AMERICAN PACIFIC MINING CORP.

CONSOLIDATED FINANCIAL STATEMENTS

For the Years Ended December 31, 2021 and 2020

(Expressed in Canadian Dollars)

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of
American Pacific Mining Corp.

Opinion

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

In our opinion, these consolidated 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 ("IFRS").

Basis for Opinion

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

Other Information

Management is responsible for the other information. The other information obtained at the date of this auditor's report includes Management's Discussion and Analysis.

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

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

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 Consolidated Financial Statements

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

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

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

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

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

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

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

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

Davidson & Company LLP

Vancouver, Canada

Chartered Professional Accountants

April 27, 2022

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American Pacific Mining Corp.

Consolidated Statements of Financial Position
(Expressed in Canadian Dollars)

	As at Note(s)	December 31, 2021 $	December 31, 2020 $
ASSETS			
Current assets			
Cash and cash equivalents	4	15,085,675	1,465,912
Marketable securities	5	-	920,000
Amounts receivable		11,516	27,173
Prepaid expenses		125,658	51,916
		15,222,849	**2,465,001**
Non-current assets			
Reclamation deposits	6	44,441	25,482
Property and equipment	7	42,867	57,135
Exploration and evaluation assets	8	13,375,505	9,315,638
		13,462,813	**9,398,255**
TOTAL ASSETS		**28,685,662**	**11,863,256**
LIABILITIES			
Current liabilities			
Accounts payable and accrued liabilities	10	620,584	149,298
TOTAL LIABILITIES		**620,584**	**149,298**
SHAREHOLDERS' EQUITY			
Share capital	9	39,568,281	17,986,766
Stock options reserve	9	1,810,884	1,625,635
Warrants reserve	9	508,734	1,664,364
Accumulated deficit		(13,474,114)	(9,191,842)
Accumulated other comprehensive loss		(348,707)	(370,965)
TOTAL SHAREHOLDERS' EQUITY		**28,065,078**	**11,713,958**
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		**28,685,662**	**11,863,256**

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These consolidated financial statements were approved for issue by the Board of Directors and signed on its behalf by:

/s/ Warwick Smith Director **/s/ Joness Lang Director**

(Expressed in Canadian Dollars)

	Note(s)	For the years ended December 31, 2021 $	December 31, 2020 $
Expenses			
Bank charges		3,047	2,299
Consulting fees	10	298,986	606,754
Depreciation	7	2,028	2,516
Directors' fees	10	30,201	32,337
Exploration and evaluation costs	8	1,456,395	268,802
General and administrative costs		131,996	104,413
Professional fees	10	311,009	249,215
Project evaluation costs		44,243	30,880
Share-based payments	9	367,347	809,004
Shareholder information and investor relations		430,110	506,573
Transfer agent, regulatory and listing fees		147,313	119,060
Travel		47,008	11,042
		(3,269,683)	**(2,742,895)**
Other income (expenses)			
Foreign exchange (loss) gain		(80,112)	66,297
Finance income		9,309	15,488
Realized loss on marketable securities	5	(820,000)	-
Gain from option-out of interest in mineral property	5, 8	53,201	538,593
Write-off of advance payments		-	(462,856)
		(837,602)	**157,522**
Loss before income taxes		**(4,107,285)**	**(2,585,373)**
Income tax expense	5, 14	(174,987)	-
Loss for the year		**(4,282,272)**	**(2,585,373)**
Other comprehensive loss			
Foreign currency translation differences for foreign operations		22,258	(339,343)
		22,258	**(339,343)**
Total comprehensive loss		**(4,260,014)**	**(2,924,716)**
Basic and diluted loss per share for the year attributable to common shareholders ($ per common share)		**(0.05)**	**(0.06)**
Weighted average number of common shares outstanding - basic and diluted		**84,635,890**	**46,324,112**

American Pacific Mining Corp.

Consolidated Statements of Changes in Shareholders' Equity
(Expressed in Canadian Dollars)

		Share capital						
	Note(s)	Number of shares	Amount $	Options $	Warrants $	Accumulated deficit $	Accumulated other comprehensive income (loss) $	Total $
Balance at December 31, 2019		**20,915,112**	**7,871,934**	**816,631**	**28,580**	**(6,606,469)**	**(31,622)**	**2,079,054**
Shares and warrants issued for acquisition	9	20,000,000	7,400,000	-	1,404,851	-	-	**8,804,851**
Shares issued for finders' fees	9	450,800	-	-	-	-	-	**-**
Shares issued for cash	9	23,918,035	2,989,754	-	-	-	-	**2,989,754**
Share issue costs	9	-	(81,400)	-	-	-	-	**(81,400)**
Fair value of finders' warrants	9	-	(254,650)	-	254,650	-	-	**-**
Shares issued for exploration and evaluation assets	8, 9	88,889	12,000	-	-	-	-	**12,000**
Warrants issued for cash	9	116,789	49,128	-	(23,717)	-	-	**25,411**
Share-based payments	9	-	-	809,004	-	-	-	**809,004**
Loss		-	-	-	-	(2,585,373)	-	**(2,585,373)**
Other comprehensive loss		-	-	-	-	-	(339,343)	**(339,343)**
Balance at December 31, 2020		**65,489,625**	**17,986,766**	**1,625,635**	**1,664,364**	**(9,191,842)**	**(370,965)**	**11,713,958**
Shares issued for cash	9	18,327,964	11,168,746	-	-	-	-	**11,168,746**
Share issue costs	9	-	(670,539)	-	-	-	-	**(670,539)**
Fair value of finders' warrants	9	-	(434,122)	-	434,122	-	-	**-**
Shares issued for exploration and evaluation assets	8, 9	3,700,000	3,293,000	-	-	-	-	**3,293,000**
Shares issued for cash - warrants exercise	9	29,521,620	6,144,080	-	-	-	-	**6,144,080**
Shares issued for cash - stock option exercise	9	725,000	308,500	-	-	-	-	**308,500**
Reclassification of grant-date fair value on exercise of warrants	9	-	1,589,752	-	(1,589,752)	-	-	**-**
Reclassification of grant-date fair value on exercise of stock options	9	-	182,098	(182,098)	-	-	-	**-**
Share-based payments	9	-	-	367,347	-	-	-	**367,347**
Loss		-	-	-	-	(4,282,272)	-	**(4,282,272)**
Other comprehensive loss		-	-	-	-	-	22,258	**22,258**
Balance at December 31, 2021		**117,764,209**	**39,568,281**	**1,810,884**	**508,734**	**(13,474,114)**	**(348,707)**	**28,065,078**

American Pacific Mining Corp.
Consolidated Statements of Cash Flows
(Expressed in Canadian Dollars)

		For the years ended	
	Note(s)	December 31, 2021 $	December 31, 2020 $
Cash flow provided from (used by)			
OPERATING ACTIVITIES			
Loss for the year		(4,282,272)	(2,585,373)
Adjustments for items not affecting cash:			
Depreciation	7	13,927	8,778
Share-based payments	9	367,347	809,004
Change in fair value of marketable securities	5	820,000	-
Unrealized foreign exchange		-	550
Write-off of advance payments		-	462,856
Gain from option-out of interest in mineral property	5, 8	(53,201)	(538,593)
Change in non-cash working capital			
Amounts receivable		15,657	2,144
Prepaid expenses		(72,921)	194,973
Accounts payable and accrued liabilities		456,440	(138,565)
Cash flow used in operating activities		**(2,735,023)**	**(1,784,226)**
INVESTING ACTIVITIES			
Purchase of equipment		-	(1,179)
Reclamation deposits	6	(18,915)	-
Proceeds from sale of marketable securities	5	100,000	-
Exploration and evaluation assets	8	(886,502)	(9,949)
Recovery of exploration and evaluation assets	8	131,655	-
Net cash paid for acquisition		-	(108,729)
Cash flow used in investing activities		**(673,762)**	**(119,857)**
FINANCING ACTIVITIES			
Proceeds on issuance of common shares, net of cash share issue costs	9	10,513,053	2,908,354
Proceeds on issuance of warrants, net of cash issuance costs	9	6,144,080	25,411
Proceeds on exercise of options	9	308,500	-
Cash flow provided by financing activities		**16,965,633**	**2,933,765**
Effects of exchange rate changes on cash and cash equivalents		62,915	(76,791)
Change in cash and cash equivalents		**13,619,763**	**952,891**
Cash and cash equivalents, beginning of year		**1,465,912**	**513,021**
Cash and cash equivalents, end of year		**15,085,675**	**1,465,912**

SUPPLEMENTAL CASH FLOW			
Reclassification of grant-date fair value on exercise of stock options from reserves to share capital	9	182,098	-
Reclassification of grant-date fair value on exercise of warrants from reserves to share capital	9	1,589,752	23,717
Shares and warrants issued for acquisition	8, 9	-	8,804,851
Payment of finder's fees through issuance of finder's warrants	9	-	254,650
Shares issued for exploration and evaluation assets	8, 9	3,293,000	12,000
Receipt of marketable securities as recovery on exploration and evaluation assets	5	-	920,000
Share issue costs included in accounts payable and accrued liabilities	9	14,846	-
Fair value of finders' warrants	9	434,122	-
Cash paid during the year for interest		-	-
Cash paid during the year for income taxes	5	174,987	-

1) CORPORATE INFORMATION AND CONTINUANCE OF OPERATIONS

American Pacific Mining Corp. (the "Company") was incorporated under the Business Corporations Act (British Columbia) on July 1, 2017, and is in the business of mineral exploration.

The Company's head office, principal address, registered address and records office is Suite 910 - 510 Burrard Street, Vancouver, B.C., V6C 3A8, Canada.

The Company's shares are listed on the Canadian Securities Exchange (the "CSE") under the symbol "USGD". On February 25, 2022, the Company's common shares traded on the OTCQX Best Market (the "OTCQX") under the ticker symbol of "USGDF".

As of the date of the consolidated financial statements, the Company has not identified a known body of commercial grade mineral on any of its properties. The ability of the Company to realize the costs it has incurred to date on these properties is dependent upon the Company identifying a commercial mineral body, to finance its development costs and to resolve any environmental, regulatory or other constraints which may hinder the successful development of the property. To date, the Company has not earned any revenues and is considered to be in the exploration stage.

These consolidated financial statements have been prepared assuming the Company will continue on a going-concern basis. The Company has incurred losses since its inception and the ability of the Company to continue as a going-concern depends upon its ability to raise adequate financing and to develop profitable operations. As at December 31, 2021, the Company had working capital of $14,602,265 (2020 – $2,315,703) and an accumulated deficit of $13,474,114 (2020 – $9,191,842). The Company's continuation as a going concern is dependent upon the successful results from its mineral property exploration activities and its ability to attain profitable operations and generate funds there from and/or raise equity capital or borrowings sufficient to meet current and future obligations. Management intends to funds operating costs over the next twelve months with cash and cash equivalents and through further equity financings. Management believes that the Company has sufficient working capital to meet its liabilities for the next twelve months.

COVID-19

In March 2020, the World Health Organization declared coronavirus COVID-19 a global pandemic. This contagious disease outbreak, which has continued to spread, and any related adverse public health developments, has adversely affected workforces, economies, and financial markets globally, potentially leading to an economic downturn. It is not possible for the Company to predict the duration or magnitude of the adverse results of the outbreak and its effects on the Company's business and results of operations at this time.

These consolidated financial statements of the Company for the year ended December 31, 2021 were approved by the Board of Directors on April 27, 2022.

2) SIGNIFICANT ACCOUNTING POLICIES AND BASIS OF PREPARATION

Statement of compliance

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board ("IASB") and interpretations of the International Financial Reporting Interpretations Committee ("IFRIC").

2) SIGNIFICANT ACCOUNTING POLICIES AND BASIS OF PREPARATION (CONTINUED)

Basis of preparation

These consolidated financial statements of the Company have been prepared on the historical cost basis except for certain financial instruments which are measured at fair value. In addition, these consolidated financial statements have been prepared using the accrual basis of accounting except for cash flow information. These consolidated financial statements are presented in Canadian dollars which is also the Company's functional currency. The functional currency of the Company's subsidiaries is the United States dollar ("U.S. Dollar").

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

Basis of consolidation

These consolidated financial statements comprise the accounts of the Company and the following wholly-owned subsidiaries of the Company:

- American Pacific Mining (US) Inc. ("APM US"), a company incorporated under the laws of Nevada; and
- Broadway Gold Mining Ltd. ("Broadway"), a company incorporated under the laws of Montana (Note 3).

All subsidiaries have a reporting date of December 31.

Subsidiaries

A subsidiary is an entity over which the Company has power to govern the operating and financial policies in order to obtain benefits from its activities. The consolidated financial statements include all the assets, liabilities, revenues, expenses and cash flows of the Company and its subsidiaries after eliminating inter-entity balances and transactions.

Acquisitions and disposals

The results of entities acquired during the reporting period are brought into the consolidated financial statements from the date the control is transferred; the results of entities sold during the reporting period are included in the consolidated financial statements for the period up to the date the control is ceased. Gains or losses on disposal are calculated as the difference between the sale proceeds (net of expenses) and the net assets attributable to the interest which has been sold. Where a disposal represents a separate major line of business or geographical area of operations, the net results attributable to the disposed entity are shown separately in the statement of loss and comprehensive loss.

Critical accounting estimates

The information about significant areas of estimation uncertainty considered by management in preparing the financial statements are as follows:

Carrying value and recoverability of exploration and evaluation assets

The carrying amount of Company's exploration and evaluation assets does not necessarily represent present or future values, and the Company's exploration and evaluation assets have been accounted for under the assumption that the carrying amount will be recoverable. Recoverability is dependent on various factors, including the discovery of economically recoverable reserves, the ability of the Company to obtain the necessary financing to commence and complete development and upon future profitable production or proceeds from the disposition of the mineral properties themselves. Additionally, there are numerous geological, economic, environmental and regulatory factors and uncertainties that could impact management's assessment as to the overall viability of its properties or to the ability to generate future cash flows necessary to cover or exceed the carrying value of the Company's exploration and evaluation assets.

2) SIGNIFICANT ACCOUNTING POLICIES AND BASIS OF PREPARATION (CONTINUED)

Critical accounting estimates (continued)

Carrying value and recoverability of exploration and evaluation assets (continued)

Ownership in exploration and evaluation assets involves certain inherent risks, including geological, metal prices, operating costs, and permitting risks. Many of these risks are outside the Company's control. The ultimate recoverability of the amounts capitalized for the exploration and evaluation assets is dependent upon the delineation of economically recoverable ore reserves, obtaining the necessary financing to complete their development, obtaining the necessary permits to operate a mine, and realizing profitable production or proceeds from the disposition thereof. Management's estimates of recoverability of the Company's investment in its exploration and evaluation assets have been based on current and expected conditions. However, it is possible that changes could occur which could adversely affect management's estimates and may result in future write downs of exploration and evaluation assets carrying values.

Deferred Income taxes

The estimation of income taxes includes evaluating the recoverability of deferred tax assets based on an assessment of the Company's ability to utilize the underlying future tax deductions against future taxable income prior to expiry of those deductions. Management assesses whether it is probable that some or all of the deferred income tax assets will not be realized. The ultimate realization of deferred tax assets is dependent upon the generation of future taxable income, which in turn is dependent upon the successful discovery, extraction, development and commercialization of mineral reserves. To the extent that management's assessment of the Company's ability to utilize future tax deductions changes, the Company would be required to recognize more or fewer deferred tax assets, and future income tax provisions or recoveries could be affected.

Measurement of liabilities for share-based payment arrangements

Management determines costs for share-based payments using market-based valuation techniques. The fair value of the market-based and performance-based share awards are determined at the date of grant using generally accepted valuation techniques. Assumptions are made and judgment is used in applying valuation techniques. These assumptions and judgments include estimating the future volatility of the stock price, expected dividend yield, future employee turnover rates and future employee stock option exercise behaviors and corporate performance. Such estimates and assumptions are inherently uncertain. Changes in these assumptions affect the fair value estimates.

Business combinations

Management determines whether assets acquired, and liabilities assumed constitute a business. A business consists of inputs and processes applied to those inputs that have the ability to create outputs. During the year ended December 31, 2020, the Company completed the acquisition of Broadway Gold Mining Ltd. (Note 3) and concluded that the transactions did not qualify as a business combination under IFRS 3, "Business Combinations".

Critical accounting judgments

Critical accounting judgments are accounting policies that have been identified as being complex or involving subjective judgments or assessments.

Functional currency

In accordance with IAS 21 "The Effects of Changes in Foreign Exchange Rates", management determined that the functional currency of the Company is the Canadian dollar, as this is the currency of the primary economic environment in which the Company operates. The functional currency of the Company's subsidiaries is the US dollar.

2) SIGNIFICANT ACCOUNTING POLICIES AND BASIS OF PREPARATION (CONTINUED)

Critical accounting judgments (continued)

Going concern

The preparation of these financial statements requires management to make judgments regarding the going concern of the Company as discussed in Note 1.

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand, deposits held on call with banks, highly liquid investments that are readily convertible into a known amount of cash and which are subject to insignificant risk of changes in value, net of bank overdrafts which are repayable on demand.

Foreign exchange

Translation of foreign transactions and balances into the functional currency

Foreign currency transactions are translated into the functional currency of the underlying entity using appropriate average rates of exchange. Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency rate of exchange in effect at the end of each reporting period. Foreign exchange gains and losses resulting from the settlement of such transactions are recognized in profit or loss.

Translation of the functional currency into the presentation currency

The results of foreign operations which have a different functional currency of the Company are translated to Canadian dollars at appropriate average rates of exchange during the year and are included in other comprehensive income (loss). The assets and liabilities of foreign operations are translated to Canadian dollars at rates of exchange in effect at the end of the period. Gains or losses arising on translation of foreign operation's assets and liabilities to Canadian dollars at period end are recognized in accumulated other comprehensive income (loss) as a foreign currency translation adjustment. When a foreign operation is sold, such exchange differences are recognized in profit or loss as part of the gain or loss on sale.

Share-based payments

The Company grants stock options to buy common shares of the Company to directors, officers, employees and service providers. The Company recognizes share-based payments expense based on the estimated fair value of the options. A fair value measurement is made for each vesting installment within each option grant and is determined using the Black-Scholes option-pricing model. The fair value of the options is recognized over the vesting period of the options granted as both share-based payments and reserves. This includes a forfeiture estimate, which is revised for actual forfeitures in subsequent periods. The reserves account is subsequently reduced if the options are exercised and the amount initially recorded is then credited to share capital.

In situations where equity instruments are issued to non-employees and some or all of the goods or services received by the entity as consideration cannot be specifically identified, they are measured at fair value of the share-based payment. Otherwise, share-based payments are measured at the fair value of goods or services received.

Income taxes

Income tax is recognized in profit or loss except to the extent that it relates to items recognized directly in equity, in which case it is recognized in equity. Current tax expense is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at period end, adjusted for amendments to tax payable with regards to previous years.

2) SIGNIFICANT ACCOUNTING POLICIES AND BASIS OF PREPARATION (CONTINUED)

Income taxes (continued)
Deferred tax is recorded using the liability method, providing for temporary differences, between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The following temporary differences are not provided for: goodwill not deductible for tax purposes; the initial recognition of assets or liabilities that affect neither accounting or taxable loss; nor differences relating to investments in subsidiaries to the extent that they will probably not reverse in the foreseeable future. The amount of deferred tax provided is based on the expected manner of realization or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the statement of financial position date.

A deferred tax asset is recognized only to the extent that it is probable that future taxable profits will be available against which the asset can be utilized.

Additional income taxes that arise from the distribution of dividends are recognized at the same time as the liability to pay the related dividend. Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Company intends to settle its current tax assets and liabilities on a net basis.

Property and Equipment
Property and equipment is initially recognized at cost. As well as the purchase price, cost includes directly attributable costs and the estimated present value of any future costs of dismantling and removing items. The corresponding liability is recognized within provisions. All items of property and equipment are subsequently carried at depreciated cost less impairment losses, if any.

Depreciation is provided on all items of property and equipment to write off the carrying value of items over their expected useful economic lives. Depreciation is provided on a straight-line basis over the estimated useful lives of the property and equipment at the following annual rates:

- Building - 5 years
- Computer equipment - 30%

Material residual value estimates and estimates of useful life are updated as required, but at least annually.

Subsequent costs are included in the asset’s carrying amount or recognized as a separate asset as appropriate, only when it’s probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. The carrying amount of the replacement part is derecognized. All other repairs and maintenance are charged to the consolidated statements of loss during the financial year in which they are incurred.

Exploration and evaluation assets

Exploration and evaluation assets
Exploration and evaluation assets include acquired mineral rights for mineral exploration properties held by the Company. The amount of consideration paid (in cash or share value) to acquire or maintain mineral rights is capitalized. The amounts shown for exploration and evaluation assets represent costs of acquisition, incurred to date, less recoveries, and do not necessarily reflect present or future values. These costs will be written off if the exploration and evaluation assets are abandoned or sold. Included in the cost of exploration and evaluation assets is the cost of any estimated decommissioning liability. The Company has classified exploration and evaluation assets as intangible in nature.

2) SIGNIFICANT ACCOUNTING POLICIES AND BASIS OF PREPARATION (CONTINUED)

Exploration and evaluation assets (continued)

Exploration and evaluation assets (continued)

At each reporting period the Company performs an analysis to determine whether any property has adequately demonstrated technical feasibility and economic viability in order to support transition from Exploration to Development phase. If a project has satisfied these criteria and management has decided to proceed with development, then the exploration project is tested for impairment and transferred to property and equipment. Subsequent expenditures on the property are capitalized. Once a project in development is available for use in the manner intended by the management of the Company it is transitioned to Commercial Production phase. At that time depletion of costs capitalized on project put into commercial production will be recorded using the unit-of-production method based upon reserves.

Exploration and evaluation costs

Exploration and evaluation costs, other than those described above, are expensed as incurred until such time as mineral reserves are proven or probable, permits to operate the mineral resource property are received and financing to complete development has been obtained. Following confirmation of mineral reserves, receipt of permits to commence mining operations and obtaining necessary financing, exploration and evaluation costs are capitalized as deferred development expenditures included within equipment.

Impairment of long-lived assets

At the end of each reporting period, the Company's assets are reviewed to determine whether there is any indication that those assets may be impaired. If such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment, if any. The recoverable amount is the higher of fair value less costs to sell and value in use. Fair value is determined as the amount that would be obtained from the sale of the asset in an arm's length transaction between knowledgeable and willing parties. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. If the recoverable amount of an asset is estimated to be less than it's carrying amount, the carrying amount of the asset is reduced to its recoverable amount and the impairment loss is recognized in the profit or loss for the period. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash generating unit to which the asset belongs.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but to an amount that does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognized immediately in profit or loss.

Provision for environmental rehabilitation

The Company recognizes liabilities for statutory, contractual, constructive or legal obligations associated with the retirement of exploration and evaluation assets and equipment, when those obligations result from the acquisition, construction, development or normal operation of the assets. The net present value of future rehabilitation cost estimates arising from the decommissioning of plant and other site preparation work is capitalized to the related asset along with a corresponding increase in the rehabilitation provision in the period incurred. Discount rates using a pre-tax rate that reflect the time value of money are used to calculate the net present value. The rehabilitation asset is depreciated on the same basis as the related asset.

2) SIGNIFICANT ACCOUNTING POLICIES AND BASIS OF PREPARATION (CONTINUED)

Provision for environmental rehabilitation (continued)
The Company's estimates of reclamation costs could change as a result of changes in regulatory requirements, discount rates and assumptions regarding the amount and timing of the future expenditures. These changes are recorded directly to the related asset with a corresponding entry to the rehabilitation provision. The Company's estimates are reviewed annually for changes in regulatory requirements, discount rates, effects of inflation and changes in estimates.

Changes in the net present value, excluding changes in the Company's estimates of reclamation costs, are charged to profit and loss for the period.

For the years presented the Company has no provisions for environmental rehabilitation.

Loss per share
Basic loss per share is calculated using the weighted-average number of shares outstanding during the year. The diluted earnings (loss) per share reflects the potential dilution of common share equivalents, such as outstanding stock options and warrants, in the weighted average number of common shares outstanding during the period, if dilutive.

Cash and cash equivalents
Cash and cash equivalents comprise cash on hand, deposits held on call with banks, highly liquid investments that are readily convertible into a known amount of cash and which are subject to insignificant risk of changes in value, net of bank overdrafts which are repayable on demand.

Financial instruments

- **Financial assets**

  Classification and measurement
  The Company classifies its financial assets in the following categories: at fair value through profit or loss ("FVTPL"), at fair value through other comprehensive income ("FVTOCI") or at amortized cost. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition.

  The classification of debt instruments is driven by the business model for managing the financial assets and their contractual cash flow characteristics. Debt instruments are measured at amortized cost if the business model is to hold the instrument for collection of contractual cash flows and those cash flows are solely principal and interest. If the business model is not to hold the debt instrument, it is classified as FVTPL. Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payments of principal and interest.

  Equity instruments that are held for trading (including all equity derivative instruments) are classified as FVTPL, for other equity instruments, on the day of acquisition the Company can make an irrevocable election (on an instrument by-instrument basis) to designate them as at FVTOCI.

2) SIGNIFICANT ACCOUNTING POLICIES AND BASIS OF PREPARATION (CONTINUED)

Financial instruments (continued)

- **Financial assets (continued)**

Financial assets at FVTPL – Financial assets carried at FVTPL are initially recorded at fair value and transaction costs are expensed in the statement of loss and comprehensive loss. Realized and unrealized gains and losses arising from changes in the fair value of the financial asset held at FVTPL are included in the statement of loss and comprehensive loss in the period in which they arise. Derivatives are also categorized as FVTPL unless they are designated as hedges. As of December 31, 2021 and 2020, the Company has classified its cash and cash equivalents and marketable securities as FVTPL.

Financial assets at FVTOCI – Investments in equity instruments at FVTOCI are initially recognized at fair value plus transaction costs. Subsequently they are measured at fair value, with gains and losses arising from changes in fair value recognized in other comprehensive income. There is no subsequent reclassification of fair value gains and losses to profit or loss following the derecognition of the investment. December 31, 2021 and 2020, the Company has no financial assets classified as FVOCI.

Financial assets at amortized cost – Financial assets at amortized cost are initially recognized at fair value and subsequently carried at amortized cost less any impairment. They are classified as current assets or non-current assets based on their maturity date. As of December 31, 2021 and 2020, the Company has classified its amounts receivable and reclamation deposits as amortized cost

Impairment of financial assets at amortized cost

The Company recognizes a loss allowance for expected credit losses on financial assets that are measured at amortized cost. At each reporting date, the loss allowance for the financial asset is measured at an amount equal to the lifetime expected credit losses if the credit risk on the financial asset has increased significantly since initial recognition. If at the reporting date, the financial asset has not increased significantly since initial recognition, the loss allowance is measured for the financial asset at an amount equal to twelve month expected credit losses. For trade receivables the Company applies the simplified approach to providing for expected credit losses, which allows the use of a lifetime expected loss provision.

Impairment losses on financial assets carried at amortized cost are reversed in subsequent periods if the amount of the loss decreases and the decrease can be objectively related to an event occurring after the impairment was recognized.

Derecognition of financial assets

Financial assets are derecognized when they mature or are sold, and substantially all the risks and rewards of ownership have been transferred. Gains and losses on derecognition of financial assets classified as FVTPL or amortized cost are recognized in the statement of loss and comprehensive loss. Gains or losses on financial assets classified as FVTOCI remain within accumulated other comprehensive income.

2) SIGNIFICANT ACCOUNTING POLICIES AND BASIS OF PREPARATION (CONTINUED)

Financial instruments (continued)

- **Financial liabilities**
  The Company classifies its financial liabilities into one of two categories as follows:

  Fair value through profit or loss (FVTPL) – This category comprises derivatives and financial liabilities incurred principally for the purpose of selling or repurchasing in the near term. They are carried at fair value with changes in fair value recognized in profit or loss.

  Amortized cost – This category consists of liabilities carried at amortized cost using the effective interest method. The Company derecognizes a financial liability when its contractual obligations are discharged, cancelled or expire. As of December 31, 2021 and 2020, the Company has classified its accounts payable and accrued liabilities as other financial liabilities

Refer to Note 13 for further disclosures.

New accounting standards
There were no new or amended IFRS pronouncements effective January 1, 2022 that impacted these consolidated financial statements.

3) ACQUISITION OF BROADWAY GOLD MINING LTD.

On April 13, 2020, the Company signed the Definitive Agreement with Madison to acquire all of the issued and outstanding shares of Broadway Gold Corp. (“Broadway”) which owns the Madison Project (the “Transaction”) (Note 8).

On June 23, 2020, the shareholders of Madison approved the Transaction.

On June 26, 2020 (the “Closing Date”), the Company completed the Transaction with Madison by issuing 20,000,000 common shares of the Company, which are subject to a six-month hold period from the Closing Date, and 5,000,000 common share purchase warrants exercisable within 18-month from the Closing Date to acquire the Company’s common shares at a price of $0.25 per share to Madison.

As Broadway was a non-operating private entity it did not meet the definition of a business under IFRS 3 Business Combinations; accordingly, the Company has accounted for the Transaction in accordance with IFRS 2 Share-based Payment.

As a share-based payment transaction the Company measures the goods or services received at the more reliable measure of the fair value of the good and services received, or the fair value of the equity instruments granted. Management has determined that the fair value of the 20,000,000 common shares ($7,400,000) and the 5,000,000 warrants ($1,404,851) granted was the more reliable measure, which results in a total consideration of $8,804,851.

The Company estimated the grant date fair value of the 5,000,000 warrants, using the Black-Scholes option pricing model, assuming a risk-free interest rate of 0.26% an expected life of 18 months, an expected volatility of 170% and an expected dividend yield of 0%.

(Expressed in Canadian Dollars)

3) ACQUISITION OF BROADWAY GOLD MINING LTD. (CONTINUED)

The total consideration of $8,804,851 and the transaction costs of $139,309 associated with the Transaction has been allocated as follows:

	$
Cash	30,580
Prepaid expenses	4,471
Equipment	64,738
Exploration and evaluation assets	8,976,123
Accounts payable and accrued liabilities	(131,752)
Purchase price	**8,944,160**
Consideration comprised of:	
20,000,000 common shares	7,400,000
5,000,000 warrants	1,404,851
Transaction costs	139,309
	8,944,160

4) CASH AND CASH EQUIVALENTS

	December 31, 2021 $	December 31, 2020 $
Cash	14,063,988	453,528
Cash equivalents	1,021,687	1,012,384
	15,085,675	**1,465,912**

5) MARKETABLE SECURITIES

On November 6, 2020, the Company received 2,000,000 shares (the “AmmPower Shares”) of AmmPower Corp. (“AmmPower”), formerly Soldera Mining Corp., with a fair value of $920,000 pursuant to the option agreement (the “AmmPower Agreement”) entered between Elko Sun Mining Corp. (“Elko Sun”) and AmmPower (Note 8). The AmmPower Shares will be subject to escrow and released in equal increments in six months, nine months and twelve months from the date of issuance.

In respect to the fair value of the AmmPower Shares, the Company recognized $381,407 as a reduction of the carrying value of the Tuscarora Project (Note 8) and the remaining of $538,593 was recognized as a gain from option-out of interest in mineral property in the statement of loss and comprehensive loss during the year ended December 31, 2020. As a result of the gain of $538,593 recognized during the year ended December 31, 2020, the Company was subject to an income tax of $174,987 (US$140,300) which was recognized as an income tax expense and paid during the year ended December 31, 2021.

On March 23, 2021, AmmPower bought back the AmmPower Shares from the Company for $100,000 (Note 8); as a result, the Company recognized a realized loss of $820,000 in the statement of loss and comprehensive loss during the year ended December 31, 2021.

As at December 31, 2021, the Company does not hold any common shares of AmmPower (2020 – 2,000,000 common shares with fair value of $920,000).

(Expressed in Canadian Dollars)

6) RECLAMATION DEPOSITS

The Company has reclamation deposits of $44,441 (US$35,000). These bonds were put up as collateral for the Tuscarora Project ($25,395 (US$20,000)) and Gooseberry Project ($19,046 (US$15,000)) in the event of future operations (2020 – $25,482 (US$20,000) for the Tuscarora Project).

7) PROPERTY AND EQUIPMENT

	Building	Computer equipment	Total
Cost			
As at December 31, 2019	-	7,897	**7,897**
Additions (Note 3)	64,738	1,179	**65,917**
Effect of movements in exchange rates	(4,262)	-	**(4,262)**
As at December 31, 2020	**60,476**	**9,076**	69,552
Depreciation			
As at December 31, 2019	-	(3,853)	**(3,853)**
Charged for the year	(6,262)	(2,516)	**(8,778)**
Effect of movements in exchange rates	214	-	**214**
As at December 31, 2020	**(6,048)**	**(6,369)**	**(12,417)**
Net book value			
As at December 31, 2019	**-**	**4,044**	**4,044**
As at December 31, 2020	**54,428**	**2,707**	**57,135**

Cost			
As at December 31, 2020	60,476	9,076	**69,552**
Effect of movements in exchange rates	(207)	-	**(207)**
As at December 31, 2021	**60,269**	**9,076**	**69,345**
Depreciation			
As at December 31, 2020	(6,048)	(6,369)	**(12,417)**
Charged for the year	(11,899)	(2,028)	**(13,927)**
Effect of movements in exchange rates	(134)	-	**(134)**
As at December 31, 2021	**(18,081)**	**(8,397)**	**(26,478)**
Net book value			
As at December 31, 2020	**54,428**	**2,707**	**57,135**
As at December 31, 2021	**42,188**	**679**	**42,867**

During the year ended December 31, 2021, the Company charged $13,927 (2020 – $8,778) in depreciation of which $11,899 was recognized as exploration and evaluation costs in the statements of loss (Note 8) (2020 – $6,262).

(Expressed in Canadian Dollars)

8) EXPLORATION AND EVALUATION ASSETS

Exploration and evaluation assets as of December 31, 2021 and 2020

	Gooseberry Project $	Madison Project $	South Lida Project $	Tuscarora Project $	Red Hill Project $	Total $
Balance as at December 31, 2019	**36,850**	**-**	**554,834**	**369,973**	**-**	**961,657**
Acquisition costs						
- cash	9,949	-	-	-	-	**9,949**
- shares	-	8,976,123	-	12,000	-	**8,988,123**
Option payments received	-	-	-	(381,407)	-	**(381,407)**
Effect of movements in exchange rate	-	(262,118)	-	(566)	-	**(262,684)**
Balance as at December 31, 2020	**46,799**	**8,714,005**	**554,834**	**-**	**-**	**9,315,638**
Acquisition costs						
- cash	-	-	-	800,000	31,193	**831,193**
- shares and warrants	-	-	-	3,293,000	-	**3,293,000**
Staking costs	9,370	-	9,003	19,089	17,847	**55,309**
Option payments received	(46,799)	(31,655)	-	-	-	**(78,454)**
Effect of movements in exchange rate	167	(40,417)	(1,839)	340	568	**(41,181)**
Balance as at December 31, 2021	**9,537**	**8,641,933**	**561,998**	**4,112,429**	**49,608**	**13,375,505**

Exploration and evaluation costs incurred by the Company during the years ended December 31, 2021 and 2020

	For the year ended December 31, 2021				
	Gooseberry project $	Madison project $	Tuscarora property $	Red Hill $	Total $
Consulting	81,912	77,362	32,851	3,551	**195,676**
Depreciation	-	11,899	-	-	**11,899**
Drilling	896,212	-	-	-	**896,212**
Equipment rental	13,926	-	1,887	-	**15,813**
Field	7,792	26,697	1,338	-	**35,827**
Field technicians	-	102,957	-	-	**102,957**
Geological	133,084	-	30,664	-	**163,748**
Royalty payments	-	-	10,027	-	**10,027**
Sample analysis	23,095	-	1,141	-	**24,236**
	1,156,021	**218,915**	**77,908**	**3,551**	**1,456,395**

(Expressed in Canadian Dollars)

8) EXPLORATION AND EVALUATION ASSETS (CONTINUED)

	For the year ended December 31, 2020			
	Gooseberry project	**Madison project**	**Tuscarora property**	**Total**
	$	**$**	**$**	**$**
Consulting	59,445	95,956	36,560	**191,961**
Depreciation	-	6,262	-	**6,262**
Equipment rental	-	-	1,899	**1,899**
Field	-	18,676	-	**18,676**
Field technicians	-	4,836	-	**4,836**
Geological	27,994	-	2,711	**30,705**
Sample analysis	-	-	12,881	**12,881**
Transportation	1,582	-	-	**1,582**
	89,021	**125,730**	**54,051**	**268,802**

Title to exploration and evaluation assets involves certain inherent risks due to the difficulties of determining the validity of certain claims as well as the potential for problems arising from the frequently ambiguous conveyancing history characteristic of many exploration and evaluation assets. The Company has investigated title to all of its exploration and evaluation assets, and, to the best of its knowledge, title to all of its properties, are properly registered and in good standing.

South Lida Project (Nevada, USA)
On July 1, 2017, the Company entered into a Claims Purchase Agreement (the "SL Claims Purchase Agreement") with David Saderholm (the "Trustee"), Eric Saderholm, Patricia Saderholm, Warwick Smith and Tarin Smith (collectively, the "Vendors") whereby the Vendors agreed to sell the South Lida Project in exchange for shares in the Company.

Under the SL Claim Purchase Agreement, the Company will issue to the Vendors a total of 1,000,000 common shares (the "Property Shares") as follows:

a) 166,667 Property Shares on July 1, 2017 (issued);
b) 166,667 Property Shares on the listing date (issued);
c) 333,333 Property Shares on the earlier of (i) six months after the listing date and (ii) the date the Property is sold or otherwise transferred as part of a transaction for value approved by the Board of the Purchaser (issued); and
d) 333,333 Property Shares on the earlier of (i) the one-year anniversary after the listing date and (ii) the date the Property is sold or otherwise transferred as part of a transaction for value approved by the Board of the Purchaser (issued during fiscal 2019 at a fair value of $220,000).

The acquisition of the South Lida Project is a related party transaction as two of the Vendors are officers and directors of the Company.

(Expressed in Canadian Dollars)

8) EXPLORATION AND EVALUATION ASSETS (CONTINUED)

Tuscarora Project (Nevada, US)

On November 6, 2017, the Company entered into an option agreement (the "Tuscarora Option Agreement") with Novo Resources Corp. The Tuscarora Option Agreement was amended on December 18, 2019 (the "Amended Tuscarora Option Agreement"). Pursuant to the Tuscarora Option Agreement, Novo Resources Corp. will grant the Company the exclusive right and option to acquire a 100% right, title, and interest in and to the Tuscarora Project (the "Tuscarora Option").

Pursuant to the Amended Tuscarora Option Agreement, to earn the Tuscarora Option, the Company will:

a) make $400,000 cash payments to Novo Resources Corp. as follows:

   i. $125,000 due on the earlier of the listing date and January 31, 2018 (paid);
   ii. $125,000 due on the earlier of the first anniversary of the listing date and January 31, 2019 (paid); and
   iii. $150,000 due on January 31, 2021 (paid by AmmPower);

b) issue 266,667 common shares of the Company to Novo Resources Corp. in three equal instalments, with one-third issued on each of the listing date (issued) and the first (88,889 shares issued with a fair value of $58,666 during the year ended December 31, 2019) and second anniversaries of the listing date (88,889 shares issued on March 4, 2020); and

c) incur US$100,000 in expenditures on the property annually, starting on the twelve-month period commencing on the first anniversary of the listing date and per each successive twelve-month period thereafter[1].

The property is subject to Net Smelter Returns (the "NSR") royalties of 0.5% which may be reduced to nil (0%) by paying US$500,000.

In addition, the Company is also required to make the following payments to Ely Gold Royalties ("Ely Gold"), the owner of the Tuscarora Project:

a) Annual minimum royalty payments

On or before:	$	
November 7, 2018	4,000	Paid
November 7, 2019	4,000	Paid
November 7, 2020	4,000	Paid[2]
November 7, 2021	8,000	Paid
November 7, 2022	8,000	
November 7, 2023	8,000	
November 7, 2024	8,000	
November 7, 2025	8,000	
November 7, 2026 and each succeeding anniversary	12,000	

[1] This amount has been incurred annually since the first anniversary of the listing date.
[2] Paid by AmmPower

8) EXPLORATION AND EVALUATION ASSETS (CONTINUED)

Tuscarora Project (Nevada, USA) (continued)

b) Production royalty based on the NSR from the production and sale of minerals from the Tuscarora Project. The royalty percentage rate for precious metals is based on the average daily price per troy ounce of gold during the period of production of minerals from the Tuscarora Project for which the royalty is payable as follows:

- less than or equal to $1,500 — Two percent (2%)
- greater than $1,500 but less than or equal to $2,000 — Three percent (3%)
- greater than $2,000 — Four percent (4%)

The royalty percentage will apply for all other minerals is 2.5% of the NSR.

On March 19, 2018, the Company expanded the Tuscarora Project through the additional staking of claims in Elko County, Nevada.

Joint Venture with OceanaGold U.S. Holdings Inc. ("OceanaGold")

On April 15, 2019, the Company entered into an earn-in agreement with OceanaGold, a US subsidiary of OceanaGold Corp.

According to earn-in agreement, OceanaGold can earn up to 51% of the Tuscarora Gold Project by investing US$4,000,000 over the next four years ("Phase 1"). On January 13, 2020, OceanaGold decided not to proceed further with the earn-in agreement with the Company.

On February 3, 2021, the Company announced that the Company now has 100% interest in the Tuscarora Project following the final payment to Novo Resources Corp.

Earn-in Agreement with Elko Sun

On August 4, 2020, the Company entered into an earn-in agreement with Elko Sun (the "Elko Sun Agreement"), a private company in British Columbia, Canada.

On November 4, 2020, Elko Sun entered into an agreement with AmmPower. Pursuant to that agreement, AmmPower will issue 2,000,000 AmmPower Shares to the Company (issued – Note 5).

According to the agreement, AmmPower can earn up to a 51% interest in the Tuscarora Project by making cash payments to or on behalf of the Company in the aggregate amount of $200,000, of which $50,000 should be made within 4 months from date of the Elko Sun Agreement (paid[3]), making share payments to the Company (issued – Note 5), and funding exploration expenditures of $1.35 million towards the Tuscarora Project within 24 months from the date of the Elko Sun Agreement.

On March 23, 2021, the Company entered into an agreement with Elko Sun and AmmPower to terminate the Elko Sun Agreement and the AmmPower Agreement.

[3] At the time of receipt, the Company's Tuscarora Project had a carrying amount of $nil, and accordingly the $50,000 was recognized as a gain from option-out of interest in mineral property in the statement of loss and comprehensive loss during the year ended December 31, 2021.

8) EXPLORATION AND EVALUATION ASSETS (CONTINUED)

Tuscarora Project (Nevada, USA) (continued)

Lease assignment agreement with Ubica Gold Corp. ("Ubica")

On September 15, 2021, the Company entered into a lease assignment agreement with Ubica Gold Corp. ("Ubica") (the "Ubica Agreement"). Pursuant to the terms of the Ubica Agreement, the Company issued 3,700,000 common shares with fair value of $3,293,000 (the "Ubica Payment Shares") and paid $800,000 in cash to Ubica on September 15, 2021 to acquire claims at Tuscarora. The Ubica Payment Shares are subject to voluntary hold periods, with 25% of the Ubica Payment Shares released on September 15, 2021 and an additional 25% released every 6 months thereafter until all Ubica Payment Shares have been released.

The Ubica Agreement consists of three sublease agreements:

- An agreement entered between Ubica and RS Gold, LLC (the "RS Agreement");
- An agreement entered between Ubica and Timothy Tigerman (the "Tigerman Agreement"); and
- An agreement entered between Ubica and Jerry K. and Lori L. Fogle, Debra L. Jacob, and Lanny and Pamela M. Morrison (collectively the "RH Lessor") (the "Rose Hill Agreement").

  (collectively, the "Ubica Sublease Agreements")

Pursuant to the Ubica Agreement, the Company is responsible to make the payments which due on or after September 15, 2021 under the Ubica Sublease Agreements.

- **RS Agreement**

  The initial term (the "RS Initial Term") of the RS Agreement is 20 years from April 23, 2019, the date which the RS Agreement was signed. Ubica has the option to extend the RS Agreement for additional 20 years (the "RS Renewal Term").

  Pursuant to the RS Agreement, the Company will make the following payments:

  Advanced royalty payment
  - US$20,000 on or before April 23, 2022 (paid);
  - US$30,000 on or before April 23, 2023;
  - US$40,000 on or before April 23, 2024; and
  - US$50,000 on or before April 23, 2025 and each anniversary thereafter through the initial term and any renewal or extension thereof.

  The annual work commitment required pursuant to RS Agreement had been fulfilled by Ubica.

  The RS Agreement is subject to 3% NSR. During the RS Initial Term and the RS Renewal Term, Ubica has the option to purchase up to 2% NSR of the total 3% NSR for US$1,000,000 per 1% NSR.

8) EXPLORATION AND EVALUATION ASSETS (CONTINUED)

Tuscarora Project (Nevada, USA) (continued)

Lease assignment agreement with Ubica Gold Corp. ("Ubica") (continued)

- **Tigerman Agreement**

  The initial term (the "Tigerman Initial Term") of the Tigerman Agreement is 20 years from June 25, 2021, the date which the Tigerman Agreement was signed. Ubica has the option to extend the Tigerman Agreement for additional 20 years (the "Tigerman Renewal Term").

  Pursuant to the Tigerman Agreement from the Tigerman Initial Term to June 25, 2040, the Company is subject to advanced annual royalties with the first payment of US$11,000 due on or before June 25, 2022. The advanced annual royalties will increase by 10% each subsequent year.

- **Rose Hill Agreement**

  The initial term (the "RH Initial Term") of the Rose Hill Agreement is 10 years from June 30, 2021, the date which the Rose Hill Agreement was signed. Ubica has the option to extend the Rose Hill Agreement for additional 10 years (the "RH Renewal Term").

  Pursuant to the Rose Hill Agreement, the Company will make the following payments:

  Advanced royalty payment
  - US$6,000 on June 30, 2021 (paid);
  - US$12,000 on or before June 30, 2022;
  - US$18,000 on or before June 30, 2023;
  - US$24,000 on or before June 30, 2024; and
  - US$36,000 on or before June 30, 2025 and each anniversary thereafter through the initial term and any renewal or extension thereof.

  Annual work commitment
  - US$30,000 during the first year from the RH Initial Term;
  - US$80,000 during the second year from the RH Initial Term; and
  - US$100,000 during the third year from the RH Initial Term.

  The Rose Hill Agreement is subject to 3% NSR. During the RH Initial Term and the RH Renewal Term, Ubica has the option to purchase up to 2% NSR of the total 3% NSR for US$1,000,000 per 1% NSR.

Madison Project (Montana, USA)

The Madison Project is currently under an earn-in, joint venture agreement signed by Broadway Gold Corp. ("Broadway"), a wholly-owned subsidiary of the Company, on April 30, 2019, whereby Kennecott Exploration Company ("Kennecott"), part of the Rio Tinto Group (ASX, LON: RIO) must spend US$30 million to earn up to 70% of the Madison Project.

Under the terms of the earn-in agreement, Kennecott has an option to acquire a 55% undivided interest (the "First Option") in the property by incurring exploration and related expenditures of US$5 million[4] within the first five years, including a minimum exploration budget of US$1 million in the first year.

[4] Collectively the "Option Expenditures"

8) EXPLORATION AND EVALUATION ASSETS (CONTINUED)

Madison Project (Montana, USA) (continued)

If Kennecott exercises the First Option, it may elect to earn an additional 10% undivided interest (the "Second Option"), for a total undivided interest of 65%, by incurring additional expenditures of US$10 million[4] within the following three years.

If Kennecott exercises the Second Option, it may elect to earn an additional 5% undivided interest (the "Third Option"), for a total of 70%, by incurring additional expenditures of US$15 million[4] within the subsequent three-year period. Kennecott may elect to create the joint venture after exercising each option to earn in.

In addition, in order to exercise the First Option, Kennecott is required to make the following cash payment to Broadway in an amount of US$225,000 over the first five years:

- US$50,000 on April 30, 2019 (paid);
- US$25,000 on or before April 30, 2020 (paid);
- US$25,000 on or before April 30, 2021 (paid)[5];
- US$25,000 on or before April 30, 2022 (paid subsequent to December 31, 2021);
- US$25,000 on or before April 30, 2023; and
- US$75,000 on or before April 30, 2024.

On May 17, 2021, the Company entered into an amendment agreement (the "First Amendment Agreement") with Kennecott. Under the First Amendment Agreement, the payment, including the annual pre-production payment of US$50,000 due on April 1 of each year until the commercial production is commenced, made directly or indirectly by Kennecott to keep the Madison Project in good standing is considered as the Option Expenditures.

Pursuant to the earn-in agreement:

- Kennecott may request Broadway to conduct exploration on its behalf during the first year in return for a 10% administration charge.
- Broadway has the right to conduct independent drilling and exploration of the skarn zones during the first year.
- Broadway has a right of first offer to acquire Kennecott's interest in the property in the event Kennecott wishes to divest its interest.
- The joint venture may be formed with 55% to Kennecott and 45% to Broadway upon the Kennecott exercise the First Option, 65% to Kennecott and 35% to Broadway upon the Kennecott exercise the Second Option, or 70% to Kennecott and 30% to Broadway upon exercise the Third Option.
- The joint venture will be managed by the Rio Tinto Group and financed by each participant in accordance with its interest.
- Broadway may elect to not finance its interest and be diluted down to a 10% interest. If Broadway is diluted below 10% interest, its interest will convert to a 2% NSR with a maximum amount payable of US$50 million.

[5] $31,655 (US$25,000) was recognized as a reduction of the carrying value of the Madison Project.

8) EXPLORATION AND EVALUATION ASSETS (CONTINUED)

Gooseberry Project (Nevada, USA)
On April 23, 2019, the Company acquired through staking the Gooseberry Mine in Storey Nevada, USA.

Earn-in Agreement with GRAC Global Resource Acquisition Corp. ("GRAC")
On November 4, 2020, the Company entered into an earn-in agreement with GRAC (the "GRAC Agreement"), a private company in British Columbia, Canada.

According to the GRAC Agreement, GRAC can earn up to a 51% interest in the Gooseberry Project within 24 months from the date of the GRAC Agreement ("GRAC Phase 1") by:

- making a non-refundable cash payment to the Company of $50,000 within the four months after date of the GRAC Agreement (paid[6]);

- issuing 2,000,000 shares to the Company on or before the earlier of:
  - 2 months from the date GRAC completes a transaction to list on the Canadian Securities Exchange or any other recognized stock exchange;
  - 24 months from the date of the GRAC Agreement; and

- funding exploration expenditures of $1.5 million towards the Gooseberry Project within 24 months from the date of the GRAC Agreement.

During the year ended December 31, 2021, the Company entered into an agreement with GRAC to terminate the GRAC Agreement. Upon termination, the Company now owns 100% of the Gooseberry Project.

Red Hill Project (Nevada, USA)
On July 29, 2021 (the "RH Effective Date"), the Company entered into a ten-year renewable lease agreement for the Red Hill Project (the "RH Lease Agreement") with Nevada North Resources (USA) Inc. ("Nevada North").

Pursuant to the RH Lease Agreement the Company is required to make a payment of US$25,000 (paid) to Nevada North to hold the Red Hill property for one year from the RH Effective Date and make the following annual payment to Nevada North:

- 1st payment on July 29, 2022 – US$25,000;
- 2nd payment on July 29, 2023 – US$25,000;
- 3rd payment on July 29, 2024 – US$40,000;
- 4th payment on July 29, 2025 – US$40,000;
- 5th payment on July 29, 2026 – US$45,000;
- 6th payment on July 29, 2027 – US$50,000;
- 7th payment on July 29, 2028 – US$55,000;
- 8th payment on July 29, 2029 – US$55,000; and
- 9th payment on July 29, 2030 – US$55,000[7].

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[6] For the $50,000 non-refundable cash payment received during the year ended December 31, 2021, the Company recognized $46,799 as a reduction of the carrying value of the Gooseberry Project and the remaining of $3,201 was recognized as a gain from option-out of interest in mineral property in the statement of loss and comprehensive loss during the year ended December 31, 2021.
[7] Beginning on the 10th payment due on July 29, 2031, the annual payment of US$55,000 will be adjusted for inflation increase according to the United States Depart of Labor Consumer Price Index.

8) EXPLORATION AND EVALUATION ASSETS (CONTINUED)

Red Hill Project (Nevada, USA) (continued)
In addition, the Company is required to pay an annual claim maintenance fee for the Red Hill Project. During the year ended December 31, 2021, the Company paid $17,847 (US$14,070) annual claim maintenance fee.

Upon commencement of commercial production, the Company is required to pay Nevada North a royalty on production equal to 3% of NSR of which 1.5% the Company may buy back for US$3,000,000.

In addition, one of the Company's directors own 10% interest of the Red Hill Project.

9) SHARE CAPITAL AND RESERVES

Authorized share capital
Unlimited number of common shares without par value.

Escrow shares
During the year ended December 31, 2018, the Company entered into an escrow agreement, whereby common shares will be held in escrow and are scheduled for release at 10% on the listing date and 15% on every six months from date of listing. During the year ended December 31, 2021, 87,500 common shares were released from escrow (2020 – 175,000). At December 31, 2021, there were no common shares held in escrow (2020 – 87,500).

Issued share capital
As of December 31, 2021, the Company had 117,764,209 common shares issued and outstanding (2020 – 65,489,625) with a value of $39,568,281 (2020 – $17,986,766).

During the year ended December 31, 2021

- On June 8, 2021, the Company completed a private placement with a strategic investor, Michael Gentile, CFA. The Company issued 8,181,964 units at $0.125 per unit to Michael Gentile for gross proceeds of $1,022,746. Each unit consists of one common share and one warrant, which entitles the holder to purchase one common share of the Company at $0.16 for a period of two years.

  In connection with the private placement, the Company incurred share issuance costs of $3,251.

- On September 15, 2021, the Company issued the 3,700,000 common shares with fair value of $3,293,000. The Ubica Payment Shares are subject to voluntary hold periods, with 25% of the Ubica Payment Shares released on September 15, 2021 and an additional 25% released every 6 months thereafter until all Ubica Payment Shares have been released (Note 8).

- On December 13, 2021, the Company completed a non-brokered private placement of 10,146,000 units at a price of $1.00 for gross proceeds of $10,146,000. Each unit consists of one common share and one-half of one common share purchase warrant. Each whole warrant entitles its holder to purchase one additional common share at an exercise price of $1.40 at any time prior to December 13, 2023. In connection with the private placement, the Company paid $667,288 and issued 649,320 finders warrants priced at $1.40 as share issue costs.

  The Company estimated the fair value of finders' warrants using the Black-Scholes options pricing model, assuming a risk-free interest rate of 0.89%, an expected life of 24 months, an expected volatility of 125% and an expected dividend yield of 0%, which totaled $434,122, and recorded these values as share issuance costs.

9) SHARE CAPITAL AND RESERVES (CONTINUED)

Issued share capital (continued)

During the year ended December 31, 2021 (continued)

- 29,521,620 warrants were exercised for proceeds of $6,144,080. In addition, the Company reclassified the grant date fair value of the exercised warrants of $1,589,752 from warrants reserve to share capital.

- 725,000 stock options were exercised for proceeds of $308,500. In addition, the Company reclassified the grant date fair value of the exercised stock options of $182,098 from stock options reserve to share capital.

During the year ended December 31, 2020

- On March 4, 2020, the Company issued 88,889 common shares with a fair value of $12,000 in exchange for the Tuscarora Property (Note 8).

- On May 22, 2020, the Company completed a non-brokered private placement of 23,918,035 units at a price of $0.125 for gross proceeds of $2,989,754. Each unit consists of one common share and one common share purchase warrant. Each whole warrant entitles its holder to purchase one additional common share at an exercise price of $0.20 at any time prior to November 22, 2021.

  In connection with the private placement, the Company incurred the following transaction costs which were recorded as share issuance costs:
  - Paid cash of $57,925 as finders' fees;
  - Issued 450,800 finders' shares with fair value of $160,034;
  - Issued 914,200 finders warrants with fair value of $254,650; and
  - Paid cash of $23,475 for other expenses.

  The Company estimated the fair value of finders' warrants using the Black-Scholes options pricing model, assuming a risk-free interest rate of 0.27%, an expected life of 18 months, an expected volatility of 171% and an expected dividend yield of 0%. The finders' warrants had the same term as the warrants issued for the non-brokered private placement.

- As discussed in Note 3, on June 26, 2020, the Company issued 20,000,000 common shares, which are subject to a six-month hold period from the Closing Date, with fair value of $7,400,000 to Madison for the Transaction.

- 116,789 warrants were exercised for proceeds of $25,411. In addition, the Company reclassified the grant date fair value of the exercised warrants of $23,717 from warrants reserve to share capital.

(Expressed in Canadian Dollars)

9) SHARE CAPITAL AND RESERVES (CONTINUED)

Warrants

The changes in warrants during December 31, 2021 and 2020, are as follows:

	December 31, 2021		December 31, 2020	
	Number outstanding	Weighted average exercise price ($)	Number outstanding	Weighted average exercise price ($)
Balance, beginning of year	**32,149,101**	**0.24**	4,183,714	0.60
Issued	13,904,284	0.67	29,832,235	0.21
Exercised	(29,521,620)	0.21	(116,789)	0.22
Expired	(2,627,481)	0.57	(1,750,059)	0.60
Balance, end of year	**13,904,284**	**0.67**	**32,149,101**	**0.24**

During the year ended December 31, 2021

- 2,627,481 warrants expired unexercised.

During the year ended December 31, 2020

- The Company extended the expiry date of 2,433,667 warrants with an expiry date of February 28, 2020 to February 28, 2021. The extension was approved by the Canadian Securities Exchange. No additional fair value was recognized due to the extension.

- The Company extended the expiry date of 1,554,158 warrants with an expiry date of July 29, 2020 to September 27, 2020. The extension was approved by the Canadian Securities Exchange. No additional fair value was recognized due to the extension.

- As discussed in Note 3, on June 26, 2020, the Company issued 5,000,000 common share purchase warrants exercisable within 18-month from the Closing Date to acquire the Company's common shares at a price of $0.25 per share to Madison for the Transaction.

- 1,750,059 warrants expired unexercised.

The following summarizes information about warrants outstanding at December 31, 2021:

Expiry date	Exercise price ($)	Warrants outstanding	Estimated grant date fair value ($)	Weighted average remaining contractual life (in years)
June 8, 2023[8]	0.16	8,181,964	-	1.44
December 13, 2023 [9]	1.40	5,722,320	434,122	1.95
		13,904,284	**434,122**	**1.65**

[8] The warrants are subject to acceleration in the event that the 20-day volume-weighted average trading price ("VWAP") of the common shares of the Company is greater to $0.30.

[9] The warrants are subject to acceleration in the event that the closing price of the common shares of the Company is greater to $2.00 for ten consecutive trading days.

(Expressed in Canadian Dollars)

9) SHARE CAPITAL AND RESERVES (CONTINUED)

Stock options

The Company has a Stock Option Plan (the "Plan") applicable to directors, officers and consultants, under which the total outstanding stock options are limited to 10% of the outstanding common shares of the Company at any one time. Under the plan, an option's maximum term is ten years from the grant date. Under the stock option plan, the Board of the Company has the option of determining vesting periods.

The changes in stock options during the years ended December 31, 2021 and 2020 are as follows:

	December 31, 2021		December 31, 2020	
	Number outstanding	Weighted average exercise price ($)	Number outstanding	Weighted average exercise price ($)
Balance, beginning of year	**2,850,000**	**0.47**	1,316,667	0.74
Granted	1,900,000	0.29	2,850,000	0.47
Exercised	(725,000)	0.43	-	-
Cancelled	-	-	(1,316,667)	0.74
Balance, end of year	**4,025,000**	**0.39**	**2,850,000**	**0.47**

During the year ended December 31, 2021

- On May 27, 2021, the Company granted 1,800,000 options with an exercise price of $0.27 to its directors, officers, and consultants. The options are exercisable for a period of five years. All of the options granted vested immediately at the date of grant.

- On July 19, 2021, the Company granted 100,000 options with an exercise price of $0.71 to its former directors. The options are exercisable for a period of five years. All of the options granted vested immediately at the date of grant.

During the year ended December 31, 2020

- The Company cancelled 1,316,667 stock options.

- On May 14, 2020, the Company granted 350,000 options with an exercise price of $0.325 to a consultant. The options are exercisable for a period of five years. All of the options granted vested immediately at the date of grant.

- On July 22, 2020, the Company granted 2,500,000 options with an exercise price of $0.49 to certain officers, directors and consultants. The options are exercisable for a period of five years. All of the options granted vested immediately at the date of grant.

(Expressed in Canadian Dollars)

9) SHARE CAPITAL AND RESERVES (CONTINUED)

Stock options (continued)

The estimated grant date fair value of the options granted during the years ended December 31, 2021 and 2020 was calculated using the Black-Scholes option pricing model with the following weighted average assumptions:

	For the year ended	
	December 31, 2021	**December 31, 2020**
Number of options granted	1,900,000	2,850,000
Risk-free interest rate	0.74%	0.29%
Expected annual volatility	79%	78%
Expected life (in years)	5.00	5.00
Expected dividend yield	0%	0%
Grant date fair value per option ($)	0.19	0.28
Share price at grant date ($)	0.30	0.46

During the year ended December 31, 2021, the Company recognized share-based payments expense arising from stock options of $367,347 (2020 – $809,004).

The following summarizes information about stock options outstanding and exercisable at December 31, 2021:

Expiry date	Exercise price ($)	Options outstanding	Options exercisable	Estimated grant date fair value ($)	Weighted average remaining contractual life (in years)
May 14, 2025	0.325	200,000	200,000	25,400	3.37
July 22, 2025	0.490	2,025,000	2,025,000	619,288	3.56
May 27, 2026	0.270	1,700,000	1,700,000	302,317	4.41
July 19, 2026	0.710	100,000	100,000	47,247	4.55
		4,025,000	**4,025,000**	**994,252**	**3.93**
Weighted average exercise price ($)		**0.39**	**0.39**		

Subsequent to December 31, 2021

- 50,000 options were exercised for gross proceeds of $16,250.
- 2,900,000 options were granted to certain directors, officers and consultants with an exercise price of $1.01 and expiry of 5 years from the date of grant.

(Expressed in Canadian Dollars)

10) RELATED PARTY TRANSACTIONS AND BALANCES

Key management personnel include persons having the authority and responsibility for planning, directing, and controlling the activities of the Company as a whole. The Company has determined that key management personnel consist of executive and non-executive members of the Company's Board of Directors and corporate officers.

The following table discloses the total compensation incurred to the Company's key management personnel during the years ended December 31, 2021 and 2020:

		For the year ended	
		December 31, 2021	December 31, 2020
	Footnote	$	$
Warwick Smith, CEO and Director			
Consulting fees	(1)	219,000	206,904
Share-based payments		53,350	122,329
		272,350	329,233
Eric Saderholm, President and Director			
Consulting fees		24,986	54,152
Exploration and evaluation costs		191,695	173,650
Share-based payments		53,350	122,329
		270,031	350,131
Alnesh Mohan, CFO and Corporate Secretary			
Professional fees	(2)	115,720	-
Share-based payments		53,350	-
		169,070	-
Norman Wareham, Director, Former CFO and Corporate Secretary			
Consulting fees	(3)	35,000	100,000
Share-based payments		47,247	122,329
		82,247	222,329
Ken Cunningham, Director			
Directors' fees		15,152	16,141
Share-based payments		53,350	122,329
		68,502	138,470
Joness Lang, Director			
Consulting fees	(4)	10,000	3,000
Directors' fees	(4)	15,049	16,196
Share-based payments		53,350	122,329
		78,399	141,525
Total		**940,599**	**1,181,688**

(1) Paid to Harbourside Consulting Ltd. which is controlled by Mr. Smith.
(2) Paid to Quantum Advisory Partners LLP, an accounting firm in which Mr. Mohan is an incorporated partner.
(3) Paid to Inlet Consulting Ltd. which is controlled by Mr. Wareham.
(4) Paid to EBC Consulting Group Ltd. which is controlled by Mr. Lang.

(Expressed in Canadian Dollars)

10) RELATED PARTY TRANSACTIONS AND BALANCES (CONTINUED)

As at December 31, 2021, the balances due to the Company's directors and officer included in accounts payables and accrued liabilities were $38,578 (2020 – $33,548), which were paid subsequent to December 31, 2021. These amounts are unsecured, non-interest bearing and payable on demand.

11) SEGMENTED INFORMATION

The Company operates in one reportable segment being the exploration and evaluation of mineral properties. The Company's non-current assets are located are as follows:

	Total $	Canada $	United States $
As at December 31, 2021			
Non-current assets			
Reclamation deposits	44,441	-	44,441
Property and equipment	42,867	679	42,188
Exploration and evaluation assets	13,375,505	-	13,375,505
	13,462,813	**679**	**13,462,134**
As at December 31, 2020			
Non-current assets			
Reclamation deposits	25,482	-	25,482
Property and equipment	57,135	2,707	54,428
Exploration and evaluation assets	9,315,638	-	9,315,638
	9,398,255	**2,707**	**9,395,548**

12) CAPITAL MANAGEMENT

The Company defines its components of shareholders' equity as capital. The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to pursue business opportunities and to maintain a flexible capital structure that optimizes the costs of capital at an acceptable risk.

The Company manages its capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust capital structure, the Company may consider issuing new shares, and/or issue debt, acquire or dispose of assets, or adjust the amount of cash on hand.

The Company's investment policy is to keep its cash on deposit in an interest-bearing Canadian chartered bank account. There have been no changes to the Company's approach to capital management at any time during the years ended December 31, 2021 and 2020. The Company is not subject to externally imposed capital requirements.

(Expressed in Canadian Dollars)

13) FINANCIAL INSTRUMENTS

Fair value

Financial instruments are classified into one of the following categories: FVTPL, amortized cost and FVTOCI.

Set out below are the Company's financial assets and liabilities by category:

	December 31, 2021	FVTPL $	Amortized costs $	FVTOCI $
Financial assets:				
ASSETS				
Cash and cash equivalents	15,085,675	15,085,675	-	-
Amounts receivable	11,516	-	11,516	-
Reclamation deposits	44,441	-	44,441	-
Financial liabilities:				
LIABILITIES				
Accounts payable and accrued liabilities	(620,584)	-	(620,584)	-
	December 31, 2020	**$**	**$**	**$**
Financial assets:				
ASSETS				
Cash and cash equivalents	1,465,912	1,465,912	-	-
Amounts receivable	27,173	-	27,173	-
Reclamation deposits	25,482	-	25,482	-
Marketable securities	920,000	920,000	-	-
Financial liabilities:				
LIABILITIES				
Accounts payable and accrued liabilities	(149,298)	-	(149,298)	-

The carrying values of amounts receivable, accounts payable and accrued liabilities approximate their fair values due to the relatively short period to maturity of those financial instruments. Reclamation deposits approximately their fair value due to their liquidity.

As at December 31, 2021 and 2020, the financial instruments recorded at fair value on the statements of financial position are cash and cash equivalents and marketable securities which are measured using Level 1 of the fair value hierarchy. As at December 31, 2021 and 2020, there were no financial assets or liabilities measured and recognized in the statement of financial position at fair value that would be categorized as Level 2 and 3 in the fair value hierarchy above.

13) FINANCIAL INSTRUMENTS (CONTINUED)

Fair value (continued)

IFRS 13 establishes a fair value hierarchy that reflects the significance of inputs used in making fair value measurements as follows:

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

The Company has determined the estimated fair values of its financial instruments based upon appropriate valuation methodologies.

Financial risk management

Credit risk

Credit risk is the risk of an unexpected loss if a customer or third party to a financial instrument fails to meet its contractual obligations. The Company's exposure to credit risk includes cash and cash equivalents and amounts receivable.

The Company's cash and cash equivalents is held at a large Canadian financial institution in interest bearing accounts. The Company has no investments in asset-backed commercial paper.

The Company's maximum exposure to credit risk is the carrying value of its financial assets.

Management believes that the credit risk concentration with respect to these financial instruments is remote. Cash and cash equivalents based in Canada are accessible. The Company's amounts receivable balance does not represent significant credit exposure as it is principally due from the Government of Canada.

Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in raising funds to meet commitments associated with financial instruments. The Company manages liquidity by maintaining adequate cash balances to meet liabilities as they become due.

As at December 31, 2021, the Company had cash and cash equivalents of $15,085,675 and accounts payable and accrued liabilities of $620,584. All accounts payable and accrued liabilities are current.

13) FINANCIAL INSTRUMENTS (CONTINUED)

Financial risk management (continued)

Market risk

The significant market risks to which the Company is exposed are interest rate risk, foreign currency risk, and price risk.

Interest Rate Risk

Interest rate risk is the risk that the fair value or the future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company's cash and cash equivalents is held at a Canadian chartered bank. Management believes that the credit risk concentration with respect to cash is remote as the cash and cash equivalents are easily accessible.

The Company's interest rate risk principally arises from the interest rate impact of interest earned on cash and cash equivalents. A 1% change in interest rates on the balance of cash at December 31, 2021 would result in an approximately $150,000 change to the Company's loss for the year ended December 31, 2021.

Foreign Currency risk

The Company is exposed to currency risk to the extent that monetary assets and liabilities held by the Company are not denominated in Canadian dollars ("CAD"). The Company has not entered into any foreign currency contracts to mitigate this risk.

The Company's cash, amounts receivable, and accounts payable and accrued liabilities are held in CAD and United States dollars ("US"); therefore, US accounts are subject to fluctuation against the CAD.

The Company's financial instruments were denominated as follows as at December 31, 2021:

	CA$	**US$**
Cash and cash equivalents	14,798,350	226,288
Amounts receivable	11,516	-
Reclamation deposits	-	35,000
Accounts payable and accrued liabilities	(109,811)	(402,269)
	14,700,055	**(140,981)**
Rate to convert to $1.00 CAD	1.00	1.27
Equivalent to CAD	**14,700,055**	**(179,008)**

Based on the above net exposures as at December 31, 2021, and assuming that all other variables remain constant, a 10% change of the CAD against the US would change profit or loss by approximately $18,000.

Commodity price risk

The Company is exposed to price risk with respect to commodity prices. The Company's ability to raise capital to fund exploration and development activities may be subject to risks associated with fluctuations in the market price of commodities. The Company is not exposed to significant other price risk.

(Expressed in Canadian Dollars)

14) INCOME TAXES

A reconciliation of income taxes at statutory rates with the reported taxes is as follows:

	2021 $	2020 $
Loss for the year	**4,107,285**	**2,585,373**
Expected income tax (recovery)	(1,109,000)	(698,000)
Change in statutory, foreign tax, foreign exchange rates and other	319,987	(104,000)
Permanent differences	101,000	207,000
Impact of asset acquisition	(18,000)	(48,000)
Share issue cost	(181,000)	(65,000)
Adjustment to prior years provision versus statutory tax returns and expiry of non-capital losses	(346,000)	(23,000)
Change in unrecognized deductible temporary differences	1,408,000	731,000
Total income tax expense (recovery)	**174,987**	-

The significant components of the Company's temporary differences, unused tax credits and unused tax losses that have not been included on the consolidated statement of financial position are as follows:

	December 31, 2021 $	Expiry Range	December 31, 2020 $	Expiry Range
Temporary Differences				
Exploration and evaluation assets	5,653,000	No expiry date	1,807,000	No expiry date
Property and equipment	8,000	No expiry date	6,000	No expiry date
Share issue costs	744,000	2041 to 2045	320,000	2041 to 2044
Intangible assets	3,000	No expiry date	3,000	No expiry date
Non-capital losses available for future period	8,847,000	2027 to 2041	6,588,000	2027 to 2040
United States	797,000		238,000	
Canada	8,050,000		6,350,000	

Tax attributes are subject to review and potential adjustment by tax authorities.