

Interra Copper Corp.

Condensed Interim Consolidated Financial Statements

For the three months ended March 31, 2022 and 2021

(Unaudited - Expressed in Canadian dollars)

Notice of Disclosure of Non-auditor Review of the Condensed Interim Consolidated Financial Statements for the three months ended March 31, 2022 and 2021.

Pursuant to subsection 4.3(3)(a) of National Instrument 51-102 - Continuous Disclosure Obligations, issued by the Canadian Securities Administrators, if an auditor has not performed a review of the interim financial statements, they must be accompanied by a notice indicating that the financial statements have not been reviewed by an auditor.

The accompanying unaudited condensed interim financial statements of Interra Copper Corp. (“the Company”) for the interim period ended March 31, 2022, and 2021 have been prepared in accordance with the International Accounting Standard 34 *Interim Financial Reporting* as issued by the International Accounting Standards Board and are the responsibility of the Company’s management.

The Company’s independent auditors, D&H Group LLP, have not performed a review of these interim financial statements.

May 24, 2022

Interra Copper Corp.
Condensed Interim Consolidated Statements of Financial Position
(Unaudited - Expressed in Canadian dollars)

	Note	March 31, 2022 \$	December 31, 2021 \$
ASSETS			
Current			
Cash		250,285	490,825
GST receivable		130,176	123,762
Prepaid expenses and deposits		22,166	67,916
		402,627	682,503
Reclamation bond		25,000	25,000
Exploration and evaluation assets	4, 7	5,876,405	5,817,265
Total assets		6,304,032	6,524,768
LIABILITIES			
Accounts payable and accrued liabilities	7	24,783	100,810
Total liabilities		24,783	100,810
SHAREHOLDERS' EQUITY			
Share capital	6	7,487,958	7,487,958
Reserve	6	4,392,761	4,357,265
Accumulated deficit		(5,601,470)	(5,421,265)
Total shareholders' equity		6,279,249	6,423,958
Total liabilities and shareholders' equity		6,304,032	6,524,768

Nature of operations and going concern (Notes 1, 2)

Subsequent events (Note 10)

These unaudited condensed interim consolidated financial statements were authorized for issue by the Board of Directors on May 24, 2022.

Approved on behalf of the Board of Directors:

"DW J. McAdam"

Director

"T. Greg Hawkins"

Director

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

Interra Copper Corp.
Condensed Interim Consolidated Statements of Loss and Comprehensive Loss
(Unaudited - Expressed in Canadian dollars, except number of shares)

	Note	Three months ended March 31,	
		2022	2021
		\$	\$
OPERATING EXPENSES			
Advertising and marketing		46,750	170,994
Consulting		1,500	-
Director fees	7	11,006	9,841
Filing fees		17,330	23,099
General and administrative	7	2,425	6,805
Investor relations		11,649	12,000
Management fees	7	42,951	52,500
Professional fees		11,098	39,747
Share-based payments	7	35,496	371,000
Total operating expenses		180,205	685,986
OTHER INCOME			
Foreign exchange gain		-	(16)
Total other income		-	(16)
Loss and comprehensive loss for the period		180,205	685,970
Loss per share			
Basic and diluted		0.02	0.11
Weighted average number of common shares outstanding			
Basic and diluted (Note 6(a))		8,388,424	6,499,276

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

Interra Copper Corp.
Condensed Interim Consolidated Statements of Changes in Shareholders' Equity
(Unaudited - Expressed in Canadian dollars, except number of shares)

	Note	Number of common shares (Note 6(a)) #	Amount \$	Subscriptions received \$	Reserve \$	Accumulated deficit \$	Total shareholder's equity \$
Balance, December 31, 2020		6,467,671	6,155,449	-	2,575,232	(3,767,253)	4,963,428
Warrants exercised	6	133,333	68,496	-	(8,496)	-	60,000
Subscriptions received		-	-	65,000	-	-	65,000
Share-based payments	7	-	-	-	371,000	-	371,000
Net loss for the period		-	-	-	-	(685,970)	(685,970)
Balance, March 31, 2021		6,601,004	6,223,945	65,000	2,937,736	(4,453,223)	4,773,458
Flow through units issued	5, 6	1,088,750	1,303,572	(65,000)	656,176	-	1,894,748
Flow-through premium liability	5	-	(489,937)	-	-	-	(489,937)
Units issued for private placement	6	698,670	626,299	-	316,906	-	943,205
Share issuance costs	6	-	(175,921)	-	66,454	-	(109,467)
Share-based payments		-	-	-	379,993	-	379,993
Net loss for the period		-	-	-	-	(968,042)	(968,042)
Balance, December 31, 2021		8,388,424	7,487,958	-	4,357,265	(5,421,265)	6,423,958
Share-based payments	7	-	-	-	35,496	-	35,496
Net loss for the period		-	-	-	-	(180,205)	(180,205)
Balance, March 31, 2022		8,388,424	7,487,958	-	4,392,761	(5,601,470)	6,279,249

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

Interra Copper Corp.
Condensed Interim Consolidated Statements of Cash Flows
(Unaudited - Expressed in Canadian dollars)

	Three months ended March 31,	
	2022	2021
	\$	\$
OPERATING ACTIVITIES		
Loss and comprehensive loss for the period	(180,205)	(685,970)
Items not affecting cash:		
Share-based payments	35,496	371,000
Changes in non-cash working capital items:		
GST receivable	(6,414)	(1,431)
Prepaid expenses	45,750	130,000
Accounts payable and accrued liabilities	(76,027)	33,900
Net cash used in operating activities	(181,400)	(152,501)
INVESTING ACTIVITIES		
Exploration and evaluation expenditures	(59,140)	(7,445)
Net cash used in investing activities	(59,140)	(7,445)
FINANCING ACTIVITIES		
Exercise of warrants	-	60,000
Subscriptions received	-	65,000
Net cash provided by financing activities	-	125,000
Change in cash	(240,540)	(34,946)
Cash, beginning of period	490,825	907,658
Cash, end of period	250,285	872,712
Supplemental cash flow information:		
Interest paid	-	-
Income taxes paid	-	-

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

Interra Copper Corp.
Notes to the Condensed Interim Consolidated Financial Statements
For the three months ended March 31, 2022 and 2021
(Unaudited - Expressed in Canadian dollars, except where noted)

1. NATURE OF OPERATIONS

Interra Copper Corp. (the “Company” or “Interra”) was incorporated under the laws of British Columbia on August 30, 2018, for the purposes of a plan of arrangement with Chemesis International Inc., a publicly traded company.

The Company is a junior mineral exploration company engaged in the acquisition, exploration and evaluation of natural resource properties in British Columbia, Canada. The Company currently has one mineral exploration property, which is the Thane Property located in north-central British Columbia (Note 4).

Interra’s registered and records office is Suite 2200 HSBC Building, 885 West Georgia Street, Vancouver, British Columbia, V6C 3E8. On September 23, 2019, the common shares of the Company were approved for listing on the Canadian Securities Exchange (the “CSE”) and commenced trading on September 24, 2019, under the symbol “IMCX”. On March 3, 2020, the common shares of the Company were listed on the Frankfurt Stock Exchange under the symbol “3MX”. On February 26, 2021, the common shares of the Company were quoted on the OTCQB Marketplace under the symbol “IMIMF” in the United States.

On May 2, 2022, the Company consolidated its issued and outstanding common shares on the basis of one (1) post-consolidation common share for every nine (9) pre-consolidation common shares (the “Share Consolidation”, see Note 6).

2. GOING CONCERN

These unaudited condensed interim consolidated financial statements (the “interim financial statements”) have been prepared on the assumption that the Company will continue as a going concern, meaning it will continue in operation for the foreseeable future and will be able to realize its assets and discharge its liabilities in the ordinary course of operations. Different basis of measurement may be appropriate if the Company is not expected to continue operations for the foreseeable future.

As at March 31, 2022, the Company had working capital of \$377,844 (December 31, 2021 - \$581,693) and accumulated deficit of \$5,601,470 (December 31, 2021 - \$5,421,265). During the three months ended March 31, 2022, the Company incurred a net loss of \$180,205 (2021 - \$685,970) and expects to incur further losses in the development of its business. To date the Company has not earned any revenue and is considered to be in the exploration stage. The Company’s operations are funded from equity financings which are dependent upon many external factors. Although management considers that the Company has adequate resources to maintain its core operations and planned exploration programs on its existing exploration and evaluation assets for the next twelve months, the Company recognizes it will be required to obtain additional financing beyond this period. While the Company has been successful in securing financings in the past there can be no assurance that it will be able to do so in the future.

There is material uncertainty about whether the Company will be able to obtain the required financing and complete or develop a business. This material uncertainty may cast significant doubt on the Company’s ability to continue as a going concern. These financial statements do not give effect to adjustments that would be necessary to reported carrying values and classifications of assets and liabilities should the Company be unable to continue as a going concern.

The coronavirus pandemic continues to have global impacts on workforces, economies, and financial markets. It is not possible for the Company to predict the duration or magnitude of any adverse effects that the pandemic may have on the Company’s business or ability to raise funds. As of the date of these interim financial statements, COVID-19 has had no impact on the Company’s ability to access and explore its current properties but may impact the Company’s ability to raise funding or explore its properties should travel restrictions related to COVID-19 be extended or expanded in scope.

Interra Copper Corp.
Notes to the Condensed Interim Consolidated Financial Statements
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3. BASIS OF PRESENTATION

a) Statement of compliance

These interim financial statements, including comparatives, have been prepared in accordance with International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards and interpretations of the International Financial Reporting Interpretations Committee applicable to the preparation of interim financial statements including International Accounting Standard 34 *Interim Financial Reporting*. These interim financial statements do not include all disclosures required for annual audited financial statements. Accordingly, they should be read in conjunction with the notes to the Company’s audited financial statements for the years ended December 31, 2021 and 2020 (the “annual financial statements”), which include the information necessary or useful to understanding the Company’s business and financial statement presentation.

These interim financial statements were prepared using accounting policies consistent with those in the annual financial statements.

b) Basis of measurement

These condensed interim consolidated financial statements have been prepared on a historical cost basis except for those financial instruments which have been classified at fair value through profit or loss. In addition, except for cash flow information, these financial statements have been prepared using the accrual method of accounting. All dollar amounts presented are in Canadian dollars unless otherwise specified.

c) Functional and presentation currency

These interim financial statements have been prepared in Canadian dollars, which is the Company’s and its subsidiaries’ functional and presentation currency.

d) Basis of consolidation

These interim financial statements include the accounts of the Company and its wholly owned subsidiaries (collectively, the “Company”). Subsidiaries are all entities over which the Company is able, directly, or indirectly, to control financial and operating policies, which is the authority usually connected with holding majority rights. Subsidiaries are fully consolidated from the date on which control is acquired by the Company. Subsidiaries are de-consolidated from the date that control by the Company ceases. Intercompany balances and transactions are eliminated upon consolidation. These financial statements incorporate the accounts of the Company and the following subsidiaries:

	Country of incorporation	Holding	Functional currency
Thane Minerals Inc.	Canada	100%	Canadian dollar
Canadian Mining of Arizona Inc.	US	100%	Canadian dollar

e) Significant judgements, estimates & assumptions

The preparation of the Company’s financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Estimates and assumptions are continually evaluated and are based on management’s experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Actual results could differ from these estimates.

3. BASIS OF PRESENTATION (CONTINUED)

Critical accounting judgments

The assumption that the Company will be able to continue as a going concern is subject to critical judgments by management with respect to assumptions surrounding the short and long-term operating budget, expected profitability, investing and financing activities and management's strategic planning. Should those judgments prove to be inaccurate, management's continued use of the going concern assumption could be inappropriate.

Information about critical judgments in applying accounting policies that have the most significant effect on the amounts recognized in the financial statements include, but are not limited to, the following:

Functional currency

Determination of an entity's functional currency involves judgment taking into account the transactions, events, and conditions relevant to the entity. Determination of functional currency involves evaluating evidence about the primary economic environment in which the entity operations and is re-evaluated when facts and circumstances indicate that conditions have changed.

Going concern

The assessment of the Company's ongoing viability as an operating entity and determination of the related disclosures requires significant judgment.

Impairment of exploration and evaluation assets

The Company is required to make significant judgments regarding the capitalization of the costs incurred in respect to its exploration and evaluation assets. The Company is also required to make significant judgments on the ongoing feasibility of mineral exploration, and whether there are indicators that the development of a specific area is unlikely, and exploration and evaluation assets should be impaired.

Income taxes

The provision for income taxes and composition of income tax assets and liabilities require management's judgment. The application of income tax legislation also requires judgment in order to interpret legislation and apply those findings to the Company's transactions.

Critical accounting estimates

Critical accounting estimates are estimates and assumptions made by management that may result in a material adjustment to the carrying amount of assets and liabilities within the next financial year and include, but are not limited to, the following:

Share-based payments

The fair value of stock options issued are subject to the limitations of the Black-Scholes option pricing model that incorporates market data and involves uncertainty in estimates used by management in the assumptions. The Black-Scholes option pricing model requires the input of highly subjective assumptions, including the volatility of share prices, changes in subjective input assumptions can materially affect the fair value estimate.

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3. BASIS OF PRESENTATION (CONTINUED)

Completeness of reclamation liabilities

Management determines the future costs the Company will incur to complete the rehabilitation work that is required to comply with existing laws, regulations, and agreements in place at each exploration site. Actual costs incurred may differ from those amounts estimated. Future changes to environmental laws and regulations could increase the extent of rehabilitation work required by the Company. Management determined at the date of the Statement of Financial Position that no material rehabilitation provisions were required under IAS 37 *Provisions, Contingent Liabilities, and Contingent Assets*.

4. EXPLORATION AND EVALUATION ASSETS

	As at March 31, 2022		As at December 31, 2021	
	Bullard Pass	Thane Project	Bullard Pass	Thane Project
	\$	\$	\$	\$
Acquisition costs	-	2,674,728	74,435	2,674,728
Deferred exploration costs	-	3,201,677	243,161	3,142,537
Impairment of exploration and evaluation assets	-	-	(317,596)	-
Balance	-	5,876,405	-	5,817,265

	Bullard Pass	Thane Project	Total
	\$	\$	\$
Balance, December 31, 2020	317,596	3,486,599	3,804,195
Exploration costs			
Aircraft rental	-	396,163	396,163
Assaying	-	157,973	157,973
Camp costs	-	337,551	337,551
Drilling expenditures	-	789,633	789,633
Prospecting	-	528,719	528,719
Geological consulting	-	76,225	76,225
Geophysics	-	44,402	44,402
Impairment of exploration and evaluation assets	(317,596)	-	(317,596)
Balance, December 31, 2021	-	5,817,265	5,817,265
Exploration costs			
Assaying	-	3,332	3,332
Camp costs	-	9,903	9,903
Drilling expenditures	-	37,972	37,972
Geological consulting	-	7,933	7,933
Balance, March 31, 2022	-	5,876,405	5,876,405

a) Bullard Pass Project

The Company had 171 mineral claims in the vicinity of the Harcuvar and Harquahala Mountains, Yavapai County, Arizona, United States. On February 1, 2019, the Company completed the spin out transaction to acquire the mineral property claims described above. Effective September 1, 2021, the Company decided not to pursue further work on the Bullard Pass project in Arizona, in order to focus 100% of its efforts and company resources on the Thane Project. As a result, the Company expensed all costs incurred on the property as an impairment of exploration and evaluation assets of \$317,596 in the last quarter of the year ended December 31, 2021.

4. EXPLORATION AND EVALUATION ASSETS (CONTINUED)

b) Thane Project

The Thane Property comprises 20,600 hectares of contiguous claims located in the Quesnel Terrane of north-central British Columbia. The northern part of the Quesnel Terrane extends from south of the Mt. Milligan Mine northward to the Kemess Mine, with the Thane Property located midway between these two copper-gold porphyry deposits. This property includes several highly prospective mineralized areas identified to date, including the “Cathedral Area” on which the Company’s exploration is currently focused.

On May 25, 2021, the Company engaged CME Consultants Inc. to manage and supervise the 2021 exploration program for the Thane Property. The projected costs of \$2,400,000 agreed to the 2021 budget.

c) Other Projects

On February 8, 2021, the Company entered into a non-binding letter of intent to acquire an unproven mineral interest from two directors. The Company anticipates the purchase price will be \$50,000 and a 1% net smelter return royalty. The proposed acquisition is subject to negotiation of a definitive agreement and satisfaction or waiver of other conditions. As at March 31, 2022, the non-binding letter of intent is still open and has not yet been ratified into a definitive agreement.

5. FLOW-THROUGH PREMIUM LIABILITY

The Company entered into flow-through share subscription agreements on May 13, 2020, and July 22, 2020 (Note 6, as well as Note 6(a) which explains the impact of the May 2, 2022 Share Consolidation on historic share transaction disclosures), whereby it is committed to incur on or before December 31, 2021, a total of \$1,260,000 of qualifying Canadian exploration expenditures (completed). The value of the flow-through units in excess of the quoted market value of shares on the date of issuance and the fair value of share purchase warrants issued was not set up as a liability at the time these shares were issued.

Funds raised through the issuance of flow-through shares are required to be expended on qualifying Canadian mineral exploration expenditures, as defined pursuant to Canadian income tax legislation. The flow-through gross proceeds less the qualified expenditures made to date represent the funds received from flow-through share issuances that have not been spent and are held by the Company for such expenditures.

On April 16, 2021, the Company completed a private placement for gross proceeds of \$1,422,624 through the issuance of 720,764 flow-through units (“FT Units”) at the price of \$1.80 per FT Unit and 92,778 standard equity units (the “Units”) at the price of \$1.35. The FT Units were issued at a premium of \$0.45 per FT Unit.

On May 19, 2021, the Company completed a private placement for gross proceeds of \$1,253,829 through the issuance of 265,208 FT Units at a price of \$1.80 per FT Unit and 575,152 Units at the price of \$1.35. The FT Units were issued at a premium of \$0.45 per FT Unit.

On October 29, 2021, the Company completed a private placement for gross proceeds of \$201,500 through the issuance of 102,778 FT Units at a price of \$1.80 per FT Unit and 12,222 Units at the price of \$1.35. The FT Units were issued at a premium of \$0.45 per FT Unit.

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(Unaudited - Expressed in Canadian dollars, except where noted)

5. FLOW-THROUGH PREMIUM LIABILITY (CONTINUED)

Below is a summary of the flow-through financing and the related flow-through share premium liability of the three months ended March 31, 2022 and the year ended December 31, 2021:

	FT Units issued	FT Unit price	Premium per FT Unit	Flow-through premium liability
	#	\$	\$	\$
April 16, 2021	720,764	1.80	0.45	324,343
May 19, 2021	265,208	1.80	0.45	119,344
October 29, 2021	102,778	1.80	0.45	46,250
Total	1,088,750			489,937

The following table is a continuity of the flow-through funds raised, the eligible expenditures renounced, along with the corresponding impact on the flow-through premium liability:

	Flow-through funding and eligible expenditures renounced	Flow-through premium liability
	\$	\$
Balance, December 31, 2020	-	-
Flow-through funds raised	1,959,748	489,937
Eligible expenditures renounced	(1,959,748)	(489,937)
Balance, March 31, 2022 and December 31, 2021	-	-

6. EQUITY

a) Authorized share capital

The authorized share capital of the Company consists of unlimited common shares with no par value.

On May 2, 2022, the Company consolidated its issued and outstanding common shares on the basis of one (1) post-consolidation common share for every nine (9) pre-consolidation common shares with no fractional shares issued. Accordingly, the Company effected the Share Consolidation in these interim financial statements as if it had happened at the beginning of periods reported, and disclosed all share capital, warrant, and stock option information (including the related impact to price per share/unit and excise prices), respectively on a post consolidated basis.

b) Shares issued

During the three months ended March 31, 2022, there were no share transactions.

During the year ended December 31, 2021, the Company had the following share transactions:

- i) On April 16, 2021, the Company closed a non-brokered private placement financing comprising 720,764 FT Units at a price of \$1.80 per FT Unit for gross proceeds of \$1,297,374, and 92,778 Units at a price of \$1.35 per Unit for gross proceeds of \$125,250. Each FT Unit consists of one flow-through share and one warrant. Each Unit consists of one common share and one warrant. A warrant may be exercised for one common share at price of \$2.70 for a period of twenty-four months from the closing date of the private placement. As a result, \$941,260 was allocated to share capital and \$481,364 was allocated to warrants reserve.

Interra Copper Corp.
Notes to the Condensed Interim Consolidated Financial Statements
For the three months ended March 31, 2022 and 2021
(Unaudited - Expressed in Canadian dollars, except where noted)

6. EQUITY (CONTINUED)

- ii) On May 19, 2021, the Company closed a non-brokered private placement financing comprising 265,208 FT Units at a price of \$1.80 per FT Unit for gross proceeds of \$477,374, and 575,152 Units at a price of \$1.35 per Unit for gross proceeds of \$776,455. Each FT Unit consists of one flow-through share and one warrant. Each Unit consists of one common share and one warrant. A warrant may be exercised for one common share at price of \$2.70 for a period of twenty-four months from the closing date of the private placement. As a result, \$832,992 was allocated to share capital, and \$420,837 was allocated to warrants reserve.
- iii) On May 28, 2021, the Company closed a private placement financing comprising 18,518 Units at \$1.35 per Unit for gross proceeds of \$25,000. Each Unit consists of one common share and one warrant. A warrant may be exercised for one common share at price of \$2.70 for a period of twenty-four months from the closing date of the private placement. As a result, \$16,165 was allocated to share capital, and \$8,835 was allocated to warrants reserve.

Pursuant to the FT Unit and Unit financings, the Company incurred \$175,921 of share issuance costs including \$66,454 fair value for 554,778 broker warrants exercisable at \$1.80 with a two-year term.

- iv) On October 29, 2021, the Company closed a non-brokered private placement financing comprising 102,778 FT Units at a price of \$1.80 per FT Unit for gross proceeds of \$185,000, and 12,222 Units at a price of \$1.35 per Unit for gross proceeds of \$16,500. Each FT Unit consists of one flow-through share and one warrant. Each Unit consists of one common share and one warrant. A warrant may be exercised for one common share at price of \$2.70 for a period of twenty-four months from the closing date of the private placement. As a result, \$139,454 was allocated to share capital, and \$62,046 was allocated to warrants reserve.
- v) During the year ended December 31, 2021, the Company issued 133,333 common shares on the exercise of 133,333 warrants for gross proceeds of \$60,000. As a result, \$8,496 was allocated from reserves to share capital.

c) Warrants

The following is a summary of the Company's warrants for the three months ended March 31, 2022 and the year ended December 31, 2021:

	Number of warrants (Note 6(a))	Weighted average exercise price
	#	\$
Balance, December 31, 2020	1,607,264	2.88
Exercised	(133,333)	0.45
Issued	1,849,061	2.70
Expired	(552,136)	1.17
Balance, December 31, 2021	2,770,856	3.22
Expired	(355,222)	3.60
Balance, March 31, 2022	2,415,634	3.17

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6. EQUITY (CONTINUED)

As at March 31, 2022, the Company had the following warrants outstanding:

Expiry date	Number of warrants (Note 6(a))	Weighted average exercise price	Weighted average remaining life
	#	\$	years
May 13, 2022	366,703	5.40	0.12
May 13, 2022	3,556	6.30	0.12
July 22, 2022	196,314	3.60	0.31
April 16, 2023	813,540	2.70	1.04
April 16, 2023	44,309	1.80	1.04
May 19, 2023	16,037	1.80	1.13
May 19, 2023	840,360	2.70	1.13
May 28, 2023	1,296	1.80	1.16
May 28, 2023	18,519	2.70	1.16
October 28, 2023	115,000	2.70	1.58
Balance, March 31, 2022	2,415,634	3.17	0.90

d) Unit warrants

In connection with the private placement closed on May 13, 2020, the Company issued 27,939 broker unit warrants (the "Unit Warrants"). Each Unit Warrant is exercisable at \$4.32 for a period of two years, and when exercised converts into one common share and one common share purchase warrant exercisable at \$5.40 for a period of two years from the date of issuance.

e) Options

On July 12, 2019, the Company adopted an equity incentive plan (the "Plan") whereby up to 20% of the outstanding shares of the Company as of the date of grant have been reserved for the grant and issuance to its employees, officers, directors, and consultants. Awards that may be granted under the Plan to eligible persons include stock options, restricted share rights and deferred share units. With respect to stock options, the exercise price of any stock option may not be set at less than the minimum price permitted by the CSE. The aggregate number of options granted to any one individual during any 12-month period may not exceed 5% of the issued shares of the Company, or 2% in the case of consultants and investor relations representatives.

Stock options are exercisable for a period of five years from the date of grant, or such greater (maximum 10 years) or lesser period as determined by the board of directors of the Company (the "Board"). The Board also determines vesting of stock options; however, stock options granted to any person engaged in investor relations activities will vest over a period of not less than 12 months with no more than 25% of the stock options vesting in any three-month period.

During the three months ended March 31, 2022, there were no new stock options issued.

During the year ended December 31, 2021, the following stock options were issued under the stock option plan:

On January 5, 2021, the Company granted 233,333 stock options with an exercise price of \$2.25 and expiration date of January 5, 2026, to consultants and an officer/director of the Company. These stock options vest over a period of 18 months.

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6. EQUITY (CONTINUED)

On January 13, 2021, the Company announced it has appointed Freeform Communications Inc. (“Freeform”) to provide investor relations and on-line marketing services. Under the terms of the agreement, Freeform has been engaged for a 6-month term at \$4,000 per month. The Company also granted to Freeform 27,778 stock options that vest over a period of 18 months with an exercise price of \$2.25 and an expiration date of January 12, 2023.

On March 1, 2021, the Company granted 44,444 stock options that vest over a period of 18 months with an exercise price of \$2.25 and an expiration date of March 1, 2024 to a consultant.

On July 6, 2021, the Company granted 200,000 stock options that vest over a period of 18 months with an exercise price of \$1.98 and an expiration date of July 6, 2026 to certain officers and/or directors of the Company.

On July 28, 2021, the Company granted 66,667 stock options that vest over a period of 18 months with an exercise price of \$1.98 and an expiration date of July 28, 2026 to a director of the Company.

The fair value of stock options granted during the year ended December 31, 2021 have been estimated using the Black-Scholes pricing model with the following weighted average assumptions:

	2021
Share price	\$0.20
Exercise price	\$0.25
Expected option life (years)	4.70
Expected volatility	117.41%
Risk-free rate	0.49%
Dividend yield	0.00%

During the three months ended March 31, 2022 and 2021, the Company recorded \$35,496 and \$371,000, respectively of share-based payment expense related to vesting of stock options granted by the Company.

As at March 31, 2022, 1,030,278 options were outstanding and had a weighted average remaining life of 3.44 years.

The following is a summary of the Company’s options for the three months ended March 31, 2022 and the year ended December 31, 2021:

	Number of options outstanding (Note 6(a))	Weighted average exercise price
	#	\$
Balance, December 31, 2020	692,778	2.34
Options granted	572,222	2.16
Options expired/cancelled	(184,722)	2.25
Balance, December 31, 2021	1,080,278	2.25
Options expired/cancelled	(50,000)	1.62
Balance, March 31, 2022	1,030,278	2.29

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(Unaudited - Expressed in Canadian dollars, except where noted)

6. EQUITY (CONTINUED)

As at March 31, 2022, the Company had the following options outstanding and exercisable:

Expiry date	Number of options outstanding (Note 6(a))	Number of options exercisable	Weighted average exercise price	Remaining contractual life
	#	#	\$	years
June 9, 2022	1,666	1,666	2.25	0.19
January 12, 2023	27,778	20,833	2.25	0.79
July 22, 2023	18,889	18,889	4.50	1.31
March 1, 2024	44,444	33,333	2.25	1.92
September 24, 2024	50,000	50,000	1.44	2.49
July 3, 2025	354,167	354,167	2.70	3.26
November 9, 2025	80,556	80,556	1.71	3.61
January 5, 2026	186,111	141,667	2.25	3.77
July 6, 2026	200,000	100,000	1.98	4.27
July 28, 2026	66,667	33,333	1.98	4.33
Balance, March 31, 2022	1,030,278	834,444	2.29	3.44

7. RELATED PARTY DISCLOSURES

Key management personnel are the directors and officers of the Company. Amounts paid to key management personnel and/or entities over which they have control during the three months ended March 31, 2022 and 2021 are as follows:

	Three months ended March 31,	
	2022	2021
	\$	\$
Director fees	11,006	9,841
General and administrative	605	-
Management fees	42,951	52,500
Share-based payments	24,420	371,000
Total	78,982	433,341

CEO - During the three months ended March 31, 2022, \$13,655 (2021 - \$27,000) was paid to a company controlled by an officer of the Company for CEO-related services.

COO - During the three months ended March 31, 2022, \$2,000 (2021 - \$6,000), was paid to a company controlled by an officer of the Company for COO-related services.

During the three months ended March 31, 2022, \$58,027 (2021 - \$nil) was paid for exploration expenditures and \$605 was paid for general and administrative expenses to a company controlled by an officer of the Company.

CFO - During the three months ended March 31, 2022, \$18,296 (2021 - \$10,500), was paid to a company controlled by an officer of the Company for CFO-related services provided.

Corporate Secretary - During the three months ended March 31, 2022, \$9,000 (2021 - \$9,000), was paid to a company controlled by an officer of the Company for corporate secretarial-related services provided.

As at March 31, 2022, \$23,300 (December 31, 2021 - \$83,270) was included in accounts payable and accrued liabilities for amounts due to a related party.

8. MANAGEMENT OF CAPITAL

The Company's objective when managing capital is to safeguard the Company's ability to continue as a going concern such that it can provide returns for shareholders and benefits for other stakeholders. The management of the capital structure is based on the funds available to the Company to support the acquisition, exploration, and development of mineral properties and to maintain the Company in good standing with the various regulatory authorities. To maintain or adjust its capital structure, the Company may issue new shares, sell assets to settle liabilities, issue debt instruments or return capital to its shareholders. The Company monitors its capital structure and makes adjustments in light of changes in economic conditions and the risk characteristics of the underlying assets.

9. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

Financial risk management

The Company may be exposed to risks of varying degrees of significance which could affect its ability to achieve its strategic objectives. The main objectives of the Company's risk management processes are to ensure that risks are properly identified and that the capital base is adequate in relation to those risks. The principal risks to which the Company is exposed are described below.

Capital risk

The Company manages its capital to ensure that there are adequate capital resources for the Company to maintain operations. The capital structure of the Company consists of share capital.

Credit risk

Credit risk is the risk that a counter party will be unable to pay any amounts owed to the Company. Management's assessment of the Company's exposure to credit risk is low.

Liquidity risk

Liquidity risk is the risk that the Company is not able to meet its financial obligations as they fall due. As at March 31, 2022, the Company's working capital is \$377,844 (December 31, 2021 - \$581,693), and it does not have any long-term monetary liabilities. The Company may seek additional financing through debt or equity offerings, but there can be no assurance that such financing will be available on terms acceptable to the Company or at all. Any equity offering will result in dilution to the ownership interests of the Company's shareholders and may result in dilution to the value of such interests. The Company's approach to managing liquidity risk is to ensure that it will have sufficient liquidity to meet liabilities when due. As at March 31, 2022, the Company has cash of \$250,285 (December 31, 2021 - \$490,825), GST receivable of \$130,176 (December 31, 2021 - \$123,762), and prepaid expenses and deposits of \$22,166 (December 31, 2021 - \$67,916), and accounts payable and accrued liabilities of \$24,783 (December 31, 2021 - \$100,810).

Market risk

Market risk incorporates a range of risks. Movements in risk factors, such as market price risk and currency risk, affect the fair values of financial assets and liabilities.

Fair value of financial instruments

As at March 31, 2022 and December 31, 2021, the Company's financial instruments consist of cash, GST receivable, and accounts payable and accrued liabilities. Cash and GST receivable are measured at amortized cost. Accounts payable and accrued liabilities are measured at amortized cost.

9. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (CONTINUED)

IFRS requires disclosures about the inputs to fair value measurements for financial assets and liabilities recorded at fair value, including their classification within a hierarchy that prioritizes the inputs to fair value measurement.

The three levels of hierarchy are:

- Level 1 - 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 (e.g., as prices) or indirectly (e.g., derived from prices); and
- Level 3 - Inputs for the asset or liability that are not based on observable market data.

Cash is measured at fair value using level 1 inputs. The carrying value of accounts receivable, prepaid expenses, GST receivable, accounts payable and accrued liabilities approximate their fair values due to their short-term to maturity. Assets and liabilities are classified on the lowest level of input that is significant to the fair value measurement.

10. SUBSEQUENT EVENTS

On April 30, 2022, 33,333 stock options with a weighted average exercise price of \$2.53 were forfeited and cancelled.

On May 2, 2022, the Company consolidated its issued and outstanding common shares on the basis of one (1) post-consolidation common share for every nine (9) pre-consolidation common shares (see Note 6).

On May 4, 2022, 425,000 stock options with a weighted average exercise price of \$2.17 were forfeited and cancelled.

On May 13, 2022, 27,939 unit purchase warrants with an exercise price of \$4.32 expired unexercised.

On May 13, 2022, 366,703 common share purchase warrants with an exercise price of \$5.40 and 3,556 common share purchase warrants with an exercise price of \$6.30 expired unexercised.