GEOLOGICA RESOURCE CORP.

CONDENSED INTERIM FINANCIAL STATEMENTS

FOR THE PERIOD ENDED March 31, 2022 and 2021

(Unaudited – Prepared by Management)

Geologica Resource Corp.

Condensed Interim Financial Statements

Period ended March 31, 2022 and 2021

(Unaudited - prepared by management)

In accordance with National Instrument 51-102 released by the Canadian Securities Administrators, the Company discloses that its external auditors have not reviewed the interim financial statements for the period ended March 31, 2022.

GEOLOGICA RESOURCE CORP.

CONDENSED INTERIM STATEMENTS OF FINANCIAL POSITION

(Expressed in Canadian Dollars)

		As at March 31, 2022		As at December 31, 2021
ASSETS				
Current				
Cash	$	5,173	$	73,019
Advances		7,029		6,717
GST receivable		7,543		5,672
Prepaid expenses		22,000		37,000
		41,745		122,408
Non-Current				
Exploration and evaluation assets (Note 3)		69,976		69,976
		111,721		192,384
LIABILITIES				
Current				
Accounts payable and accrued liabilities		27,751		83,425
Loans payable (Note 4)		46,286		44,438
Due to related parties (Note 6)		99,606		84,765
		173,643		212,628
Non-Current				
Loans payable (Note 4)		66,268		65,367
		239,911		277,995
SHAREHOLDERS' DEFICIENCY				
Share capital (Note 7)		1,696,489		1,696,489
Contributed surplus (Note 7)		514,277		514,277
Equity component of convertible debt (Note 5)		12,572		12,572
Deficit		(2,351,528)		(2,308,949)
Total deficiency		(128,190)		(85,611)
	$	111,721	$	192,384

Nature and continuance of operations (Note 1)
Commitment (Note 11)
Subsequent events (Note 12)

Approved by the directors:

"Doug Unwin" *"Derick Sinclair"*

GEOLOGICA RESOURCE CORP.

CONDENSED INTERIM STATEMENTS OF LOSS AND COMPREHENSIVE LOSS

(Expressed in Canadian Dollars)

		Three Months Ended March 31, 2022		Three Months Ended March 31, 2021
Expenses:				
Accounting and audit fees (Note 6)	$	2,500	$	500
Consulting fees (Note 6)		3,000		4,000
Exploration costs		500		-
Finance fees (Note 4)		773		-
Interest and bank charges (Note 4, Note 5)		2,668		6,010
Legal fees		4,286		3,075
Management fees (Note 6)		15,000		5,000
Office and administration		2,102		711
Transfer agent and filing fees		11,750		4,831
Total expenses		(42,579)		(24,127)
Loss on repayment of convertible debt (Note 5)		-		(6,540)
Net loss and comprehensive loss for the period	$	(42,579)	$	(30,667)
Loss per share – Basic and diluted*	$	(0.00)	$	(0.00)
Weighted average number of common shares outstanding*		12,389,252		6,959,576

***Post 1:2.5 share consolidation (Note 7)**

GEOLOGICA RESOURCE CORP.

CONDENSED INTERIM STATEMENTS OF CASH FLOWS

(Expressed in Canadian Dollars)

	Three Months Ended March 31, 2022	Three Months Ended March 31, 2021
Operating Activities		
Net loss for the period	$ (42,579)	$ (30,667)
Items not involving cash:		
Accrued interest and accretion on long-term debt	1,977	5,624
Loss on repayment of convertible debt	772	6,540
	(39,830)	(18,503)
Changes in non-cash working capital item related to operations:		
Advances	(312)	(352)
GST receivable	(1,871)	(3,899)
Prepaid expenses	15,000	(30,858)
Accounts payable and accrued liabilities	(55,675)	(17,009)
Cash used in operating activities	(82,688)	(70,621)
Investing Activities		
Investment in exploration and evaluation assets	-	(17,286)
Cash used in investing activities	-	(17,286)
Financing Activities		
Proceeds from issuance of common shares	-	66,130
Share issuance costs	-	(10,000)
Issuance of convertible notes	-	130,000
Payment of loans payable	-	(8,400)
Payment of convertible notes	-	(71,584)
Change in due to related parties	14,842	(3,544)
Cash provided by financing activities	14,842	102,602
Increase (decrease) in cash during the period	(67,846)	14,695
Cash, beginning of the period	73,019	24,001
Cash, end of the period	$ 5,173	$ 38,696
Cash paid for:		
Interest	$ 331	$ 15,003
Income taxes	$ -	$ -

Significant non-cash investing and financing transactions (Note 10)

GEOLOGICA RESOURCE CORP.
CONDENSED INTERIM STATEMENTS
OF CHANGES IN SHAREHOLDERS' EQUITY (DEFICIENCY)
(Expressed in Canadian dollars)

	Number of Shares*	Share Capital $	Subscriptions Received $	Contributed Surplus $	Equity component of convertible debt $	Deficit $	Total $
Balance, December 31, 2020	5,111,752	1,296,597	10,000	492,328	12,572	(2,063,223)	(251,726)
Shares issued for cash	661,300	45,959	-	20,171	-	-	66,130
Shares issued for debt settlement	205,000	20,500	(10,000)	-	-	-	10,500
Conversion of convertible debt	4,674,000	197,651	-	-	-	-	197,651
Share issuance costs	-	(10,000)	-	-	-	-	(10,000)
Broker warrants	-	(1,778)	-	1,778	-	-	-
Loss for the period	-	-	-	-	-	(30,667)	(30,667)
Balance, March 31, 2021	10,652,052	1,548,929	-	514,277	12,572	(2,093,890)	(18,112)

	Number of Shares*	Share Capital $	Subscriptions Received $	Contributed Surplus $	Equity component of convertible debt $	Deficit $	Total $
Balance, December 31, 2021	12,389,252	1,696,489	-	514,277	12,572	(2,308,949)	(85,611)
Loss for the period	-	-	-	-	-	(42,579)	(42,579)
Balance, March 31, 2022	12,389,252	1,696,489	-	514,277	12,572	(2,351,528)	(128,190)

***Post 1:2.5 share consolidation (Note 7)**

1. Nature and Continuance of Operations

Geologica Resource Corp. (the "Company") was incorporated on March 6, 2016 under the BC Business Corporations Act as a wholly-owned subsidiary of Pacific Therapeutics Inc. ("PT"), a public company the common shares of which trade on the Canadian Securities Exchange ("CSE"). The head office of the Company is located at 1735 – 555 Burrard St. Vancouver, BC V7X 1M9. The registered and records office of the Company is located at the same address. The Company was spun off from PT on October 13, 2016 by way of a plan of arrangement. Effective February 24, 2021, the Company changed its name from Cabbay Holdings Corp. to Geologica Resource Corp.

The Company's principal business activities are the exploration of natural resource properties. The recovery of the Company's investment in resource properties and related deferred expenditures is dependent upon the discovery of economically recoverable reserves, the ability of the Company to obtain necessary financing to develop the properties and establish future profitable production from the properties, or from the proceeds of their disposition. The Company has not earned any revenues to date and is in the exploration stage.

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

These unaudited condensed interim financial statements have been prepared on the going concern basis, which assumes that the Company will be able to realize its assets and discharge its liabilities in the normal course of business. As at March 31, 2022, the Company has no source of revenue and does not generate cash flows from operating activities. The Company had a net loss for the period ended March 31, 2022 of $42,579 (March 31, 2020: $30,667) and an accumulated deficit at March 31, 2022 of $2,351,528 (December 31, 2020: $2,308,949).

The Company expects to incur further losses in the development of its business. The Company's ability to continue as a going concern is dependent upon its ability to raise adequate funding through equity or debt financings to discharge its liabilities as they come due. Although the Company has been successful in the past in obtaining financing, there is no assurance that it will be able to obtain adequate financing in the future or that such financing will be on terms advantageous to the Company.

1. Nature and Continuance of Operations (continued)

To the date of this report, the spread of COVID-19 has severely impacted many local economies around the globe. In many countries, including Canada, businesses are being forced to cease or limit operations for long or indefinite periods of time. Measures taken to contain the spread of the virus, including travel bans, quarantines, social distancing, and closures of non-essential services have triggered significant disruptions to businesses worldwide, resulting in an economic lowdown. Global stock markets have also experienced great volatility and a significant weakening. Governments and central banks have responded with monetary and fiscal interventions to stabilize economic conditions. As at the date of this report, the Company has not been significantly impacted by the spread of COVID-19. The duration and impact of the COVID-19 pandemic, as well as the effectiveness of government and central bank responses, remains unclear at this time. It is not possible to reliably estimate the duration and severity of these consequences, as well as their impact on the financial position and results of the Company for future periods.

2. Statement of Compliance and Basis of Presentation

(a) Statement of Compliance and Basis of Preparation

These unaudited interim financial statements have been prepared in accordance with International Accounting Standard (“IAS”) 34, Interim Financial Reporting, International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and interpretations of the International Financial Reporting Interpretations Committee ("IFRIC"). These unaudited condensed interim financial statements have been prepared on an accrual basis and are based on historical costs, modified where applicable. The condensed interim financial statements are presented in Canadian dollars, which is the Company's functional currency.

The Company uses the same accounting policies and methods of computation as in the audited annual financial statements for the year ended December 31, 2021.

(b) Use of Estimates

The Company makes estimates and assumptions about the future that affect the reported amount of assets and liabilities. Estimates and judgements are continually evaluated based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. In the future, actual experience may differ from these estimates and assumptions.

The effect of a change in an accounting estimate is measured prospectively by including it in comprehensive income in the period of the change, if the change affects that period only, or in the period of the change and future periods, if the change affects both. Significant assumptions about the future and other sources of estimation uncertainty that management has made at the statement of financial position date, that could result in a material adjustment to the carrying amounts of assets and liabilities in the event that actual results differ from assumptions, relate to, but are not limited to, the following:

2. Statement of Compliance and Basis of Presentation (continued)

Estimates:

Share-based payments and compensation

The Company has applied estimates with respect to the valuation of shares issued for non-cash consideration. Shares are valued at the fair value of the equity instruments granted at the date the Company receives the goods or services.

The Company measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. Estimated fair value for share-based payment transactions requires determining the most appropriate valuation model, which is dependent on the terms and conditions of the grant. This estimate also requires determining the most appropriate inputs to the valuation model including the fair value of the underlying common shares, the expected life of the share option, volatility and dividend yield and making assumptions about them. The fair value of the underlying common shares is assessed as the most recent issuance price per common share for cash proceeds. The assumptions and models used for estimating fair value for share-based payment transactions are discussed in Note 7.

Deferred income tax

The assessment of the probability of future taxable income in which deferred tax assets can be utilized is based on the Company's estimates of future profits or losses adjusted for significant non-taxable income and expenses and specific limits to the use of any unused tax loss or credit. The tax rules in the jurisdictions in which the Company operates are also carefully taken into consideration. If a positive forecast of taxable income indicates the probable use of a deferred tax asset, especially when it can be utilized without a time limit, that deferred tax asset is usually recognized in full. The recognition of deferred tax assets that are subject to certain legal or economic limits or uncertainties is assessed individually by management based on the specific facts and circumstances.

Judgments:

Title to mineral property interests

Although the Company has taken steps to verify title to mineral properties in which it has an interest, these procedures do not guarantee the Company's title. Such properties may be subject to prior agreements or transfers and title may be affected by undetected defects.

2. Statement of Compliance and Basis of Presentation (continued)

Exploration and evaluation expenditures

The application of the Company's accounting policy for exploration and evaluation expenditures requires judgment in determining whether it is likely that future economic benefits will flow to the Company. That judgment may be based on assumptions about future events or circumstances. Estimates and assumptions made may change if new information becomes available. If, after an expenditure is capitalized, information becomes available suggesting that the recovery of the expenditure is unlikely, the amount capitalized is written off in profit or loss in the period the new information becomes available.

Going Concern

The assumption is that the Company is a going concern and will continue into the foreseeable future. The factors considered by management are disclosed in Note 1.

Contingent consideration

Probability that the Company will complete an initial public offering by August 20, 2022, as discussed in Note 4.

3. Exploration and Evaluation Assets

Topley Property option agreement

On October 19, 2020, the Company entered into an option agreement to earn a 100% interest in the Topley Copper-Gold Project in British Columbia. The agreement was amended on January 22, 2022 so that the first 500,000 shares are issuable on listing of the Company's shares.

In order to earn an interest in the property, the Company must make the following:

Cash payments:

- $5,000 on signing the agreement (paid)
- $50,000 by December 31, 2023

Share issuances:

- 500,000 on listing of the Company's shares
- 250,000 by December 31, 2022
- 250,000 by December 31, 2023

Exploration expenditures:

- $15,000 by November 7, 2020 (incurred)
- $25,000 by December 31, 2020 (incurred)
- 110,000 by September 30, 2022

3. Exploration and Evaluation Assets (continued)

The option is subject to a 2% Net Smelter Return royalty, of which 1% can be repurchased by the Company for $1,000,000.

On May 22, 2022, the agreement was amended to extend the date the Company must make the remaining exploration expenditures from May 30, 2022 to September 30, 2022.

<u>TAC Claims purchase and sale agreement</u>

On April 14, 2021, the Company entered into an agreement to purchase a 100% interest in a mineral property in British Columbia known as the TAC Claims. The property is strategically located within the Topley Copper-Gold project and adds 37.4 hectares to the Company's land position. On December 19, 2021, the agreement was amended so that the first 5,000 shares would be issued at a rate of $0.10 per share.

In order to earn an interest in the property, the Company must make the following:

Cash payment:

- $2,500 on signing the agreement (paid)

Share issuances:

- Shares valued at $5,000 by December 31, 2021 (issued 50,000 common shares)
- Shares valued at $10,000 by December 31, 2022
- Shares valued at $15,000 by December 31, 2023
- Shares valued at $20,000 by December 31, 2024.

The number of shares to be issued is calculated based on the 10-day average closing price of the Company's shares immediately preceding delivery of notice of the share issuance to the vendor.

		Topley Property
Balance December 31, 2020	$	31,426
Acquisition costs - cash		2,500
Acquisition costs - shares		5,000
Exploration costs		
Assay		29,194
Sampling		1,856
Balance December 31, 2021 and March 31, 2022	**$**	**69,976**

4. Loans Payable

Loans assumed from PT

		March 31, 2022		December 31, 2021
Non-interest bearing with no set repayment terms	$	35,623	$	35,623
Past due				
- Previously interest rate of 1% monthly, due September 30, 2022		7,951		7,951
Interest rate of 1% monthly, due November 18, 2023		59,732		57,194
	$	**103,306**	**$**	**100,768**

On November 18, 2021, the Company signed an agreement whereby the principal of the interest-bearing loan in the amount of $56,000 (December 31, 2021: $56,000) was extended and becomes due on November 18, 2023. The Company must pay a finance fee of $5,600 which is due at the same time as the principal. The loan accrues interest at 1% per month, payable quarterly. The unpaid interest accrued on the original loan remains due to the lender. The extension was accounted for as a modification of debt and the finance fee is amortized over the term of the loan.

Interest accrued at December 31, 2021 of $10,663 (December 31, 2021: $8,815) is past due and has been recorded as an increase to the loans payable balance.

Principal		
Balance, December 31, 2020	**$**	**91,623**
Amortization of deferred financing costs		330
Balance, December 31, 2021		**91,953**
Amortization of deferred financing costs		690
Balance, March 31, 2022	**$**	**92,643**
Interest		
Balance, December 31, 2020	**$**	**10,416**
Accrued		6,799
Paid		(8,400)
Balance, December 31, 2021		**8,815**
Accrued		1,848
Balance, March 31, 2022	**$**	**10,663**

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4. Loans Payable (continued)

Principal		
Balance, December 31, 2020	$	-
Issued		30,000
Adjustment for finance fee paid in shares		(3,000)
Amortization of deferred financing costs		2,037
Repayment		(20,000)
Balance, December 31, 2021	**$**	**9,037**
Amortization of deferred financing costs		82
Balance, March 31, 2022	**$**	**9,119**
Interest		
Balance, December 31, 2020	$	-
Accrued		900
Paid in shares		(900)
Balance, December 31, 2021		**-**
Accrued		129
Balance, March 31, 2022	**$**	**129**

On November 20, 2021, the Company issued promissory notes in the amount of $30,000 pursuant to a private placement. The notes bear interest at 12% annually and mature on November 20, 2024. The first three months of interest, equal to 3% of the principal, was paid in advance in common shares of the Company with a fair value of $0.10 per share. The holders were paid a finance fee equal to 10% of the principal in common shares with a fair value of $0.10 per share which is amortized over the term of the loan.

In the case that the Company cannot complete an initial public offering ("IPO") by August 20, 2022, the holders Company will issue additional notes to the holders for 10% of the value of the original notes ("Contingent Consideration"). The new notes will have the same terms as the original notes less the contingent consideration and administration fee. The Contingent Consideration has been accounted for under IAS 37 – Provisions, contingent liabilities and contingent assets. The condition that the Company would not complete an IPO by August 20, 2022 is not deemed to be probable, so no provision is recorded for the Contingent Consideration.

5. Convertible notes

Convertible notes due to related parties

	Due to the CEO and director	Due to the CFO and director	Due to a former director	Total
Principal				
Balance, December 31, 2020	$ 20,776	$ 18,066	$ 19,872	$ 58,714
Accretion	273	216	332	821
Payment	(22,981)	(20,000)	(23,094)	(66,075)
Loss on repayment	1,932	1,718	2,890	6,540
Balance, December 31, 2021 and March 31, 2022	**$ -**	**$ -**	**$ -**	**$ -**
Interest				
Balance, December 31, 2020	**$ 1,725**	**$ 1,500**	**$ 1,650**	**$ 4,875**
Accrued	211	167	256	634
Payment	(1,936)	(1,667)	(1,906)	(5,509)
Balance, December 31, 2021 and March 31, 2022	**$ -**	**$ -**	**$ -**	**$ -**
Equity component	**$ 4,448**	**$ 3,868**	**$ 4,256**	**$ 12,572**

The convertible notes due from related parties had a face value of $65,000, were payable on July 10, 2022, bore interest at 5% annually, and were convertible into common shares at the option of the holder at a conversion price of $0.25 per share.

The notes were separated into their liability and equity components by first valuing the liability component by discounting the cash flows and assigning the residual value to the equity component. The initial fair value of the debt component was recorded at $52,399 using a discount rate of 12%, and $12,572 was assigned to the equity component to account for the conversion feature. The debt component will be systematically accreted to its face value over the term of the notes by recording additional interest.

During the year ended December 31, 2021, the Company paid $71,584 to extinguish the notes. The Company recorded a loss of $6,540 on repayment related to the unamortized discount.

5. Convertible notes (continued)

Convertible debenture financings

a) Notes convertible at $0.025 per share

Principal		
Balance, December 31, 2020	$	35,000
Converted to shares		(35,000)
Balance, December 31, 2021 and March 31, 2022	**$**	-
Interest		
Balance, December 31, 2020	$	161
Accrued		889
Converted to shares		(1,050)
Balance, December 31, 2021 and March 31, 2022	**$**	**-**

On December 17, 2020, the company issued convertible notes in the amount of $35,000 pursuant to a private placement. Of that amount, $10,000 was issued to directors and family members of directors. The notes mature on December 17, 2023, bear interest at 12% annually, and convert into common shares at a conversion price of $0.025 per share automatically on completion of a 1 for 2.5 consolidation of the Company's shares.

At the time of issuance, the fair value of the liability component was determined to be equal to the $35,000 proceeds received. Accordingly, no amount has been allocated to the equity component. This was determined by first valuing the liability component by discounting the cash flows using a discount rate of 12% and assigning the residual value, if any, to the equity component.

On February 24, 2021, the Company completed a 1 for 2.5 share consolidation and the principal and accrued interest converted into 1,442,000 common shares (Note 7).

5. Convertible notes (continued)

b) Notes convertible at $0.05 per share

Principal		
Balance, December 31, 2020	$	-
Issued		154,883
Converted to shares		(154,883)
Balance, December 31, 2021 and March 31, 2022	**$**	**-**
Interest		
Balance, December 31, 2020	$	-
Accrued		1,601
Converted to shares		(1,601)
Balance, December 31, 2021 and March 31, 2022	**$**	**-**
Equity component		
Balance, December 31, 2020	$	-
Issued		5,117
Converted to shares		(5,117)
Balance, December 31, 2021 and March 31, 2022	**$**	**-**

On February 4, 2021, the company issued convertible notes in the amount of $160,000 pursuant to a private placement. Of that amount, $30,000 were subscriptions received prior to December 31, 2020. The notes matured on February 4, 2024, bore interest at 12% annually, and were convertible into common shares at a conversion price of $0.05 per share automatically on completion of a 1 for 2.5 consolidation of the Company's shares.

The notes were separated into their liability and equity components by first valuing the liability component by discounting the cash flows and assigning the residual value to the equity component. The initial fair value of the debt component was recorded at $154,883 using a discount rate of 12%, and $5,117 was assigned to the equity component to account for the conversion feature.

On February 24, 2021, the Company completed a 1 for 2.5 share consolidation and the principal and accrued interest converted into 3,232,000 common shares. The equity component was allocated to share capital on conversion (Note 7).

5. Convertible notes (continued)

In the case that the Company had not completed an IPO by November 3, 2021, the Company would issue additional notes to the note holders for 10% of the value of the original notes ("Contingent Consideration"). The new notes would have the same terms as the original notes less the Contingent Consideration. The Company did not complete an IPO by November 3, 2021 and as a result, the Company issued 323,000 common shares with a fair value of $0.05 per share as Contingent Consideration, representing 10% of the 3,232,000 common shares issued upon conversion of the notes. Accordingly, the Company recorded share capital in the amount of $16,160 in the year ended December 31, 2021.

6. Related Party Transactions

Transactions with related parties are as follows:

		March 31, 2022		March 31, 2021
Accounting fees to a Company controlled by the CFO and director	$	2,500	$	500
Consulting fees to the CFO and director		3,000		3,000
Management fees to the CEO and director		15,000		5,000
	$	20,500	$	8,500

Balance due to the CEO and director:

As of March 31, 2022, the Company has $28,743 (December 31, 2021: $16,902) owing to the CEO and director of the Company. The balance has no set terms of repayment and does not bear interest.

Balance due to the CFO and director:

As of March 31, 2022, the Company has $44,463 (December 31, 2021: $41,963) owing to a company controlled by the CFO and director, and $26,500 (December 31, 2021: $26,000) owing to that director. The amounts do not bear interest and has no set terms of repayment.

Balance due from former subsidiary:

As of March 31, 2022, the Company as $100 (December 31, 2021: $100) due from its former subsidiary, Alta-Sun. The amount does not bear interest and has no set terms of repayment.

7. Share Capital

The Company has authorized an unlimited amount of Class A common shares without par value. As at March 31, 2022, the Company has 12,389,252 (December 31, 2021: 12,389,252) common shares issued and outstanding.

Share consolidation

On February 24, 2021, the company completed a consolidation of its common shares on the basis of one post-consolidated share for every 2.5 pre-consolidated shares. The share consolidation was approved by the board on August 7, 2020. All references to share and per share amounts in these financial statements have been retroactively restated to reflect the share consolidation.

Financings

During the year ended December 31, 2021

On February 24, 2021, convertible notes in the amount of $36,050 were converted into 1,442,000 common shares at a conversion rate of $0.025 per share on completion of the 1 for 2.5 share consolidation. The convertible debentures were issued pursuant to a private placement on December 17, 2020 (Note 5).

On February 24, 2021, convertible notes in the amount of $161,600 were converted into 3,232,000 common shares at a conversion rate of $0.05 per share on completion of the 1 for 2.5 share consolidation. The convertible debentures were issued pursuant to a private placement on February 4, 2021. The Company paid a cash finder's fee of $10,000 and issued 200,000 broker warrants in relation to the financing (Note 5).

On March 30, 2021, the Company issued 661,300 units for proceeds of $66,130 pursuant to a private placement. Each unit consists of one common share and one warrant. Each warrant entitles the holder to purchase one common share at a price of $0.125 per share until March 29, 2026. The warrants were assigned a fair value of $20,171 using the residual value method.

On March 30, 2021, the Company settled accounts payable in the amount of $20,500 by issuance of 205,000 common shares. $10,000 of the amount was included in subscriptions received as of December 31, 2020.

On November 3, 2021, the Company issued 323,200 common shares at a conversion rate of $0.05 per share for total $16,160 as contingent consideration on convertible notes (Note 5).

On November 25, 2021, the Company issued 30,000 shares with a fair value of $3,000 as an administration fee on promissory notes. The Company also issued 9,000 shares with a fair value of $900 as advance interest on the notes (Note 4).

7. Share Capital (continued)

On December 16, 2021, the Company issued 1,325,000 flow-through shares for proceeds of $132,500 pursuant to a private placement. The Company recognized a flow-through premium liability in the amount of $Nil in connection with the financing. The Company paid a cash finder's fee of $10,000 in relation to the financing.

On December 20, 2021, the Company issued 50,000 common shares with a fair value of $5,000 on the acquisition of exploration and evaluation assets (Note 3).

Stock Options and Share Based Payments

As at March 31, 2022 and December 31, 2021, no stock options were outstanding and exercisable.

During the year ended December 31, 2021:

42,000 options held by directors and consultants were forfeited.

Stock option activity was as follows:

	Options outstanding	Exercise Price $
Balance, December 31, 2020	42,000	0.536
Forfeited	(42,000)	(0.536)
Balance, December 31, 2021 and March 31, 2022	-	-

The fair value of share-based awards is determined using the Black-Scholes Option Pricing Model. The model utilizes certain subjective assumptions including the expected life of the option and expected future stock price volatility. Changes in these assumptions can materially affect the estimated fair value of the Company's stock options.

Warrants

As at March 31, 2022 the following share purchase warrants were issued and outstanding:

Expiry Date	Exercise Price $	Warrants outstanding #
February 3, 2023	0.05	200,000
April 12, 2023	0.25	645,743
March 29, 2026	0.125	661,300
		1,507,043

7. Share Capital (continued)

During the year ended December 31, 2021:

On February 4, 2021, the Company issued 200,000 broker warrants pursuant to a convertible debenture financing. Each warrant entitles the holder to purchase one common share at $0.05 per share until February 23, 2023. The warrants were assigned a value of $1,778 using the Black-Scholes pricing model.

On March 30, 2021, the Company issued 661,300 warrants pursuant to a private placement of units. Each warrant entitles the holder to purchase one common share at $0.125 per share until March 29, 2026. The warrants were deemed the more easily valuable component were assigned a value of $20,171 using the Black-Scholes pricing model.

The warrants outstanding and exercisable as at March 31, 2022 have a weighted average remaining contractual life of 2.32 years (December 31, 2021: 2.56 years). Warrant activity was as follows:

	Warrants outstanding	**Exercise Price $**
Balance, December 31, 2020	645,743	0.25
Issued	861,300	0.11
December 31, 2021 and March 31, 2022	1,507,043	0.17

The fair value of warrants was determined using the Black-Scholes Option Pricing Model as the warrants were the more easily valued component. The model utilizes certain subjective assumptions including the expected life of the warrant and expected future stock price volatility. Changes in these assumptions can materially affect the estimated fair value of the Company's warrants. The assumptions used in the black-Scholes pricing model were:

	March 31, 2022	**December 31, 2021**
Expected volatility	-	**100%**
Risk free interest rate	-	**0.19% - 0.97%**
Expected life in years	-	**2 - 5**
Grant date fair value per share	-	**$0.025 - $0.05**
Forfeiture rate	-	**0%**

8. Capital Disclosures

The Company considers its capital under management to be comprised of shareholders' deficiency and any debt that it may issue. The Company's objectives when managing capital are to continue as a going concern and to maximize returns for shareholders over the long term. The Company is not subject to any capital restrictions. There has been no change in the Company's objectives in managing its capital since incorporation.

9. Financial Instruments and Risk

As at March 31, 2022, the Company's financial instruments consist of cash, advances, accounts payable and accrued liabilities, loans payable, and due to related parties.

Credit Risk

Financial instruments that potentially subject the Company to concentrations of credit risk consist principally of cash. To minimize the credit risk, the Company places these instruments with a high credit quality financial institution. As of March 31, 2022, the Company's exposure to credit risk is minimal.

Liquidity Risk

The Company's financial liabilities consist of $27,751 (December 31, 2021: $83,425) in accounts payable and accrued liabilities, $112,554 (December 31, 2021: $109,805) in loans payable, and $99,606 (December 31, 2021: $84,765) in due to related parties. The Company manages liquidly risk through management of its capital resources discussed above.

Foreign Exchange Risk

The Company is not exposed to foreign exchange risk on its financial instruments.

Interest Rate Risk

Interest rate risk is the risk that future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The risk the Company will realize such a loss is limited because the Company's interest bearing note payable has a fixed rate of interest.

9. Financial Instruments and Risk (continued)

Fair Value

The Company provides information about financial instruments that are measured at fair value, grouped into Level 1 to 3 based on the degree to which the inputs used to determine the fair value are observable.

- Level 1 fair value measurements are those derived from quoted prices in active markets for identical assets or liabilities.
- Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1, that are observable either directly or indirectly.
- Level 3 fair value measurements are those derived from valuation techniques that include inputs that are not based on observable market data.

	Level 1	**Level 2**	**Total**
	$	**$**	**$**
March 31, 2022			
Cash	5,173	-	5,173
Loans payable	-	(66,268)	(66,268)
	5,173	(66,268)	(61,095)
December 31, 2021			
Cash	73,019	-	73,019
Loans payable	-	(65,367)	(65,367)
	73,019	(65,367)	7,652

Cash is measured using level 1 fair value inputs. The fair value of long-term loans payable are determined based on level 2 inputs and estimated based on the present value of future cash flows based on current interest rates for financial instruments with similar conditions and maturity. As at March 31, 2021, the Company believes that the carrying values of its cash, advances, accounts payable and accrued liabilities, due to related parties, and short-term loans payable approximate their fair values because of their nature and relatively short maturity dates or durations.

10. Supplemental cash flow information

Investing and financing activities that do not have an impact on current cash flows are excluded from the statements of cash flow.

There were no significant non-cash investing and financing transactions for the period ended March 31, 2022.

Significant non-cash investing and financing transactions for the period ended March 31, 2021 are as follows:

- Incurred exploration expenditures of $525 which are included in accounts payable and accrued liabilities (Note 5)
- Converted convertible notes in the amount of $197,650 into shares (Note 5)
- Issued broker warrants valued at $1,778 as share issuance costs (Note 7)

11. Commitment

On December 16, 2021, the Company issued 1,325,000 flow-through shares and is required to make qualifying expenditures of $132,500 by December 16, 2023. As of March 31, 2022, the Company has made $12,617 (December 31, 2021: $12,617) of qualifying expenditures and $119,883 (December 31, 2021: $119,883) remains on the commitment (Note 7).

12. Subsequent events

On April 27, 2022 the Company filed a final prospectus with the British Columbia, Alberta and Ontario Securities Commissions (the "Prospectus"). The Prospectus covers the offering of a minimum of 6,500,000 common shares of the Company to a maximum of 10,000,000 common shares of the Company at a price of $0.10 (the 'Offering') for gross proceeds of a minimum $650,000 and maximum $1,000,000. Research Capital is acting as the agent (the "Agent") for the Offering. The Agent will receive a commission of 8% of the capital raised under the offering and warrants equal to 8% of the common shares issued under the offering as well as corporate finance fees. The capital will be used for exploration of the Topley Property option agreement and for general working capital.