# EXPLOITS DISCOVERY CORP.

Consolidated Financial Statements

For the fiscal years ended October 31, 2021

(Expressed in Canadian Dollars)

# INDEPENDENT AUDITOR'S REPORT

To the Shareholders of Exploits Discovery Corp.

## Opinion

We have audited the consolidated financial statements of Exploits Discovery Corp. (the “Company”), which comprise the consolidated statements of financial position as at October 31, 2021 and 2020, and the consolidated statements of loss and comprehensive loss, changes in equity and cash flows for the years then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies (collectively, the “financial statements”).

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

## Basis for Opinion

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

## Material Uncertainty Related to Going Concern

Without qualifying our opinion, we draw attention to Note 1 in the financial statements, which describes events and conditions that indicate the existence of a material uncertainty that may cast significant doubt about the Company’s ability to continue as a going concern.

## Other Information

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

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

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

We obtained Management’s Discussion and Analysis prior to the date of this auditor’s report. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

## Responsibilities of Management and Those Charged with Governance for the Financial Statements

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

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

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

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

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

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

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

The engagement partner on the audit resulting in this independent auditor's report is David Goertz.

DMCL

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

**February 28, 2022**

MOORE

An independent firm
associated with Moore
Global Network Limited

EXPLOITS DISCOVERY CORP.
Consolidated Statements of Financial Position
Expressed in Canadian Dollars

| As at | | October 31, 2021 | | October 31, 2020 |
|---|---|---|---|---|
| **Assets** | | | | |
| **Current assets** | | | | |
| Cash | $ | 12,663,252 | $ | 2,964,363 |
| Receivables (Note 5) | | 933,610 | | 117,306 |
| Investments (Note 6) | | 612,225 | | 105,000 |
| Prepaid expenses | | 26,553 | | 180,830 |
| Total current assets | | 14,235,640 | | 3,367,499 |
| Equipment | | 46,881 | | - |
| Exploration and evaluation properties (Note 7) | | 23,417,559 | | 17,447,997 |
| Total assets | $ | 37,700,080 | $ | 20,815,496 |
| **Liabilities** | | | | |
| **Current** | | | | |
| Accounts payable and accrued liabilities (Note 5) | $ | 888,426 | $ | 672,776 |
| **Shareholder's equity** | | | | |
| Share capital (Note 8) | | 46,317,040 | | 16,968,055 |
| Obligation to issue shares (Note 8) | | 600,000 | | 4,134,000 |
| Option & warrant reserve (Note 8) | | 3,107,904 | | 1,855,074 |
| Deficit | | (13,213,290) | | (2,814,409) |
| Total equity | | 36,811,654 | | 20,142,720 |
| Total liabilities and equity | $ | 37,700,080 | $ | 20,815,496 |

Nature of operations (Note 1)
Subsequent events (Note 13)

Approved by the Board of Directors on February 28, 2022

Director (signed by) "Larry Short"

Director (signed by) "Christopher Huggins"

*The accompanying notes form an integral part of these consolidated financial statements*

Expressed in Canadian Dollars

| For the year ended | | October 31, 2021 | | October 31, 2020 |
|---|---|---|---|---|
| **Expenses** | | | | |
| Amortization | $ | 5,209 | $ | - |
| Investor relations | | 1,635,564 | | 123,939 |
| Exploration & evaluation expenditures (Note 7) | | 6,118,107 | | 601,818 |
| Management fees and wages | | 622,232 | | 77,670 |
| Office and administrative | | 182,906 | | 41,053 |
| Professional fees | | 175,076 | | 96,075 |
| Regulatory and filing fees | | 76,695 | | 22,392 |
| Share based compensation (Note 8) | | 2,195,281 | | 1,515,200 |
| | | (11,011,070) | | (2,478,147) |
| **Other income (loss)** | | | | |
| Fair value adjustment on investment (Note 6) | | 408,941 | | (75,000) |
| Gain on disposition of investment (Note 6) | | 13,905 | | - |
| Recovery of flow through share liability premium (Note 8) | | 189,343 | | - |
| Impairment of mineral property (Note 8) | | - | | (43,203) |
| Interest income | | - | | 5,785 |
| Loss and comprehensive loss for the year | $ | (10,398,881) | $ | (2,590,565) |
| Basic and diluted loss per common share | $ | (0.12) | $ | (0.19) |
| Basic and diluted weighted average number of common shares outstanding | | 83,898,656 | | 13,790,737 |

*The accompanying notes form an integral part of these consolidated financial statements*

EXPLOITS DISCOVERY CORP.
Consolidated Statement of Changes in Equity
Expressed in Canadian Dollars

| | Shares outstanding | Share capital | Option and warrant reserve | Obligation to issue shares | Deficit | Total equity |
|---|---|---|---|---|---|---|
| **Balance at October 31, 2019** | 6,500,000 | $ 402,779 | $ 15,400 | $ - | $ (223,844) | $ 194,335 |
| **Shares issued for cash** | 15,134,050 | 4,130,831 | (10,724) | - | - | 4,120,107 |
| **Share issued for mineral properties** | 31,894,052 | 12,569,768 | 290,000 | - | - | 12,859,768 |
| **Share issuance costs** | - | (135,323) | 45,198 | - | - | (90,125) |
| **Share-based compensation** | - | - | 1,515,200 | | - | 1,515,200 |
| **Obligation to issue shares** | - | - | - | 4,134,000 | - | 4,134,000 |
| **Net loss** | - | - | - | - | (2,590,565) | (2,590,565) |
| **Balance at October 31, 2020** | 53,528,102 | $ 16,968,055 | $ 1,855,074 | $ 4,134,000 | $ (2,814,409) | $ 20,142,720 |
| **Shares issued for cash** | 36,156,574 | 20,985,120 | (1,024,305) | - | - | 19,960,815 |
| **Share issued for mineral properties** | 7,512,799 | 5,396,471 | - | - | - | 5,396,471 |
| **Allocated to flow through liability** | - | (189,343) | | | | (189,343) |
| **Share issuance costs** | 111,111 | (377,263) | 81,854 | - | - | (295,409) |
| **Share-based compensation** | - | - | 2,195,281 | | - | 2,195,281 |
| **Obligation to issue shares** | 6,200,000 | 3,534,000 | - | (3,534,000) | - | - |
| **Net loss** | - | - | - | - | (10,398,881) | (10,398,881) |
| **Balance at October 31, 2021** | 103,508,586 | $ 46,317,040 | $ 3,107,904 | $ 600,000 | $ (13,213,290) | $ 36,811,654 |

*The accompanying notes form an integral part of these consolidated financial statements*

EXPLOITS DISCOVERY CORP.
Consolidated Statement of Cash Flows
Expressed in Canadian Dollars

| For the year ended | October 31, 2021 | October 31, 2020 |
|---|---|---|
| **Operating activities** | | |
| Net loss | $ (10,398,881) | $ (2,590,565) |
| Items not involving cash: | | |
| Amortization | 5,209 | - |
| Fair value adjustment on investment | (408,941) | 75,000 |
| Fair value adjustment on investment | (13,905) | - |
| Recognition of flow through income | (189,343) | - |
| Share-based compensation | 2,195,281 | 1,515,200 |
| Impairment of mineral properties exploration and evaluation | - | 43,203 |
| Changes in non-cash working capital: | | |
| Receivables | (816,304) | (106,702) |
| Prepaid expenses | 154,277 | (180,830) |
| Accounts payable and accrued liabilities | 215,650 | 398,788 |
| Net cash used in operating activities | (9,256,957) | (845,906) |
| **Investing activities** | | |
| Exploration and evaluation property acquisition expenditures | (573,091) | (439,602) |
| Purchase of equipment | (52,090) | - |
| Purchase of investments | (203,275) | - |
| Proceeds on disposition of investments | 118,896 | - |
| Net cash used in investing activities | (709,560) | (439,602) |
| **Financing activities** | | |
| Proceeds from issuance of equity for cash, net of costs | 19,665,406 | 4,029,982 |
| Net cash provided by financing activities | 19,665,406 | 4,029,982 |
| Net cash increase for year | 9,698,889 | 2,745,474 |
| Cash at beginning of year | 2,964,363 | 219,889 |
| Cash at end of year | $ 12,663,252 | $ 2,964,363 |

Supplemental disclosure with respect to cash flows (Note 12)

*The accompanying notes form an integral part of these consolidated financial statements*

## 1. Nature of operations

Exploits Discovery Corp. ("Exploits" or the "Company") was incorporated under the Business Corporations Act (British Columbia) on May 28, 2018 as "1165847 B.C. Ltd." The Company's head office is at 595 Burrard St, Suite 3043, Vancouver, BC, V7X 1J1. The Company is focused on evaluating, acquiring, and exploring mineral properties, in Canada and abroad. The Company's shares are listed on the Canadian Securities Exchange (the "Exchange" or "CSE") under the symbol NFLD.

The consolidated financial statements have been prepared on a going concern basis, which contemplates the realization of assets and liquidation of liabilities during the normal course of operations. As at October 31, 2021, the Company had working capital of $13,347,214 and an accumulated deficit of $13,213,290. The Company has not yet determined whether its mineral properties contain mineral deposits that are economically recoverable, and at the current stage of the Company's development, the ability of the Company to continue as a going concern is dependent upon its ability to acquire additional means of financing, however, management estimates working capital on hand is sufficient to fund operations for the next year.

These financial statements do not reflect adjustments that would be necessary if the going concern assumption were not appropriate. If the going concern basis was not appropriate for these financial statements, then adjustments would be necessary in the carrying value of assets and liabilities, the reported expenses, and the classifications on the statement of financial position. Such adjustments may be material.

## 2. Basis of presentation

These financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB").

These financial statements were authorized for issue by the Audit Committee of the Company on February 28, 2022.

These financial statements are presented in Canadian Dollars, unless otherwise noted and have been prepared on a historical cost basis. The Canadian dollar is the functional and presentation currency of the Company.

These consolidated financial statements include the accounts of the Company and its wholly owned subsidiaries; Exploits Gold Corp and 1255919 BC Ltd. Subsidiaries are fully consolidated from the date of acquisition, being the date on which the Company obtains control, and continue to be consolidated until the date that such control ceases. All inter-company transactions and balances are eliminated in full.

## 3. Significant accounting policies

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

a) Management estimates and judgments

The preparation of these financial statements requires management to make certain estimates, judgments and assumptions that affect the amounts reported and disclosed in its financial statements and related notes. Those include estimates that, by their nature, are uncertain and actual results could differ materially from those estimates. The impacts of such estimates may require accounting adjustments based on future results. Revisions to accounting estimates are recognized in the period in which the estimate is revised.

The preparation of these financial statements requires the Company to make judgements regarding the going concern of the Company and discussed in Note 1.

The areas which require management to make significant estimates, judgments and assumptions in determining carrying values include:

*Exploration and evaluation assets*

The application of the Company's accounting policy for exploration and evaluation assets requires judgment in determining whether it is likely that costs incurred will be recovered through successful exploration and development or sale of the asset under review. Furthermore, the assessment as to whether economically recoverable reserves exist is itself an estimation process. Estimates and assumptions made may change if new information becomes available. If, after the expenditure is capitalized, information becomes available suggesting that the recovery of expenditure is unlikely, the amount capitalized is written off in profit or loss in the period when the new information becomes available.

*Share-based compensation*

The fair value of stock options and non-cash compensation are subject to limitations in Black-Scholes option pricing and fair value estimates that incorporate market data involving uncertainty in estimates used by management in the assumptions. The Black-Scholes option pricing model has subjective assumptions, including the volatility of share prices, which can materially affect the fair value estimate. affect the fair value estimate

*Income taxes*

The determination of the Company's tax expense for the period and deferred tax assets and liabilities involves significant estimation and judgement by management. In determining these amounts, management interprets tax legislation in Canada and makes estimates of the expected timing of the reversal of deferred tax assets and liabilities, the deferral and deductibility of certain items and the interpretation of the treatment for tax purposes for exploration and development activities. The Company is subject to assessment by Canadian tax authorities, which may interpret legislation differently which may affect the final amount or timing of the payment of taxes. The Company provides for such differences where known based on management's best estimate of the probable outcome of these matters.

b) Cash

Cash is comprised of cash on hand and cash on deposit with the Company's financial institution on which it earns variable amounts of interest.

c) Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

Financial assets

*Initial recognition and measurement*

Financial assets and liabilities are recognized when the Company becomes a party to the contractual provisions of the instrument. On initial recognition, all financial assets and liabilities are recorded at fair value, net of attributable transaction costs, except for financial assets and liabilities classified as fair value through profit or loss ("FVTPL"). Transaction costs of financial assets and liabilities classified as at FVTPL are expensed in the period in which they are incurred.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Company's business model for managing them. With the exception of trade receivable that do not contain a significant financing component, the Company initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs. Trade receivables that do not contain a significant financing component are measured at the transaction price.

The Company's investment are carried at FVTPL (Note 6).

*Financial assets at amortized cost (debt instruments)*

The Company measures financial assets at amortized cost if both of the following conditions are met:

- The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows; and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets at amortized cost are subsequently measured using the effective interest ("EIR") method and are subject to impairment. Gains and losses are recognized in profit or loss when the asset is derecognized, modified or impaired.

The Company's financial assets at amortized cost include its cash and receivables.

Financial liabilities

*Initial recognition and measurement*

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, or as payables, as appropriate.

All financial liabilities are recognized initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The Company's financial liabilities include accounts payable and accrued liabilities.

*Derecognition*

A financial liability is derecognized when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and recognition of a new liability. The difference in the respective carrying amounts is recognized in the statement of profit or loss.

d) Income taxes

Income tax expense or recovery is comprised of current and deferred tax. Current tax and deferred tax are recognized in profit or loss except to the extent that it relates to a business combination or items recognized directly in equity or in other comprehensive loss.

Current taxes are recognized for the estimated income taxes payable or receivable on taxable income or loss for the current year and any adjustment to income taxes payable in respect of previous years. Current taxes are determined using tax rates and tax laws that have been enacted or substantively enacted by the reporting date.

Deferred tax assets and liabilities are recognized where the carrying amount of an asset or liability differs from its tax base, except for taxable temporary differences arising on the initial recognition of goodwill and temporary differences arising on the initial recognition of an asset or liability in a transaction which is not a business combination and at the time of the transaction affects neither accounting nor taxable profit and loss.

Recognition of deferred tax assets for unused tax losses, tax credits and deductible temporary differences is restricted to the instances where it is probable that future taxable profit will be available against which the deferred tax asset can be utilized. At the end of each reporting period the Company reassesses unrecognized deferred tax assets. The Company recognizes a previously unrecognized deferred tax asset to the extent that it has become probable that the future taxable profit will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are offset only when the Company has a right and intention to offset current tax assets and liabilities from the same taxation authority.

e) Exploration and evaluation properties

Exploration and evaluation property acquisition costs directly related to specific properties are deferred, commencing on the date that the Company acquires legal rights to explore a property, until technical and economic feasibility of extracting a mineral resource is demonstrable, or until the properties are sold or abandoned. Exploration and evaluation expenditures are expensed as incurred. Exploration costs may include costs such as materials used, surveying costs, drilling costs, payments made to contractors, analysing historical exploration data, geophysical studies, and depreciation on equipment used during the exploration stage. If the properties are put into commercial production, the acquisition and exploration expenditures will be depleted using the units of production basis based upon the proven reserves available. If the properties are sold or abandoned, the acquisition costs will be written off.

Mineral properties are reviewed for impairment whenever events or changes in circumstances indicate that their carrying amounts may exceed the recoverable amount. Where there is evidence of impairment, the net carrying amount of the asset will be written down to its recoverable amount. Title to resource properties 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 conveyance history characteristic of many resource properties.

f) Comprehensive income (loss) and equity

Comprehensive income (loss) consists of net income (loss) and other comprehensive income (loss) ("OCI"). OCI represents changes in shareholders' equity during a period arising from transactions and other events with non-owner sources. When applicable, components of OCI are recorded net of related income taxes. Cumulative changes in OCI are included in accumulated other comprehensive income ("AOCI"), which is presented as a category of equity in the statements of changes in equity.

g) Income (loss) per share

Income (loss) per share is computed by dividing the net income (loss) by the weighted average number of common shares outstanding during the period. In computing diluted earnings per share, an adjustment is made for the dilutive effect of outstanding share options, warrants and other convertible instruments. In the periods when the Company reports a net loss, the effect of potential issuances of shares under share options and other convertible instruments is anti-dilutive. When diluted earnings per share is calculated, only those share options and other convertible instruments with exercise prices below the average trading price of the Company's common shares for the period will be dilutive.

h) Decommissioning Liabilities

The Company is required to recognize a liability when the Company has a present legal or constructive obligation as a result of a past event, it is probable that an outflow of economic benefits will be required to settle the obligation, and the amount of the obligation can be reliably estimated. If the effect is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability. As of October 31, 2021 and 2020, the Company has not incurred any such obligations.

i) Share-based compensation

The Company issues stock options and compensatory equity instruments to certain of its employees, directors and consultants. Each tranche in an award is considered a separate award with its own vesting period and grant date fair value. The fair value of each tranche is measured at the date of grant using the Black-Scholes option pricing model. Compensation expense is recognized over the tranche's vesting period based on the number of awards expected to vest. This number is reviewed annually, with any change in estimate recognized immediately in compensation expense with a corresponding adjustment to stock option reserve.

Upon exercise of a stock option or compensatory equity instrument, consideration paid together with the stock-based compensation amount previously recognized in reserves is recorded as an increase to share capital.

j) Share capital

The Company has adopted a residual value method with respect to the measurement of shares and warrants issued as private placement units. The residual value method first allocates value to the most easily measured component based on fair value and then the residual value, if any, to the less easily measurable component.

The fair value of the common shares issued in a private placement was determined to be the more easily measurable component and were valued at their fair value. The balance, if any, was allocated to the attached warrants. Any fair value attributed to the warrants is recorded as a warrant reserve.

k) Flow through shares

The Company will from time to time, issue flow-through common shares to finance a significant portion of its exploration program. Pursuant to the terms of the flow-through share agreements, these shares transfer the tax deductibility of qualifying resource expenditures to investors. On the issuance of flow-through shares, any premium received in excess of the market price of the Company's common shares is initially recorded as a liability ("flow-through share premium liability"). Provided that the Company has renounced the related expenditures, or that there is a reasonable expectation that it will do so, the flow- through share premium liability is reduced on a pro-rata basis as the expenditures are incurred. If such expenditures are capitalized, a deferred tax liability is recognized. To the extent that the Company has suitable unrecognized deductible temporary differences, an offsetting recovery of deferred income taxes would be recorded.

Proceeds received from the issuance of flow-through shares are restricted and are to be used only for Canadian resources property exploration expenditures. The Company may also be subject to a Part XII.6 tax on flow-through proceeds renounced under the Look-back Rule, in accordance with Government of Canada flow-through regulations. When applicable, this tax is accrued as a financial expense until paid.

l) Leases

The Company assesses whether a contract is or contains a lease, at inception of a contract. A contract contains a lease when the contract conveys a right to control the use of an identified asset for a period of time in exchange for consideration. The Company recognizes a right-of-use ("ROU") asset and a corresponding lease liability with respect to all lease arrangements in which it is the lessee, at the commencement of the lease, with the following exceptions: (i) the Company has elected not to recognize ROU assets and liabilities for leases where the total lease term is less than or equal to 12 months, or (ii) for leases of low value.

The ROU asset is initially measured based on the present value of lease payments, lease payments made at or before the commencement day, and any initial direct costs. They are subsequently measured at cost less accumulated depreciation and impairment losses. The ROU asset is depreciated over the shorter of the lease term or the useful life of the underlying asset. The ROU asset is subject to testing for impairment if there is an indicator of impairment.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease, if this rate cannot be readily determined, the Company uses its incremental borrowing rate. The incremental borrowing rate is the rate which the Company would have to pay to borrow over a similar term and with similar security, the funds necessary to obtain an asset of similar value to the ROU asset in a similar economic environment. Lease payments include fixed payments less any lease incentives, and any variable lease payments where variability depends on an index or rate. When the lease contains an extension or purchase option that the Company considers reasonably certain to be exercised, the cost of the option is included in the lease payments.

## 4. Acquisition of Exploits Gold Corp.

In September 2020, the Company entered into an agreement whereby the Company acquired all of the issued and outstanding shares of Exploits Gold Corp ("Exploits Gold"). The primary assets of Exploits Gold are its ownership in the Jonathon's Pond and Mount Peyton mineral property projects. Pursuant to the agreement, the Company issued 18,910,752 common shares in exchange (the "Payment Shares") for all of the shares of Exploits Gold, with a fair value of $7,278,789, and 1,000,000 options with an exercise price of $0.59 and an expiry of July 6, 2022, with a fair value of

Expressed in Canadian Dollars

$290,000. The fair value of the options was determined using the Black-Scholes model with the following assumptions: expected life of 1.8 years, expected volatility of 100%, risk free interest of 0.24% and a dividend yield of 0%.

The Payment Shares are subject to the resale restrictions whereby the holders agree to not sell or transfer certain shares within 6, 12, and 18 months from the issuance date. The value of the Payment Shares is estimated using a commonly used option model that estimates the discount related to the lack of marketability of the shares from the contractual restriction. The following assumptions are used in the option model expected life in the range of 0.5 to 1.5 years, expected volatility of 100%, risk free interest of 0.24% and a dividend yield of 0%.

Exploits Gold is not considered to be a business under IFRS 3 "Business Combinations" as Exploits Gold did not have any processes; accordingly, the acquisition is accounted for as an asset acquisition:

| | |
|---|---|
| Consideration: | |
| 18,910,752 common shares | $ 7,278,789 |
| 1,000,000 options | 290,000 |
| | 7,568,789 |
| Net assets acquired: | |
| Receivables | 8,708 |
| Investment in Volatus (Note 6) | 180,000 |
| Mineral properties | 7,601,618 |
| Accounts payable | (221,538) |
| Net assets acquired | $ 7,568,789 |

## 5. Receivables and Accounts Payable

As at October 31, 2021 and 2020, receivables consisted of:

| | October 31, 2021 | October 31, 2020 |
|---|---|---|
| Recovery due from vendors | $ 114,485 | $ - |
| Sales tax receivables | 819,125 | 117,306 |
| **Total** | $ 933,610 | $ 117,306 |

As at October 31, 2021, accounts payable consisted of:

| | October 31, 2021 | October 31, 2020 |
|---|---|---|
| Accounts payable | $ 716,468 | $ 672,776 |
| Payroll withholding liabilities | 171,958 | - |
| **Total** | $ 888,426 | $ 672,776 |

## 6. Investments

Pursuant to the Company's acquisition of Exploits Gold (Note 4), the Company acquired 500,000 common shares of Volatus Capital Corp ("Volatus") with a fair value of $180,000 in September 2020. Volatus is traded on the CSE under the symbol "VC" and is related by way of a common director.

As at October 31, 2021, the common shares of Volatus had a value of $45,000 (2020 – $105,000) and the Company recorded a loss in the change of fair value in its investment of $60,000 (2020 – Loss – $75,000) for the year ended October 31, 2021.

In November 2020, the Company acquired 250,000 units of C2C Gold Corp ("C2C") (formerly Taku Resources) for $25,000 where each unit consisted of one share of C2C and one-half of a C2C share purchase warrant. Each whole C2C share purchase warrant has an exercise price of $0.15 and expire on November 19, 2022. C2C is traded on the CSE under the symbol "CTOC". As at October 31, 2021 the common shares of C2C had a value of $55,000 and the Company recorded a gain from a fair value adjustment of $30,000 on its investment for the year ended October 31, 2021. In addition to the shares, the Company has 125,000 C2C warrants with a fair value of $16,925, which were valued using the Black Scholes formula with the following assumptions: an expected volatility of 140%, an expected life of 1.05 years, a dividend yield of 0% and a risk-free interest rate of 0.50%. For the year ended October 31, 2021, the Company recorded a gain from a fair value adjustment of $16,925.

In December 2020, the Company acquired 1,500,000 shares of Opawica Explorations ("Opawica") for $150,000. Opawica is traded on the CSE under the symbol "OPW" and a further 70,000 shares for $28,275 in May 2021. In October 2021 the Company disposed of 300,000 shares for gross proceeds of $118,905 and recorded a gain from the disposition of $13,905. As at October 31, 2021 the Company owns 1,270,000 common shares of Opawica with a value of $495,300 and the Company recorded a gain from a fair value adjustment of $422,025 on its investment for the year ended October 31, 2021.

## 7. Exploration and evaluation properties

Silver Dollar Property

In August 2018, the Company entered into an option agreement whereby the Company was granted an option (the "Option") to acquire a 75% interest in the Silver Dollar Property ("Silver Dollar"), located in the Revelstoke Mining District of British Columbia, subject to an existing 1% net smelter royalty ("NSR"). The Option Agreement was amended in January 2019.

To exercise the Option, the Company made a cash payment of $25,000, and additionally must incur a cumulative $1,000,000 in exploration expenditures on Silver Dollar ($75,000 completed), issue and deliver cumulative of 900,000 common shares of the Company and make cash payments of $400,000 in stages through June 2023.

In November 2020, the Company terminated this option agreement and paid $66,894 as consideration for the termination. As a result of the termination, the Company recorded an impairment of $43,203 for the year ended October 31, 2020.

Middle Ridge Property

In July 2020, the Company entered into an agreement to acquire a 100% interest in the Middle Ridge property by making a cash payment of $240,000 and issuing 1,800,000 common shares (recorded at a fair value of $306,000). The property is subject to a 2% NSR which the Company can repurchase 1% for $1,000,000.

In July 2020, the Company acquired a 100% interest in additional mineral claims, expanding its Middle Ridge property and True Grit property, by issuing 6,850,000 common shares (with a fair value of $2,534,500), allocated on the basis of land size, being $1,596,735 to Middle Ridge Property and $937,765 to True Grit Property.

Great Bend Property

In July 2020, the Company staked certain claims in central Newfoundland and Labrador for a total cost of $105,000, which the Company collectively now refers to as the Great Bend property.

In August 2020, the Company acquired a 100% interest in additional mineral claims, expanding the Great Bend Property, by issuing 1,000,000 common shares with a fair value of $600,000. The Company will issue an additional 1,000,000 common shares upon completion of a pre-feasibility study with a fair value of $600,000. As of October 31, 2020, 1,000,000 common shares are recorded as obligation to issue shares. These mineral claims are subject to a 2% NSR which the Company can repurchase 1% for $1,000,000.

In August 2020, the Company acquired a 100% interest in additional mineral claims, expanding its Great Bend Property, by issuing 103,316 common shares with a fair value of $61,990.

True Grit Property

In July 2020, the Company acquired a 100% interest in the True Grit property by issuing 150,000 common shares (with a fair value of $55,500) and payment of $14,000 to settle an underlying agreement. Certain mineral claims are subject to a 2% NSR of which 1% can be repurchased by the Company for $1,000,000.

In July 2020, the Company acquired a 100% interest in additional mineral claims, expanding its Middle Ridge property and True Grit property, by issuing 6,850,000 common shares with a fair value of $2,534,500, allocated on the basis of land size, being $1,596,735 to Middle Ridge Property and $937,765 to True Grit Property.

In August 2020, the Company acquired a 100% interest in additional mineral claims, expanding its True Grit Property, by issuing 281,081 common shares with a fair value of $168,648.

Mount Peyton Property

In August 2020, the Company acquired a 100% interest in the Mt. Peyton property by issuing a cash payment of $2,000 and issuing 500,000 common shares with a fair value of $185,000. In addition, the Company must issue a further 5,000 common shares on the 6th through 20th anniversary of signing the agreement. Certain claims are subject to a 2% NSR which the Company can repurchase 1% for $750,000.

In August 2020, the Company acquired a 100% interest in additional mineral claims, expanding its Mt. Peyton property, by issuing 504,426 common shares of the Company with a fair value of $302,655.

In September 2020, the Company expanded its Mt. Peyton property with additional claims through its acquisition of Exploits Gold Corp. (Note 4) of which $5,067,745 is allocated to the Mt. Peyton property.

In September 2021, the Company staked additional claims at a cost of $144,275 which are considered to be part of the Mt. Peyton property.

Gazeebow Property

In August 2020, the Company acquired a 100% interest in the Gazeebow property by issuing a cash payment of $7,000 and issuing 600,000 common shares with a fair value of $360,000. These mineral claims are subject to a 2% NSR which the Company can repurchase 1% for $1,000,000.

In May 2021, the Company entered into a mineral property purchase agreement with Crest Resources Corp. (Crest) to acquire the Gazeebow North property. In connection with this proposed acquisition, the Company advanced $200,000 towards the purchase price, however in June 2021, the agreement was terminated and Crest repaid $100,000. The remaining $100,000 is included in receivables due from Crest (Note 5).

Dog Bay Property

In August 2020, the Company entered into an option agreement to acquire a 100% interest in the Dog Bay property by making a cash payment of $30,000 and issuing 1,000,000 common (with a fair value of $600,000). In addition, the Company must issue further payments as follows:

- $40,000 cash (paid) and 400,000 common shares (issued with a fair value of $276,000) on the 1$^{st}$ anniversary; and
- $50,000 cash and 500,000 common shares on the 2$^{nd}$ anniversary; and
- $60,000 cash and 600,000 common shares on the 3$^{rd}$ anniversary; and
- $70,000 cash and 1,000,000 common shares on the 4$^{th}$ anniversary; and
- $10,000 in cash or common shares on the 5$^{th}$ to 10$^{th}$ anniversary; and
- $50,000 in cash or common shares on the 11$^{th}$ to 20$^{th}$ anniversary.

Fulfillment of the payments up to the 4th anniversary will complete the option and result in the Company acquiring ownership of the property. Payments on or after the 5th anniversary will be in lieu of advance royalty payments. In addition, payments on or after the 5th anniversary may be made in cash or common shares at the discretion of the Company, where the value of any common shares issued will be at the 30 day volume weighted average price.

The property is subject to a 2% NSR which the Company can purchase half (1%) for $4,000,000; the Company also has a right of first refusal on any sale or transfer of the NSR.

In August 2020, the Company acquired a 100% interest in additional mineral claims, expanding its Dog Bay property, by issuing 194,477 common shares with a fair value of $116,686.

In October 2020, the Company acquired all of the issued and outstanding shares of 1255919 for 6,200,000 shares of the Company. The only asset of 1255919 was a 100% interest in certain claims that have been allocated to the Dog Bay property. The acquisition was closed with the consideration valued at $3,534,000, which was recorded as obligation to issue shares. In November 2020, 6,200,000 shares were issued. 1255919 had no other assets or liabilities and the full amount of the consideration has been allocated to the Dog Bay property acquired.

In March 2021 the Company acquired a 100% interest in additional claims in the 'Hicks-Dog Bay' area, issuing 550,000 shares with a fair value of $264,000. These claims are subject to a 2% NSR to one of the underlying vendors, of which 1% may be bought back for $1,000,000.

Jonathan's Pond Property

In September 2020, the Company acquired Jonathan's Pond property, comprising of 127 claims, through its acquisition of Exploits Gold Corp. of which $2,533,873 is allocated to the Jonathon's Pond property. In December 2020, the Company acquired an additional comprising of 45 mineral claims surrounding the core of its 100% owned Jonathan's Pond gold project from New Found Gold Corp. As consideration the Company issued 6,562,799 common shares with a fair market value of $4,856,471 and these claims are subject to a 2% NSR.

Crest 50/50 Staking Agreement

In June 2021, the Company entered into 50/50 staking syndicate with Crest Resources Inc. ("Crest") and through the staking syndicate acquired through staking a 100% interested in PB Hill property at a cost of $412,816. Pursuant to the terms of the staking agreement, Crest is contributing geological intellectual property for the staking thesis and the Company will finance the staking costs. The Company will receive the first 1.2 times cost return on the funds financed and further benefit will be split 50/50.

Other

In October 2020, the Company entered into a royalty and geological consulting services agreement with GoldSpot Discoveries, whereby GoldSpot Discoveries received a 0.5% NSR on all of the Company's Newfoundland mineral claims with an option to acquire a further 0.5% NSR for a one-time cash payment of $1,000,000.

Expressed in Canadian Dollars

Exploration and evaluation property acquisition costs

| Property | Dog Bay | Gazeebow | Great Bend | Jonathon's Pond | Middle Ridge | Mt. Peyton | Silver Dollar | True Grit | Crest 50/50 Staking | Total |
|---|---|---|---|---|---|---|---|---|---|---|
| **Balance, October 31, 2019** | **$ -** | **$ -** | **$ -** | **$ -** | **$ -** | **$ -** | **$ 25,000-** | **$ -** | **$ -** | **$ 25,000** |
| Acquisition cost – cash | 30,000 | 7,000 | - | - | 240,000 | 2,000 | - | 14,000 | - | 293,000 |
| Acquisition Share Payments | 4,250,686 | 360,000 | 1,261,990 | 2,533,873 | 1,902,735 | 5,555,400 | - | 1,161,913 | - | 17,026,597 |
| Staking | 23,400 | - | 105,000 | - | - | - | 18,203 | - | - | 146,603 |
| Impairment | - | - | - | - | - | - | (43,203) | - | - | (43,203) |
| **Balance, October 31, 2020** | **$ 4,304,086** | **$ 367,000** | **$ 1,366,990** | **$ 2,533,873** | **$ 2,142,735** | **$ 5,557,400** | **$ -** | **$ 1,175,913** | **-** | **$17,447,997** |
| Acquisition cost – cash | 40,000 | - | - | - | - | 120,275 | - | - | 412,816 | 573,091 |
| Acquisition costs – share payments | 540,000 | - | - | 4,856,471 | - | - | - | - | - | 5,396,471 |
| **Balance, October 31, 2021** | **$ 4,884,086** | **$ 367,000** | **$1,366,990** | **$7,390,344** | **$2,142,735** | **$5,677,675** | **$ -** | **$ 1,175,913** | **412,816** | **$23,417,559** |

Expressed in Canadian Dollars

Exploration and evaluation property expenditures

| Year Ended: | October 31, 2021 | October 31, 2020 |
|---|---|---|
| Airborne surveys | $ 1,763,152 | $ 5,249 |
| Fieldwork and Consumables | 355,437 | 120,576 |
| Geological consulting | 1,314,258 | 127,145 |
| Geophysics | 2,240,083 | 8,223 |
| Property investigation costs | 100,000 | - |
| Rentals | 139,845 | 138,990 |
| Sampling | - | 91,500 |
| Termination of Silver Dollar Property | 66,894 | - |
| Travel | 54,900 | 7,655 |
| Wages | 205,605 | 102,480 |
| Recovery | (72,067) | - |
| *Total* | $ 6,118,107 | $ 601,818 |

## 8. Share Capital

a) Common shares

The Company's articles authorize an unlimited number of common shares without par value and an unlimited number of preferred shares. As at October 31, 2021, the Company has not issued any preferred shares.

***During the year ended October 31, 2021, the Company:***

- Entered into agreement with New Found Gold Corp. to acquire additional claims in the Jonathon's Pond property and as consideration the Company issued 6,562,799 common shares with a fair value of $4,856,471 and a 2% NSR (Note 7).
- Issued 6,200,000 shares with a value of $3,534,000 to settle the obligation to issue shares.
- Completed a private placement by issuing 3,704,911 units at $0.45 per unit and 4,733,571 flow-through units at $0.49 per unit for a total of $3,986,660. Each unit (flow though and non-flow through) has a full warrant exercisable at $0.67 for a period of two years. The Company incurred cash issuance costs of $172,409, issued 111,111 units to the finders with a value at $50,000 and issued 406,984 agent's warrants with an exercise price of $0.67 and for two years in connection with this financing. The fair value of the agents' warrants was $81,854 using the following Black Scholes option pricing model based on the following assumptions: expected life of 2 year, expected volatility of 100%, interest of 0.20% and a dividend yield of 0%. In connection with the flow through units, the Company recorded $189,343 as a flow through obligation, which was brought into profit and loss as the Company fully made qualifying exploration expenditures as of October 31, 2021.
- Issued 550,000 shares to acquire 100% interest in the Hicks-Dog Bay properties to consolidate the Dog Bay Gold Project with a value of $264,000 (Note 7).
- Issued 400,000 shares pursuant to the option payment for the Dog Bay project, with a fair value of $276,000 acquiring 100% interest in the Hicks-Dog Bay properties consolidating the Dog Bay Gold Project that carries a fair value of $264,000 (Note 7).
- Completed a non-brokered private placement raising $4,100,000 by issuance of 8,200,000 units at $0.50 per unit. Each unit consists of one common share and one full warrant. Each warrant is exercisable into one share of the Company at $0.67 per share for 24 months. The Company incurred cash share issuance costs of $123,000.
- Completed a non-brokered private placement raising $8,000,000 at a price of $0.60 per unit from the issuance of 13,333,334 units. Each unit consists of one common share and one warrant, where each warrant is exercisable into one share of the Company at $0.70 per share for three years.
- Issued 2,875,000 shares pursuant to the exercise of options for proceeds of $1,604,700. The weighted average share

Expressed in Canadian Dollars

price on the date of the exercise of options was $1.31. In connection with the exercise of these options, the Company reclassified $579,700 from reserves to share capital.

- Issued 3,309,758 shares pursuant to the exercise of warrants and broker warrants for proceeds of $2,269,455. In connection with the exercise of these warrants, the Company reclassified $444,605 from reserves to share capital.

***During the year ended October 31, 2020, the Company:***

- Completed a private placement of 5,000,000 common shares at $0.12 per share in July 2020 for gross proceed of $600,000. The Company incurred share issuance costs of $1,064 in connection with this financing
- Completed a private placement of 10,000,000 unit at $0.35 per unit in two tranches in September and October 2020. Each unit consisted of one common share and one share purchase warrant entitling the holder to acquire one additional common share at an exercise price of $0.70 for a period of 1 year. The Company paid share issuance costs of $89,061 and issued 230,400 agents' warrants with an exercise price of $0.70 and an expiry of 12 months. The fair value of the agents' warrants was $42,258 using the following Black Scholes assumptions: expected life of 1 year, expected volatility of 100%, interest of 0.23% and a dividend yield of 0%.
- Issued 134,050 common shares pursuant to the exercise of warrants for cash proceeds of $20,108. A total of $10,724 was reallocated from reserves to share capital in connection with the exercise of these warrants.
- Issuance of 18,910,752 common shares with a value of $7,013,844 as consideration for the acquisition of Exploits Gold (Note 4).
- Record an obligation to issue of 6,200,000 common shares with a value of $3,534,000 as consideration for the acquisition of 1255919 BC Ltd (Note 7).
- Issuance of 12,983,300 common shares with a value of $5,290,980 pursuant to various mineral property acquisition agreements (Note 7).

Escrowed securities

In connection with the Initial Public Offering (IPO), 2,765,000 common shares of the Company were subject to a time release escrow where shares are released in stages over 3 years. As of October 31, 2021, 829,500 common shares remained in escrow.

b) Warrants

A summary of the Company's warrant activity is as follows:

| | Number of Warrants | Weighted average Exercise Price |
|---|---|---|
| **Balance, as at October 31, 2019** | **192,500** | **$0.15** |
| Issued | 5,000,000 | $0.70 |
| Issued – agents' warrants | 230,400 | $0.70 |
| Exercised | (134,050) | $0.10 |
| **Balance, as at October 31, 2020** | **5,288,850** | **$0.69** |
| Exercised | (3,309,758) | $0.69 |
| Expired | (2,486,716) | $0.70 |
| Issued | 30,489,911 | $0.67 |
| **Balance, October 31, 2021** | **29,982,287** | **$0.68** |

As at October 31, 2021, warrants outstanding are as follows:

| Number of warrants outstanding | Exercise Price | Expiry date |
|---|---|---|
| 6,004,159 | $0.67 | March 15, 2023 |
| 2,444,794 | $0.67 | March 31, 2023 |

Expressed in Canadian Dollars

| | | | |
|---|---|---|---|
| | 8,200,000 | $0.67 | April 26, 2023 |
| | 13,333,334 | $0.70 | May 17, 2023 |
| **Total** | **29,982,287** | **$0.68** | |

c) Stock Options

The Company has established a stock option plan whereby the board of directors may, from time to time, grant options to directors, officers, employees or consultants to a maximum of 10% of the Company's issued and outstanding common shares. These options may be granted for a maximum of 10 years from the date of grant and vest as determined by the board of directors.

In September 2021, the Company granted 1,000,000 stock options to directors, officers and consultants with an exercise price of $0.62 and an expiry of 5 years. The stock options vest 25% upon grant date, then 25% every 6 months thereafter. The fair value of these options was estimated to be $450,000 using the following Black Scholes assumptions: expected life of 2 years, expected volatility of 100%, risk free interest rate of 0.20% and an expected dividend yield of 0%. As of October 31, 2021, $164,747 was recognized as an expense in connection with the vesting of these options.

In June 2021, the Company granted 600,000 stock options to directors, officers and consultants with an exercise price of $1.19 and an expiry of 3 years. The stock options vest 25% upon grant date, then 25% every 4 months thereafter. The fair value of these options was estimated to be $438,000 using the following Black Scholes assumptions: expected life of 2 years, expected volatility of 100%, risk free interest rate of 0.20% and an expected dividend yield of 0%. As of October 31, 2021, $312,034 was recognized as an expense in connection with the vesting of these options.

In May 2021, the Company granted 1,775,000 stock options to directors, officers and consultants with an exercise price of $1.33 and an expiry of 2 years. The fair value of these options was estimated to be $1,224,750 using the following Black Scholes assumptions: expected life of 2 years, expected volatility of 100%, risk free interest rate of 0.20% and an expected dividend yield of 0%.

In March 2021, the Company granted 1,375,000 stock options to directors, officers and consultants with an exercise price of $0.50 and an expiry of 2 years. The fair value of these options was estimated to be $343,750 using the following Black Scholes assumptions: expected life of 2 years, expected volatility of 100%, risk free interest rate of 0.20% and an expected dividend yield of 0%.

In February 2021, the Company granted 500,000 stock options to directors, officers and consultants with an exercise price of $0.49 and an expiry of 3 years. The fair value of these options was estimated to be $150,000 using the following Black Scholes assumptions: expected life of 3 years, expected volatility of 100%, risk free interest rate of 0.20% and an expected dividend yield of 0%.

In October 2020, the Company granted 4,330,000 stock options to directors, officers and consultants with an exercise price of $0.57 and an expiry of 3 years. The fair value of these options was estimated to be $1,515,200 using the following Black Scholes assumptions: expected life of 3 years, expected volatility of 100%, risk free interest rate of $0.23% and an expected dividend yield of 0%.

Pursuant to the acquisition of Exploits Gold (Note 4), the Company granted 1,000,000 options with an exercise price of $0.59 and an expiry of July 6, 2022, with a value of $290,000. The fair value of the options was determined using the Black-Scholes model with the following assumptions: expected life of 1.8 years, expected volatility of 85% to 100%, risk free interest of 0.24% and a dividend yield of 0%.

Expressed in Canadian Dollars

A summary of the Company's stock option activity is as follows:

| | Number of Options | Weighted Average Exercise Price |
|---|---|---|
| **Balance, as at October 31, 2019** | **-** | **$ -** |
| Granted | 5,330,000 | $0.57 |
| **Balance, as at October 31, 2020** | **5,330,000** | **$0.57** |
| Granted | 5,250,000 | $0.88 |
| Exercised | (2,875,000) | $0.56 |
| **Balance, as at October 31, 2021** | **7,705,000** | **$0.79** |

As at October 31, 2021, stock options outstanding are as follows:

| | Number of options | | | |
|---|---|---|---|---|
| **Grant Date** | **Outstanding** | **Exercisable** | **Exercise Price** | **Expiry date** |
| September 18, 2020 | 740,000 | 740,000 | $0.59 | July 6, 2022 |
| October 14, 2020 | 2,240,000 | 2,240,000 | $0.57 | October 14, 2023 |
| February 3, 2021 | 250,000 | 250,000 | $0.49 | February 3, 2023 |
| March 24, 2021 | 1,100,000 | 1,100,000 | $0.50 | February 24, 2023 |
| May 25, 2021 | 1,775,000 | 1,775,000 | $1.33 | May 25, 2023 |
| June 11, 2021 | 600,000 | 300,000 | $1.19 | June 11, 2024 |
| September 15, 2021 | 1,000,000 | 250,000 | $0.62 | September 15, 2026 |
| **Total** | **7,705,000** | **6,655,000** | | |

## 9. Financial instruments and risk management

*Fair value of financial instruments*

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:

a. Level 1 - Quoted prices in active markets for identical assets or liabilities;
b. 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
c. Level 3 - Inputs for the asset or liability that are not based on observable market data.

The Company's investments in Opiwaca, C2C and Volatus (Note 6) are classified as fair value through profit and loss and consist of common shares in a publicly traded entity and are classified as Level 1, while the warrants of C2C are classified as Level 2 and use the Black Scholes method to estimate fair value. As at October 31, 2021, the Company believes that the carrying values of cash, receivables and accounts payable and accrued liabilities approximate their fair values because of their nature and relatively short maturity dates or durations.

*Financial instruments risk*

The Company is exposed in varying degrees to a variety of financial instrument related risks. The Board of Directors approves and monitors the risk management processes, inclusive of documented investment policies, counter party limits, and controlling and reporting structures. The type of risk exposure and the way in which such exposure is managed is provided as follows:

Expressed in Canadian Dollars

Credit risk

Credit risk is defined as the risk of loss associated with counterparty's inability to fulfill its payment obligations. The maximum exposure to credit risk is the carrying amount of the Company's financial assets.

Liquidity risk

Liquidity risk is defined as the risk that the Company will not be able to settle its obligations as they come due. The Company has a planning and budgeting process in place to help determine the funds required to support the Company's normal operating requirements on an ongoing basis. The Company ensures that there are sufficient funds available to meet its short-term business requirements by taking into account the anticipated cash expenditures for its exploration and other operating activities, and its holding of cash and cash equivalents. The Company will pursue further equity or debt financing as required to meet its commitments. There is no assurance that such financing will be available or that it will be available on favourable terms.

As at October 31, 2021, the Company's financial liabilities consist of its accounts payable and accrued liabilities, which are all current obligations.

Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of an exposure will fluctuate because of changes in foreign exchange rates. The Company's exposure to foreign exchange risk is minimal.

Capital management

The Company monitors its equity as capital.

The Company's objectives in managing its capital are to maintain a sufficient capital base to support its operations and to meet its short-term obligations and at the same time preserve inventor's confidence and retain the ability to seek out and acquire new projects of merit. The Company is not exposed to any externally imposed capital requirements.

## 10. Related party transactions

Key management personnel include those persons having 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 members of the Company's Board of Directors and corporate officers. The Company incurred and paid fees to directors and officers for management and professional services as follows:

| **For the year ended** | **October 31 2021** | October 31 2020 |
|---|---|---|
| Management fees and wages paid to key management and directors | **$ 394,750** | $ 47,500 |
| Professional fees paid to a corporation controlled by key management | **-** | 30,381 |
| Investor relations paid to corporation controlled by key management | **-** | 2,700 |
| Rent fees paid to corporation controlled by key management | **14,272** | 19,050 |
| Geological consulting paid to a company with common directors | **258,250** | 25,000 |
| | **$ 667,272** | $ 124,631 |

The Company's acquisition of 1255919 BC Ltd in October 2020 also included certain shareholders of 1255919 BC Ltd, who had common directors with the Company at the time.

During the year ended October, 31, 2021, the Company issued 10,716,667 shares for gross proceeds of $6,022,500 to related parties.

Expressed in Canadian Dollars

During the year ended October 31, 2021, the Company recorded share-based payments of $1,354,270 (2020 - $621,127) pertaining to stock options granted to related parties.

**Accounts payable**
As at October 31, 2021, there are no payables owed to related parties.

## 11. Income taxes

The provision for income taxes recorded in the financial statements differs from the amount which would be obtained by applying the combined statutory income tax rate of approximately 27.00% (2020 – 27.00%) to the net loss before income taxes for the years as follows:

| | | October 31 2021 | | October 31 2020 |
|---|---|---|---|---|
| Net loss before tax | $ | (10,398,881) | $ | (2,590,565) |
| Expected tax recovery from operations | $ | (2,808,000) | $ | (699,453) |
| Increase (decrease) resulting from: | | | | |
| Non-deductible amounts and other | | 1,454,000 | | 336,923 |
| Impact of flow through shares | | 626,000 | | - |
| Share issue costs | | (93,000) | | - |
| Change in unrecognized deferred tax assets | | 821,000 | | 362,530 |
| Income tax (expense) recovery | $ | - | | - |

The unrecognized deferred tax assets of the Company comprise:

| | | October 31 2021 | | October 31 2020 | Expiry |
|---|---|---|---|---|---|
| Share issuance costs and other | $ | 365,000 | $ | 31,608 | |
| Exploration and evaluation properties | $ | 1,027,000 | $ | 141,617 | |
| Non-capital losses available for future periods | $ | 8,753,000 | $ | 346,008 | 2041 |

In assessing whether the deferred tax assets are realizable, management considers whether it is probable that some portion or all of the deferred tax assets will be utilized. The ultimate realization of deferred tax assets is dependent upon the generation of future taxable income during the periods in which those temporary differences become deductible.

## 12. Supplemental disclosure with respect to cash flows

The Company did not pay interest or dividends, nor did it receive any dividends during the year ended October 31, 2021 and 2020.

Significant non-cash financing and investing transactions for the years ended October 31, 2021 included:

- Issuance of 6,200,000 common shares with a value of $3,534,000 to settle the obligation to issue shares (Note 8).
- Issuance of 550,000 common share with a value of $264,000 for the acquisition of Hicks – Dog Bay properties (Note 8).
- Issuance of 400,000 common share with a value of $279,000 for the acquisition of certain claims comprising the Dog Bay properties (Note 7).
- Issuance of 6,562,799 common shares with a value of $4,856,571 for the acquisition of claims comprising the Jonathon's Pond property (Note 7).

Significant non-cash financing and investing transactions for the years ended October 31, 2020 included:

- Issuance of 18,910,752 common shares with a value of $7,278,789 and 1,000,000 options with a value of $290,000 for the acquisition of Exploits Gold (Note 4).
- 6,200,000 common shares with a value of $3,534,000 for the acquisition of 1255919 recorded as obligation to issue shares (Note 7).
- Issuance of 12,983,300 common share with a value of $5,290,979 for the acquisition of mineral properties (Note 6). - 1,000,000 common shares with a value $600,000 pertaining to the acquisition of the Great Bend Property recorded as obligation to issue shares (Note 7).

**13. Subsequent events**

Subsequent to October 31, 2021, the Company completed a financing for gross proceeds of $3,000,000 through the issuance of 6,000,000 flow through common shares at a price of $0.50 per flow through common share.