AMERICAN PACIFIC MINING CORP

CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the Three Months Ended March 31, 2022

(Expressed in Canadian Dollars)

(unaudited)

NOTICE OF NO AUDITOR REVIEW OF INTERIM FINANCIAL STATEMENTS

Under National Instrument 51-102, Part 4, subsection 4.3(3) (a), if an auditor has not performed a review of the condensed consolidated interim financial statements, they must be accompanied by a notice indicating that the financial statements have not been reviewed by an auditor. The Company's independent auditor has not performed a review of these financial statements in accordance with standards established by the Canadian Institute of Chartered Accountants for a review of condensed consolidated interim financial statements by an entity's auditor.

The accompanying unaudited condensed consolidated condensed consolidated interim financial statements of American Pacific Mining Corp. for the three months ended March 31, 2022 have been prepared by the management of the Company and approved by the Company's Audit Committee and the Company's Board of Directors.

The accompanying unaudited condensed consolidated interim financial statements of the Company have been prepared by and are the responsibility of the Company's management.

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American Pacific Mining Corp.

Condensed Consolidated Interim Statements of Financial Position (unaudited)
(Expressed in Canadian Dollars)

As at	Note(s)	March 31, 2022 $	December 31, 2021 $
ASSETS			
Current assets			
Cash and cash equivalents	3	13,179,853	15,085,675
Amounts receivable		25,523	11,516
Prepaid expenses		153,177	125,658
		13,358,553	**15,222,849**
Non-current assets			
Reclamation deposits	4	43,767	44,441
Property and equipment	5	39,173	42,867
Exploration and evaluation assets	6	13,169,861	13,375,505
		13,252,801	**13,462,813**
TOTAL ASSETS		**26,611,354**	**28,685,662**
LIABILITIES			
Current liabilities			
Accounts payable and accrued liabilities	8	401,818	620,584
TOTAL LIABILITIES		**401,818**	**620,584**
SHAREHOLDERS' EQUITY			
Share capital	7	39,590,881	39,568,281
Stock options reserve	7	3,632,288	1,810,884
Warrants reserve	7	508,734	508,734
Accumulated deficit		(16,968,595)	(13,474,114)
Accumulated other comprehensive loss		(553,772)	(348,707)
TOTAL SHAREHOLDERS' EQUITY		**26,209,536**	**28,065,078**
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		**26,611,354**	**28,685,662**

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These unaudited condensed consolidated interim 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**

American Pacific Mining Corp.

Condensed Consolidated Interim Statements of Loss and Comprehensive Loss (unaudited)
(Expressed in Canadian Dollars)

		For the three months ended	
		March 31, 2022	March 31, 2021
	Note(s)	$	$
Expenses			
Bank charges		186	198
Consulting fees	8	73,328	88,036
Depreciation	5	88	681
Directors' fees	8	7,502	7,450
Exploration and evaluation costs	6	1,196,029	67,472
General and administrative costs		73,386	21,022
Professional fees	8	94,505	59,392
Project evaluation costs		3,299	19,670
Share-based payments	7	1,827,754	-
Shareholder information and investor relations		138,760	66,143
Transfer agent, regulatory and listing fees		22,237	15,549
Travel		54,024	2,505
		(3,491,098)	**(348,118)**
Other income (expenses)			
Foreign exchange (loss) gain		(4,322)	3,531
Finance income		939	4,368
Realized loss on marketable securities		-	(820,000)
Gain from option-out of interest in mineral property	6	-	50,000
		(3,383)	**(762,101)**
Loss for the period		**(3,494,481)**	**(1,110,219)**
Other comprehensive loss			
Foreign currency translation differences for foreign operations		(205,065)	(60,598)
		(205,065)	**(60,598)**
Total comprehensive loss		**(3,699,546)**	**(1,170,817)**
Basic and diluted loss per share for the period attributable to common shareholders ($ per common share)		**(0.03)**	**(0.02)**
Weighted average number of common shares outstanding - basic and diluted		**117,803,653**	**65,490,639**

(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, 2021		**117,764,209**	**39,568,281**	**1,810,884**	**508,734**	**(13,474,114)**	**(348,707)**	**28,065,078**
Shares issued for cash - stock option exercise	7	50,000	16,250	-	-	-	-	**16,250**
Reclassification of grant-date fair value on exercise of stock options	7	-	6,350	(6,350)	-	-	-	**-**
Share-based payments	7	-	-	1,827,754	-	-	-	**1,827,754**
Loss		-	-	-	-	(3,494,481)	-	**(3,494,481)**
Other comprehensive loss		-	-	-	-	-	(205,065)	**(205,065)**
Balance at March 31, 2022		**117,814,209**	**39,590,881**	**3,632,288**	**508,734**	**(16,968,595)**	**(553,772)**	**26,209,536**
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 - warrant exercise	7	7,019	1,755	-	-	-	-	**1,755**
Reclassification of grant-date fair value on exercise of warrants	7	-	1,971	-	(1,971)	-	-	**-**
Loss		-	-	-	-	(1,110,219)	-	**(1,110,219)**
Other comprehensive loss		-	-	-	-	-	(60,598)	**(60,598)**
Balance at March 31, 2021		**65,496,644**	**17,990,492**	**1,625,635**	**1,662,393**	**(10,302,061)**	**(431,563)**	**10,544,896**

American Pacific Mining Corp.

Condensed Consolidated Interim Statements of Cash Flows (unaudited)
(Expressed in Canadian Dollars)

		For the three months ended	
	Note(s)	March 31, 2022 $	March 31, 2021 $
Cash flow provided from (used by)			
OPERATING ACTIVITIES			
Loss for the period		(3,494,481)	(1,110,219)
Adjustments for items not affecting cash:			
Depreciation	5	3,093	3,686
Share-based payments	7	1,827,754	-
Change in fair value of marketable securities		-	820,000
Change in non-cash working capital			
Amounts receivable		(14,007)	(12,788)
Prepaid expenses		(28,703)	(2,405)
Accounts payable and accrued liabilities		(218,766)	34,176
Cash flow used in operating activities		**(1,925,110)**	**(267,550)**
INVESTING ACTIVITIES			
Proceeds from sale of marketable securities		-	100,000
Exploration and evaluation assets	6	(28,625)	-
Recovery of exploration and evaluation assets	6	31,663	31,655
Cash flow used in investing activities		**3,038**	**131,655**
FINANCING ACTIVITIES			
Proceeds on issuance of warrants, net of cash issuance costs		-	1,755
Proceeds on exercise of options	7	16,250	-
Cash flow provided by financing activities		**16,250**	**1,755**
Effects of exchange rate changes on cash and cash equivalents		-	(5,695)
Change in cash and cash equivalents		**(1,905,822)**	**(139,835)**
Cash and cash equivalents, beginning of period		**15,085,675**	**1,465,912**
Cash and cash equivalents, end of period		**13,179,853**	**1,326,077**

SUPPLEMENTAL CASH FLOW			
Reclassification of grant-date fair value on exercise of stock options from reserves to share capital	7	6,350	-
Reclassification of grant-date fair value on exercise of warrants from reserves to share capital		-	1,971
Cash paid during the period for interest		-	-
Cash paid during the period for income taxes		-	-

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 unaudited condensed consolidated interim 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 unaudited condensed consolidated interim 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 March 31, 2022, the Company had working capital of $12,956,735 (December 31, 2021 – $14,602,265) and an accumulated deficit of $16,968,595 (December 31, 2021 – $13,474,114). 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 unaudited condensed consolidated interim financial statements of the Company for the three months ended March 31, 2022 were approved by the Board of Directors on May 30, 2022.

(Expressed in Canadian Dollars)

2) SIGNIFICANT ACCOUNTING POLICIES AND BASIS OF PREPARATION

Statement of compliance to International Financial Reporting Standards

These unaudited condensed consolidated interim financial statements of the Company 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"). These financial statements comply with International Accounting Standard 34, Interim Financial Reporting.

Basis of presentation

These unaudited condensed consolidated interim financial statements include the accounts of the Company and its subsidiaries. This interim financial report does not include all of the information required of a full annual financial report and is intended to provide users with an update in relation to events and transactions that are significant to an understanding of the changes in financial position and performance of the Company since the end of the last annual reporting period. It is therefore recommended that this financial report be read in conjunction with the annual financial statements of the Company for the year ended December 31, 2021.

New accounting standards

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

3) CASH AND CASH EQUIVALENTS

	March 31, 2022 $	December 31, 2021 $
Cash	12,157,226	14,063,988
Cash equivalents	1,022,627	1,021,687
	13,179,853	**15,085,675**

4) RECLAMATION DEPOSITS

The Company has reclamation deposits of $43,767 (US$35,000) (December 31, 2021 – $44,441 (US$35,000). These bonds were put up as collateral for the Tuscarora Project $25,010 (US$20,000) (December 31, 2021 – $25,395 (US$20,000)) and Gooseberry Project $18,757 (US$15,000) (December 31, 2021 – $19,046 (US$15,000)) in the event of future operations.

(Expressed in Canadian Dollars)

5) PROPERTY AND EQUIPMENT

	Building	Computer equipment	Total
Cost			
As at December 31, 2021	60,269	9,076	**69,345**
Effect of movements in exchange rates	(914)	-	**(914)**
As at March 31, 2022	**59,355**	**9,076**	**68,431**
Depreciation			
As at December 31, 2021	(18,081)	(8,397)	**(26,478)**
Charged for the period	(3,005)	(88)	**(3,093)**
Effect of movements in exchange rates	313	-	**313**
As at March 31, 2022	**(20,773)**	**(8,485)**	**(29,258)**
Net book value			
As at December 31, 2021	**42,188**	**679**	**42,867**
As at March 31, 2022	**38,582**	**591**	**39,173**

During the three months ended March 31, 2022, the Company charged $3,093 (March 31, 2021 – $3,686) in depreciation of which $3,005 was recognized as exploration and evaluation costs in the statements of loss (Note 6) (March 31, 2021 – $3,005).

6) EXPLORATION AND EVALUATION ASSETS

Exploration and evaluation assets as of March 31, 2022

	Gooseberry Project $	Madison Project $	South Lida Project $	Tuscarora Project $	Red Hill Project $	Total $
Balance as at December 31, 2021	**9,537**	**8,641,933**	**561,998**	**4,112,429**	**49,608**	**13,375,505**
Staking costs	-	-	28,625	-	-	**28,625**
Option payments received	-	(31,663)	-	-	-	**(31,663)**
Effect of movements in exchange rate	(145)	(130,528)	(8,877)	(62,305)	(751)	**(202,606)**
Balance as at March 31, 2022	**9,392**	**8,479,742**	**581,746**	**4,050,124**	**48,857**	**13,169,861**

(Expressed in Canadian Dollars)

6) EXPLORATION AND EVALUATION ASSETS (CONTINUED)

Exploration and evaluation costs incurred by the Company during the three months ended March 31, 2022 and 2021

	For the three months ended March 31, 2022			
	Gooseberry project	**Madison project**	**Tuscarora property**	**Total**
	$	**$**	**$**	**$**
Consulting	12,011	6,747	36,345	**55,103**
Depreciation	-	3,005	-	**3,005**
Drilling	266,193	-	386,961	**653,154**
Equipment rental	13,157	-	6,173	**19,330**
Field	81,057	510	9,862	**91,429**
Field office administration	-	-	2,711	**2,711**
Field technicians	-	50,033	-	**50,033**
Geological	58,476	-	149,897	**208,373**
Sample analysis	86,667	-	26,224	**112,891**
	517,561	**60,295**	**618,173**	**1,196,029**

	For the three months ended March 31, 2021			
	Gooseberry project	**Madison project**	**Tuscarora property**	**Total**
	$	**$**	**$**	**$**
Consulting	8,072	26,907	8,072	**43,051**
Depreciation	-	3,005	-	**3,005**
Equipment rental	-	-	475	**475**
Field	-	4,570	78	**4,648**
Field technicians	-	2,554	-	**2,554**
Geological	-	-	13,169	**13,169**
Sample analysis	-	-	570	**570**
	8,072	**37,036**	**22,364**	**67,472**

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.

(Expressed in Canadian Dollars)

6) EXPLORATION AND EVALUATION ASSETS (CONTINUED)

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.

Pursuant to the SL Claim Purchase Agreement, the Company issued the Vendors a total of 1,000,000 common shares.

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

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, the Company:

a) made $400,000 cash payments to Novo Resources Corp.; and
b) issued 266,667 common shares of the Company to Novo Resources Corp.

In addition, to earn the Tuscarora Option, the Company will have to 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 a Net Smelter Returns (the "NSR") royalty 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
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.

6) 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.

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 are 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.

6) EXPLORATION AND EVALUATION ASSETS (CONTINUED)

Tuscarora Project (Nevada, USA) (continued)

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

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.

- **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.

6) EXPLORATION AND EVALUATION ASSETS (CONTINUED)

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[2] within the first five years, including a minimum exploration budget of US$1 million in the first year.

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[2] 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[2] 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)[3];
- US$25,000 on or before April 30, 2022 (paid)[4];
- 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.

[2] Collectively the "Option Expenditures"
[3] $31,655 (US$25,000) was recognized as a reduction of the carrying value of the Madison Project.
[4] $31,663 (US$25,000) was recognized as a reduction of the carrying value of the Madison Project.

6) EXPLORATION AND EVALUATION ASSETS (CONTINUED)

Madison Project (Montana, USA) (continued)

- 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.

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[5]);

- 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.

[5] 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.

6) EXPLORATION AND EVALUATION ASSETS (CONTINUED)

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[6].

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 owns a 10% interest in the Red Hill Project.

7) SHARE CAPITAL AND RESERVES

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

Issued share capital
As of March 31, 2022, the Company had 117,814,209 common shares issued and outstanding (December 31, 2021 – 117,764,209) with a value of $39,590,881 (December 31, 2021 – $39,568,281).

During the three months ended March 31, 2022

- 50,000 stock options were exercised for proceeds of $16,250. In addition, the Company reclassified the grant date fair value of the exercised stock options of $6,350 from stock options reserve to share capital.

During the three months ended March 31, 2021

- 7,019 warrants were exercised for proceeds of $1,755. In addition, the Company reclassified the grant date fair value of the exercised warrants of $1,971 from warrants reserve to share capital.

[6] 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.

(Expressed in Canadian Dollars)

7) SHARE CAPITAL AND RESERVES (CONTINUED)

Warrants

No warrants were issued, exercised or expired during the three months ended March 31, 2022.

During the three months ended March 31, 2021, 2,433,655 warrants with an expiry date of February 28, 2021 expired unexercised. 7,019 warrants were exercised for proceeds of $1,755. In addition, the Company reclassified the grant date fair value of the exercised warrants of $1,971 from warrants reserve to share capital.

The following summarizes information about warrants outstanding at March 31, 2022:

Expiry date	Exercise price ($)	Warrants outstanding	Estimated grant date fair value ($)	Weighted average remaining contractual life (in years)
June 8, 2023	0.16	8,181,964	-	1.19
December 13, 2023	1.40	5,722,320	434,122	1.70
		13,904,284	**434,122**	**1.40**

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 three months ended March 31, 2022 as follows:

	Number outstanding	Weighted average exercise price ($)
Balance, beginning of period	4,025,000	0.39
Granted	2,900,000	1.01
Exercised	(50,000)	0.33
Balance, end of period	**6,875,000**	**0.65**

During the three months ended March 31, 2022

- On February 28, 2022, the Company granted 2,900,000 options with an exercise price of $1.01 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.

No options were granted, exercised or cancelled during the three months ended March 31, 2021.

(Expressed in Canadian Dollars)

7) SHARE CAPITAL AND RESERVES (CONTINUED)

Stock options

The estimated grant date fair value of the options granted during the three months ended March 31, 2022 was calculated using the Black-Scholes option pricing model with the following weighted average assumptions:

Number of options granted	2,900,000
Risk-free interest rate	1.59%
Expected annual volatility	N/A
Expected life (in years)	5.00
Expected dividend yield	0%
Grant date fair value per option ($)	0.63
Share price at grant date ($)	0.95

During the three months ended March 31, 2022, the Company recognized share-based payments expense arising from stock options of $1,827,754 (March 31, 2021 – $nil).

The following summarizes information about stock options outstanding and exercisable at March 31, 2022:

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	150,000	150,000	19,050	3.12
July 22, 2025	0.490	2,025,000	2,025,000	619,288	3.31
May 27, 2026	0.270	1,700,000	1,700,000	302,317	4.16
July 19, 2026	0.710	100,000	100,000	47,247	4.30
February 28, 2027	1.010	2,900,000	2,900,000	1,827,753	4.92
		6,875,000	**6,875,000**	**2,815,655**	**4.21**
Weighted average exercise price ($)		**0.65**	**0.65**		

Subsequent to March 31, 2022

- 100,000 options were exercised for gross proceeds of $32,500.

(Expressed in Canadian Dollars)

8) 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 three months ended March 31, 2022 and 2021:

		For the three months ended	
		March 31, 2022	March 31, 2021
	Footnote	$	$
Warwick Smith, CEO and Director			
Consulting fees	(1)	62,110	54,750
Share-based payments		315,130	-
		377,240	54,750
Eric Saderholm, President and Director			
Consulting fees		4,927	10,786
Exploration and evaluation costs		54,405	42,810
Share-based payments		315,130	-
		374,462	53,596
Alnesh Mohan, CFO and Corporate Secretary			
Professional fees	(2)	33,280	10,400
Share-based payments		220,591	-
		253,871	10,400
Norman Wareham, Director, Former CFO and Corporate Secretary			
Consulting fees	(3)	-	22,500
		-	22,500
Ken Cunningham, Director			
Directors' fees		3,751	3,776
Share-based payments		315,130	-
		318,881	3,776
Joness Lang, Director			
Directors' fees	(4)	3,751	3,674
Share-based payments		315,130	-
		318,881	3,674
Total		**1,643,335**	**148,696**

(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.

As at March 31, 2022, the balances due to the Company's directors and officer included in accounts payables and accrued liabilities were $47,300 (December 31, 2021 – $38,578), which were paid subsequent to March 31, 2022. These amounts are unsecured, non-interest bearing and payable on demand.

(Expressed in Canadian Dollars)

9) 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 March 31, 2022			
Non-current assets			
Reclamation deposits	43,767	-	43,767
Property and equipment	39,173	591	38,582
Exploration and evaluation assets	13,169,861	-	13,169,861
	13,252,801	**591**	**13,252,210**
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**

10) 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 three months ended March 31, 2022. The Company is not subject to externally imposed capital requirements.

(Expressed in Canadian Dollars)

11) 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:

	March 31, 2022	FVTPL $	Amortized costs $	FVTOCI $
Financial assets:				
ASSETS				
Cash and cash equivalents	13,179,853	13,179,853	-	-
Amounts receivable	25,523	-	25,523	-
Reclamation deposits	43,767	-	43,767	-
Financial liabilities:				
LIABILITIES				
Accounts payable and accrued liabilities	(401,818)	-	(401,818)	-

	December 31, 2021	$	$	$
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)	-

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 March 31, 2022 and December 31, 2021, 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 March 31, 2022 and December 31, 2021, 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.

11) 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 March 31, 2022, the Company had cash and cash equivalents of $ 13,179,853 and accounts payable and accrued liabilities of $401,818. All accounts payable and accrued liabilities are current.

11) 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 March 31, 2022 would result in an approximately $130,000 change to the Company's loss for the three months ended March 31, 2022.

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 March 31, 2022:

	CA$	US$
Cash and cash equivalents	13,016,332	130,765
Amounts receivable	25,523	-
Reclamation deposits	-	35,000
Accounts payable and accrued liabilities	(76,021)	(260,535)
	12,965,834	**(94,770)**
Rate to convert to $1.00 CAD	1.00	1.25
Equivalent to CAD	**12,965,834**	**(118,509)**

Based on the above net exposures as at March 31, 2022, and assuming that all other variables remain constant, a 10% change of the CAD against the US would change profit or loss by approximately $12,000.

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.