset is subsequently depreciated on a straight-line basis from the commencement date to the earlier of the end of the useful life of the lease asset or the end of the lease term.

Lease liability

A lease liability is initially measured at the present value of the lease payments that are not paid at that date using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Company uses its incremental borrowing rate, which is generally the case. The lease payments comprise the following: fixed payments; variable lease payments that depend on an index or a rate, using the index or rate as at the commencement date; an estimate of the amounts to be payable under residual value guarantees; as well as amounts the Company is reasonably certain to pay as the exercise price of a purchase or extension option, or as a penalty to exercise a termination option.

The lease liability is subsequently remeasured at amortized cost using the effective interest method.

When there is a change in lease payments resulting from a change in an index or a rate or a change in an estimated amount, the amount of such an adjustment is offset in the unamortized cost of the lease asset or reported in the consolidated statement of profit or loss when the lease asset is fully impaired.

New standards issued not yet effective

IAS 1 – Presentation of Financial Statements (“IAS 1”) was amended in January 2020 to provide a more general approach to the classification of liabilities under IAS 1 based on the contractual arrangements in place at the reporting date. The amendments clarify that the classification of liabilities as current or non-current is based solely on a company’s right to defer settlement at the reporting date. The right needs to be unconditional and must have substance. The amendments also clarify that the transfer of a company’s own equity instruments is regarded as settlement of a liability, unless it results from the exercise of a conversion option meeting the definition of an equity instrument. The amendments are effective for annual periods beginning on January 1, 2023.

(Expressed in Canadian Dollars)

5. PREPAID EXPENSES AND DEPOSITS

		As at December 31, 2021		As at December 31, 2020
Prepaid expenses	**$**	**27,044**	$	54,582
Vendor deposits		**15,996**		15,996
	$	**43,040**	$	70,578
Current	**$**	**43,040**	$	54,582
Non-current		**-**		15,996
	$	**43,040**	$	70,578

Included in the non-current portion of prepaid expenses and deposits as at December 31, 2021, are security deposits for rent of $nil (December 31, 2020 – $15,996).

6. MARKETABLE SECURITIES

On April 8, 2020, the Company received 15,000,000 common shares of HIVE Blockchain Technologies Ltd. ("Hive") as partial consideration for the sale of its subsidiary 9376-9974 Quebec Inc. (note 7).

The following table reflects the movement in marketable securities as at December 31, 2020:

Balance, January 1, 2020	**$**	**-**
Hive consideration shares received		3,000,000
Proceeds from disposition		(7,306,458)
Realized gain		4,306,458
Balance, December 31, 2020	**$**	**-**

(Expressed in Canadian Dollars)

7. DISCONTINUED OPERATIONS AND SALE OF SUBSIDIARY

The Company evaluated the cryptocurrency mining business and decided to divest of its crypto assets.

The following is a summary of the financial performance and cash flow information from discontinued operations:

	Year ended December 31, 2021	Year ended December 31, 2020
Revenue		
Digital assets mined	**$ -**	$ 3,102,562
Colocation revenue	-	1,717,114
Cost of revenue		
Site operating costs	-	(4,205,727)
Net mining income	**-**	613,949
Expenses		
Fair value gain on re-measurement of digital assets	-	(79,916)
	-	(79,916)
Other income (loss)		
Loss on sale of equipment	**-**	(1,706,948)
Loss on sale of subsidiary	-	(646,331)
Sales tax recovered	-	27,657
Gain on lease modification	-	220,399
Interest expense	-	(149,866)
Net income from discontinued operations	**$ -**	$ (1,561,224)

	Year ended December 31, 2021	Year ended December 31, 2020
Net cash provided by operating activities	**$ -**	$ 2,210,537
Net cash used in financing activities	-	(2,766,493)
Net cash used in divesting activities	$ -	$ (79,686)

On April 8, 2020, the Company sold the shares of its wholly-owned subsidiary 9376-9974 Quebec Inc. to Hive Blockchain Technologies Ltd. ("Hive"). As consideration, Hive issued 15,000,000 of its common shares (“Hive Shares”) at $0.20 per share for $3,000,000 of consideration and paid $1,956,231 in cash. Thirty days after closing of the transaction, the Company settled $221,916 in working capital adjustment to Hive for net cash proceeds of $1,734,315.

The following table shows the loss on sale of the subsidiary:

	As at April 8, 2020
Consideration received:	
Cash	$ 1,734,315
Marketable securities	3,000,000
Total disposal consideration	**4,734,315**
Carrying amount of net assets sold	(5,380,646)
Loss on sale of subsidiary	**$ (646,331)**

(Expressed in Canadian Dollars)

8. RIGHT-OF-USE ASSETS

Cost		Buildings
Balance, December 31, 2019 and December 31, 2020	**$**	**335,758**
Write-off		(335,758)
Balance, December 31, 2021	**$**	**-**

Accumulated Amortization		Buildings
Balance, December 31, 2019	**$**	**71,948**
Depreciation		71,948
Balance, December 31, 2020	**$**	**143,896**
Depreciation		71,948
Write-off		(215,844)
Balance, December 31, 2021	**$**	**-**

Net Book Value		
Balance, December 31, 2020	**$**	**191,862**
Balance, December 31, 2021	**$**	**-**

9. EQUIPMENT

Cost		Office Equipment
Balance, December 31, 2019 and December 31, 2020	**$**	**73,883**
Addition		2,050
Disposal		(8,202)
Write-off		(65,681)
Balance, December 31, 2021	**$**	**2,050**

Accumulated Amortization		Office Equipment
Balance, December 31, 2019	**$**	**19,815**
Amortization		14,777
Balance, December 31, 2020	**$**	**34,592**
Amortization		3,372
Disposal		(3,903)
Write-off		(33,973)
Balance, December 31, 2021	**$**	**88**

Net Book Value		
Balance, December 31, 2020	**$**	**39,291**
Balance, December 31, 2021	**$**	**1,962**

(Expressed in Canadian Dollars)

10. LEASE OBLIGATIONS

The following table details the movement in the Company's lease liability:

Balance, December 31, 2019	**$**	**243,259**
Interest expense		23,552
Lease payments		(130,626)
Balance, December 31, 2020	**$**	**136,185**
Interest expense		10,309
Lease payments		(131,929)
Balance, December 31, 2021	**$**	**14,565**
Less: current portion		(14,565)
Non-current portion	**$**	**-**

The maturity analysis of the undiscounted contractual balances of the lease liabilities is as follows:

Balance, December 31, 2021		
Less than one year	$	21,536
Total undiscounted lease obligation		21,536
Amount representing implicit interest		(6,971)
Lease liabilities	**$**	**14,565**

11. CONVERTIBLE DEBENTURE

On March 13, 2020, the Company received approval to amend the terms of the debenture indenture between the Company and AST Trust Company (Canada) (the "Trustee") dated June 21, 2018. The Company and the Trustee entered into a supplemental indenture on March 13, 2020, effecting the amendments set out in the extraordinary resolution. In accordance with the debenture indenture, as amended by the supplemental indenture, the Corporation could force the conversion of the entire principal amount of the debentures and all accrued but unpaid interest at the conversion price ("Conversion Price") at any time, upon giving debenture holders 10 days' advance written notice. The modification of the conversion price and the ability for the Company to force conversion of the senior unsecured extendible non-redeemable convertible debentures ("Convertible Debentures") resulted in an extinguishment of the Convertible Debentures. On extinguishment, the fair value of the Convertible Debentures and accrued interest was determined to be $8,763,000 as determined by the market price of the Company's shares. On the extinguishment date, the Company determined that the Convertible Debentures met equity classification and recorded the fair value of $8,763,000 in contributed surplus. The carrying value of the Convertible Debentures and accrued interest on the date of extinguishment was $33,538,610 which resulted in a gain on extinguishment of the Convertible Debentures of $24,775,610 recorded in the consolidated statements of income (loss) and comprehensive income (loss) for the year ended December 31, 2020.

(Expressed in Canadian Dollars)

12. ACQUISITION OF COPENHAGEN MINERALS INC.

In January 2021, the Company and Greenland Resources Inc. ("Greenland") entered into a Share Purchase Agreement (the "Agreement"). In May 2021, the Agreement was amended whereby the Company acquired all of the issued and outstanding shares of Copenhagen Minerals Inc., a subsidiary of Greenland, with a cash payment of $250,000 and the issuance of 37,600,000 common shares of the Company.

At the time of the acquisition, Copenhagen Minerals Inc. was a non-operating entity and did not meet the definition of a business under IFRS 3, and the acquisition was accounted for as an asset acquisition. The consideration was determined as an equity-settled share-based payment under IFRS 2.

The acquisition has been measured using the fair value of the consideration transferred.

The total consideration is set out as follows:

Consideration	
Issuance of 37,600,000 common shares (i)	$ 12,408,000
Cash	250,000
Total Consideration	**$ 12,658,000**

(i) The common shares issued were valued at a price of $0.33 per share based on its trade price at the date of acquisition.

The Company also recorded acquisition related costs of $115,956 incurred in connection with the acquisition.

13. SHARE CAPITAL

(a) Authorized share capital

The authorized share capital consists of an unlimited number of common shares.

(b) Common shares issued

During the year ended December 31, 2021:

On May 28, 2021, the Company issued 37,600,000 common shares of the Company as partial consideration for acquiring all of the issued and outstanding shares of Copenhagen Minerals Inc. (note 12).

During the year ended December 31, 2020:

On June 30, 2020, the Company elected to force conversion of the Convertible Debentures with a principal balance of $34,500,000 and accrued interest of $1,380,000 into 35,879,991 common shares of the Company. On conversion the equity value of $8,763,000 was transferred from contributed surplus to share capital. No fractional common shares were issued and any fractions of a Common Share were rounded down to the nearest whole number of common shares.

(Expressed in Canadian Dollars)

14. STOCK OPTIONS

The Company has a stock option plan ("the Plan") under which the Board of Directors may grant to directors, officers, employees and technical consultants to the Company non-transferable options to purchase common shares, exercisable for a period of up to 5 years from the date of grant.

The following table reflects the continuity of stock options for the years presented:

	Number of Options	Weighted Average Exercise Price
Balance, December 31, 2019	**216,667**	**$ 1.95**
Granted	4,600,000	0.27
Expired	(216,667)	1.95
Balance, December 31, 2020	**4,600,000**	**$ 0.27**
Granted	4,000,000	0.20
Balance, December 31, 2021	**8,600,000**	**$ 0.24**

The Company had the following stock options outstanding as of December 31, 2021:

Number of Options	Exercisable	Exercise Price	Weighted Average Remaining Contractual Life (years)	Expiry Date
4,600,000	3,066,667	$0.27	3.81	October 20, 2025
4,000,000	4,000,000	$0.20	4.48	June 24, 2026
8,600,000	**7,066,667**	**$0.24**	**4.12**	

On October 20, 2020, the Company granted 4,600,000 options to various consultants and directors exercisable for one common share each at a price of $0.27 per share for a period of five years. The options vest 33.33% on the grant date and 33.33% every 6 months therefore over a one-year period.

On June 25, 2021, the Company granted 4,000,000 stock options to directors and an officer of the Company exercisable for one common share each at a price of $0.20 per share for a period of five years. All options granted vested and became exercisable immediately on the grant date.

The weighted average fair value of 4,000,000 options granted in the year ended December 31, 2021 (December 31, 2020 - 4,600,000 options) was estimated at $0.16 (December 31, 2020 - $0.17) by using the Black-Scholes option pricing model with the following weighted average assumptions:

	Year ended December 31, 2021	Year ended December 31, 2020
Share price	**$0.20**	$0.27
Risk-free interest rate	**0.97%**	0.25%
Dividend yield	**0%**	0%
Volatility	**119.64%**	100.00%
Expected life	**5 years**	3 years

During the year ended December 31, 2021, the Company recorded stock-based compensation expense of $1,015,034 (December 31, 2020 – $308,259) with an offsetting increase to contributed surplus in respect of the stock options granted.

(Expressed in Canadian Dollars)

15. WARRANTS

The following table reflects the continuity of stock options for the years presented:

	Number of Warrants	Weighted Average Exercise Price
Balance, December 31, 2019	**1,150,000**	**$ 21.00**
Expired	(1,150,000)	21.00
Balance, December 31, 2020 and December 31, 2021	**-**	**$ -**

During the year ended December 31, 2020, a total of 1,150,000 warrants expired. On the expiry of 1,150,000 warrants, the value of $1,606,933 originally allocated to warrants was reallocated to contributed surplus.

16. NET (LOSS) EARNINGS PER COMMON SHARE

The calculation of basic and diluted loss per share for the year ended December 31, 2021 was based on the loss attributable to common shareholders of $15,573,506 (December 31, 2020 - income of $22,002,353) and the weighted average number of common shares outstanding of 70,953,135 (December 31, 2020 - 30,757,199). Diluted (loss) earnings per share did not include the effect of options for the years December 31, 2021 and 2020.

The calculation of basic and diluted loss per share from continuing operations for the year ended December 31, 2021 was based on the loss before discontinuing operations attributable to common shareholders of $15,573,506 (December 31, 2020 - income of $23,563,577) and the weighted average number of common shares outstanding of 70,953,135 (December 31, 2020 - 30,757,199). Diluted (loss) earnings per share from continuing operations did not include the effect of options for the years December 31, 2021 and 2020.

17. EXPLORATION AND EVALUATION EXPENDITURES

As of December 31, 2021, the Company owns a 100% legal and beneficial interest in two mineral exploration licenses and one prospecting license in Greenland known as the Storø Gold Project.

Below is the summary of exploration and evaluation expenditures:

	Year ended December 31, 2021	Year ended December 31, 2020
Storø Gold Project		
Acquisition costs	**$ 12,658,000**	$ -
	$ 12,658,000	$ -

18. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

The Company is exposed to various risks including market risk, liquidity risk.

The nature and extent of the financial instruments outstanding at the reporting date, and the risk management policies employed by the Company, are discussed below.

Interest rate risk

Interest rate risk is the risk that changes in interest rates will impact the cash flows of the Company. As at December 31, 2021, the Company is not exposed to any interest rate risk.

Currency risk

Currency risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates.

Currency risk arises from financial instruments (including cash) that are denominated in a currency other than Canadian dollars, which is the functional currency of the Company.

The table below indicates the foreign currencies to which the Company has exposure at December 31, 2021 in Canadian dollar terms:

	USD
Cash	$ 59

The table below details the effect on earnings before tax of a 10% strengthening or weakening of the CAD exchange rate at the balance sheet date for balance sheet items denominated in USD:

Currency	**10% Stregthening (weakening)**
USD	$ 6

Credit risk

Credit risk is the risk that the counterparty to a financial instrument will fail to discharge an obligation or commitment that it has entered into with the Company. Cash is managed through the use of a major bank which is a high credit quality financial institution as determined by rating agencies.

Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company has cash of $5,692,396 and has positive working capital of $5,655,453 in order to manage its liquidity risk. All of the Company's liabilities are due within the next twelve months.

(Expressed in Canadian Dollars)

18. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (continued)

Fair Value Hierarchy

Fair value measurements are classified using a fair value hierarchy that reflects the significance of inputs used in making the measurements. The hierarchy is summarized as follows:

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

The Company determined that the carrying values of its short-term financial assets and liabilities approximate the corresponding fair values because of the relatively short periods to maturity of these instruments and the low credit risk.

The following table illustrates the classification of the Company's financial instruments recorded at fair value within the fair value hierarchy as at December 31, 2021:

December 31, 2021	Level 1	Level 2	Level 3	Total
Cash	$ 5,692,396	$ -	$ -	$ 5,692,396

19. CAPITAL MANAGEMENT

The Company manages its capital to maintain its ability to continue as a going concern and to provide returns to shareholders and benefits to other stakeholders. The capital structure of the Company consists of equity comprised of issued share capital, warrants, and stock options. The Company manages its capital structure and makes adjustments to it in light of economic conditions. The Company, upon approval from its Board of Directors, will balance its overall capital structure through new share issues or by undertaking other activities as deemed appropriate under the specific circumstances. The Company is not subject to externally imposed capital requirements and the Company’s overall strategy with respect to capital risk management remains unchanged from the year ended December 31, 2020.

20. EXPENSES CLASSIFIED BY NATURE

Expenses are classified by function on the statement of (loss) income and comprehensive (loss) income and are comprised of general and administrative. Below is a breakdown of general and administrative expenses:

	Year ended December 31, 2021	Year ended December 31, 2020
General and administrative		
Office and administrative	**$ 248,680**	$ 296,199
Legal and professional fees	**253,384**	446,112
Consulting fees (note 21)	**679,318**	276,280
Travel and entertainment	**364**	76,727
Depreciation	**75,320**	86,725
Salaries (note 21)	**450,458**	1,822,614
Sales tax expense	**153,434**	-
	$ 1,860,958	$ 3,004,657

(Expressed in Canadian Dollars)

21. RELATED-PARTY BALANCES AND TRANSACTIONS

The key management personnel of the Company are certain members of the Company's executive management team and the Board of Directors.

The compensation of such key management for the years ended December 31, 2021 and 2020 included the following:

	Year ended December 31, 2021	Year ended December 31, 2020
Salaries, consulting and director remuneration	**$ 901,051**	$ 1,691,233
Stock-based compensation expense - directors and officers	**1,015,034**	308,259
	$ 1,916,085	$ 1,999,492

As at December 31, 2021, included in accounts payable and accrued liabilities was $61,996 (December 31, 2020 – $858) of payments owed to key management personnel.

22. ALLOWANCE ON SALES TAX RECEIVABLE

As at December 31, 2021, the Company recorded an allowance of $127,941 (December 31, 2020 - $158,915) for sales tax receivable.

23. INCOME TAX

Income tax expense

A reconciliation between income tax expense and the product of accounting profit multiplied by the Company's domestic tax rate is provided below:

	Year ended December 31, 2021	Year ended December 31, 2020
(Loss) income before income taxes	**$ (15,573,506)**	$ 23,563,577
Statutory tax rate	**26.5 %**	26.5 %
Statutory income tax (recovery) expense	**(4,126,979)**	6,244,348
Difference in foreign tax rates	**(4,570)**	-
Permanent differences	**269,005**	(6,116,075)
Temporary differences	**-**	(804,635)
Tax benefits not recognized/previously unrecognized	**3,862,544**	676,362
Income tax recovery	**$ -**	$ -

(Expressed in Canadian Dollars)

23. INCOME TAX (continued)

Unrecognized deferred tax assets

Deferred tax assets are recognized for the carry-forward or unused tax losses and unused tax credits to the extent that it is probable that taxable profits will be available against which the unused tax losses/credits can be utilized. The following represent the deductible temporary differences which have not been recognized in the financial statements:

Canada	As at December 31, 2021	As at December 31, 2020
Share issue costs	**$ 494,040**	$ 802,550
Loss carry-forward Canada	**39,933,989**	37,590,327
Exploration and evaluation assets	**14,058,000**	-
Equipment and lease obligation	**85,124**	34,592
	$ 54,571,153	$ 38,427,469

Non-capital losses

The following table summarizes the Company's non-capital losses that can be applied against future taxable profit:

Country	Amount	Expiry Date
Canada	$39,818,958	2030 - 2041