STRAIGHTUP RESOURCES INC.

# Condensed Interim Consolidated Financial Statements
**(Unaudited)**

## For the three and nine months ended September 30, 2022 and 2021

## Expressed in Canadian Dollars

**PAGE**



**FINANCIAL STATEMENTS**

## NOTICE OF NO AUDITOR REVIEW OF CONDENSED INTERIM FINANCIAL STATEMENTS

Under National Instrument 51-102, Part 4, subsection 4.3(3)(a), if an auditor has not performed a review of the condensed 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 have been prepared by and are the responsibility of management.

The Company's independent auditor has not performed a review of these financial statements in accordance with the standards established by the Chartered Professional Accountants of Canada for a review of condensed interim financial statements by an entity's auditor.

# STRAIGHTUP RESOURCES INC.
**Condensed Interim Consolidated Statements of Financial Position**
**(Expressed in Canadian Dollars - Unaudited)**

| | Note | September 30, 2022 | December 31, 2021 |
|---|---|---|---|
| | | $ | $ |
| **ASSETS** | | | |
| **Current** | | | |
| Cash | | - | 164,965 |
| Sales taxes receivable | | 3,622 | 8,983 |
| Prepaids | | 8,968 | 14,560 |
| | | 12,590 | 188,508 |
| **Exploration and evaluation assets** | 5 | 1,825,919 | 1,587,666 |
| | | **1,838,509** | **1,776,174** |
| **LIABILITIES AND SHAREHOLDERS' EQUITY** | | | |
| **Current** | | | |
| Bank indebtedness | | 1,288 | - |
| Accounts payables and accrued liabilities | 6,8 | 819,744 | 457,751 |
| Flow-through share premium | 7 | 15,000 | - |
| | | 836,032 | 457,751 |
| **Shareholders' equity** | | | |
| Share capital | 7 | 6,309,527 | 5,324,251 |
| Share subscriptions received | 6 | 10,000 | - |
| Reserves | 7 | 1,101,394 | 655,713 |
| Deficit | | (6,418,444) | (4,661,541) |
| | | 1,002,477 | 1,318,423 |
| | | **1,838,509** | **1,776,174** |

**Nature of business and continuing operations** (Note 1)

Approved and authorized for issue on behalf of the Board on November 23, 2022.

*"Mark Brezer"*, Director *"Mathew Markin"*, Director

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

## STRAIGHTUP RESOURCES INC.
**Condensed Interim Consolidated Statements of Loss and Comprehensive Loss**
**(Expressed in Canadian Dollars - Unaudited)**

| | Note | Three Months Ended September 30, 2022 | Three Months Ended September 30, 2021 | Nine Months Ended September 30, 2022 | Nine Months Ended September 30, 2021 |
|---|---|---|---|---|---|
| | | $ | $ | $ | $ |
| **OPERATING EXPENSES** | | | | | |
| Consulting | | - | 18,845 | - | 68,845 |
| Foreign exchange (gain) loss | | 4,057 | (7,337) | 4,057 | (15,864) |
| Management fees and salaries | 8 | 80,000 | 81,485 | 313,533 | 167,563 |
| Marketing | | 1,450 | 459,371 | 177,156 | 800,567 |
| Office and administrative | | 5,449 | 58,227 | 29,107 | 77,660 |
| Professional fees | | 12,475 | 30,376 | 64,047 | 133,269 |
| Rent | | 1,200 | 1,200 | 3,600 | 5,350 |
| Share-based compensation | | - | - | 327,591 | 341,402 |
| Transfer agent and filing fees | | 8,136 | 14,413 | 31,000 | 25,910 |
| | | (112,767) | (656,580) | (950,091) | (1,604,702) |
| Write-off of exploration asset | 5 | (89,762) | - | (89,762) | (15,000) |
| Write-off of acquisition advances | 4 | - | - | (717,050) | - |
| | | (89,762) | - | (806,812) | (15,000) |
| **Net loss and comprehensive loss for the period** | | **(202,529)** | **(656,580)** | **(1,756,903)** | **(1,619,702)** |
| Loss per share - basic and diluted | | $ (0.00) | $ (0.02) | $ (0.03) | $ (0.05) |
| Weighted average number of common shares outstanding | | 53,980,331 | 34,434,155 | 52,064,068 | 29,961,654 |

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

## STRAIGHTUP RESOURCES INC.
**Condensed Interim Consolidated Statements of Changes in Shareholders' Equity**
**(Expressed in Canadian Dollars - Unaudited)**

| | | Share capital | | | | | |
|---|---|---|---|---|---|---|---|
| | Note | Number of shares | Amount | Share subscriptions | Reserves | Deficit | Total |
| | | | $ | $ | $ | $ | $ |
| **Balance at December 31, 2020** | | 24,839,748 | 1,960,615 | - | 304,970 | (822,729) | 1,442,856 |
| Units issued for cash | | 10,259,667 | 1,586,800 | - | - | - | 1,586,800 |
| Shares issued for exploration and evaluation assets | | 815,385 | 184,000 | - | - | - | 184,000 |
| Shares issued for services | | 150,000 | 30,000 | - | - | - | 30,000 |
| Shares issued on exercise of warrants | | 1,674,920 | 116,348 | - | (1,656) | - | 114,692 |
| Shares issued on exercise of share options | | 500,000 | 91,458 | - | (41,458) | - | 50,000 |
| Share issuance costs | | - | (144,128) | - | 48,985 | - | (95,143) |
| Forfeited warrants | | - | 17,000 | - | (17,000) | - | - |
| Forfeited share options | | - | - | - | (41,672) | 41,672 | - |
| Share-based compensation | | - | - | - | 341,402 | - | 341,402 |
| Net loss for the period | | - | - | - | - | (1,619,702) | (1,619,702) |
| **Balance at September 30, 2021** | | 38,239,720 | 3,842,093 | - | 593,571 | (2,400,759) | 2,034,905 |
| Units issued for cash | 7 | 4,365,000 | 803,200 | - | 69,800 | - | 873,000 |
| Shares issued for exploration and evaluation assets | 5 | 4,000,000 | 680,000 | - | - | - | 680,000 |
| Shares issued for services | | 150,000 | 30,000 | - | - | - | 30,000 |
| Share issuance costs | 7 | - | (59,370) | - | 20,670 | - | (38,700) |
| Forfeited warrants | | - | 28,328 | - | (28,328) | - | - |
| Net loss for the period | | - | - | - | - | (2,260,782) | (2,260,782) |
| **Balance at December 31, 2021** | | 46,754,720 | 5,324,251 | - | 655,713 | (4,661,541) | 1,318,423 |

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

## STRAIGHTUP RESOURCES INC.
**Condensed Interim Consolidated Statements of Changes in Shareholders' Equity**
**(Expressed in Canadian Dollars - Unaudited)**

| | | Share capital | | | | | |
|---|---|---|---|---|---|---|---|
| | **Note** | **Number of shares** | **Amount** | **Share subscriptions** | **Reserves** | **Deficit** | **Total** |
| | | | **$** | **$** | **$** | **$** | **$** |
| **Balance at December 31, 2021** | | 46,754,720 | 5,324,251 | - | 655,713 | (4,661,541) | 1,318,423 |
| Units issued for cash | 7 | 3,750,000 | 485,000 | - | 250,000 | - | 735,000 |
| Shares issued for exploration and evaluation assets | 5 | 700,000 | 152,000 | - | - | - | 152,000 |
| Shares issued for services | 8 | 900,000 | 110,000 | - | - | - | 110,000 |
| Shares issued for debt settlements | 6 | 41,341 | 4,961 | - | - | - | 4,961 |
| Shares issued on exercise of warrants | 7 | 248,400 | 32,965 | - | (11,875) | - | 21,090 |
| Shares issued on exercise of share options | 7 | 800,000 | 210,524 | - | (98,524) | - | 112,000 |
| Share issuance costs | 7 | - | (41,787) | - | 10,102 | - | (31,685) |
| Share subscriptions received | 7 | - | - | 10,000 | - | - | 10,000 |
| Forfeited warrants | | - | 31,613 | - | (31,613) | - | - |
| Share-based compensation | | - | - | - | 327,591 | - | 327,591 |
| Net loss for the period | | - | - | - | - | (1,756,903) | (1,756,903) |
| **Balance at September 30, 2022** | | **53,194,461** | **6,309,527** | **10,000** | **1,101,394** | **(6,418,444)** | **1,002,477** |

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

## STRAIGHTUP RESOURCES INC.
**Condensed Interim Consolidated Statements of Cash Flows**
**(Expressed in Canadian Dollars - Unaudited)**

| | Nine Months Ended September 30, 2022 | 2021 |
|---|---|---|
| | $ | $ |
| **Cash flows used in operating activities** | | |
| Loss for the period | (1,756,903) | (1,619,702) |
| Items not affecting cash: | | |
| Share-based compensation | 327,591 | 341,402 |
| Shares issued for services | 80,000 | 30,000 |
| Write-off of exploration assets | 89,762 | 15,000 |
| Changes in non-cash working capital items: | | |
| Sales taxes receivable | 5,361 | (39,659) |
| Prepaids | 5,592 | 30,588 |
| Accounts payables and accrued liabilities | 319,918 | 379,906 |
| | (928,679) | (862,465) |
| **Cash flows used in investing activities** | | |
| Exploration asset expenditures | (98,979) | (427,874) |
| Loan receivable issued | - | (1,373,282) |
| | (98,979) | (1,801,156) |
| **Cash flows provided by financing activities** | | |
| Units issued for cash | 750,000 | 1,586,800 |
| Proceeds from exercise of share options | 112,000 | 50,000 |
| Proceeds from exercise of warrants | 21,090 | 114,692 |
| Share subscriptions received | 10,000 | - |
| Share issuance costs | (31,685) | (95,143) |
| Bank indebtedness | 1,288 | - |
| | 862,693 | 1,656,349 |
| **Change in cash during the period** | (164,965) | (1,007,272) |
| **Cash, beginning of period** | 164,965 | 1,096,219 |
| **Cash, end of period** | **-** | **88,947** |
| **Supplemental Cash Disclosures** | | |
| Interest paid | - | - |
| income taxes paid | - | - |

**Supplemental disclosures with respect to cash flows** (Note 11)

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

## 1. NATURE OF BUSINESS AND CONTINUING OPERATIONS

Straightup Resources Inc. ("the Company") was incorporated on August 22, 2017 under the laws of British Columbia. The address of the Company's corporate office is #207 - 5500 Warf Ave., Sechelt, British Columbia, Canada, V0N 3A0. The address of the Company's registered and records office is 3426 West 33rd Avenue, Vancouver, BC, V6N 2H2. The Company's common shares trade on the Canadian Securities Exchange under the symbol ST. On October 25, 2021, the Company was commenced trading on the OTCQB Exchange in the USA under the symbol STUPF.

The Company's principal business activities include the acquisition and exploration of mineral property assets. As at September 30, 2022, the Company had not yet determined whether the Company's mineral property assets contained ore reserves that are economically recoverable. The recoverability of amounts shown for exploration and evaluation assets is dependent upon the discovery of economically recoverable reserves, confirmation of the Company's interest in the underlying mineral claims, the ability of the Company to obtain the necessary financing to complete the development of and the future profitable production from the property or realizing proceeds from its disposition. The outcome of these matters cannot be predicted at this time and the uncertainties cast significant doubt upon the Company's ability to continue as a going concern.

The Company had an accumulated deficit of $6,418,444 as at September 30, 2022, which has been funded by the issuance of equity. The Company's ability to continue its operations and to realize its assets at their carrying values is dependent upon obtaining additional financing and generating revenues sufficient to cover its operating costs.

These condensed interim consolidated financial statements do not give effect to any adjustments which would be necessary should the Company not be unable to continue as a going concern and therefore be required to realize its assets and discharge its liabilities in other than the normal course of business and at amounts different from those reflected in these financial statements.

In March 2020, the World Health Organization declared coronavirus COVID-19 a global pandemic. This contagious disease outbreak, which has continued to spread, and any related adverse public health developments, has adversely affected workforces, economies, and financial markets globally, potentially leading to an economic downturn. At this point, the impact on the Company has been minimal. The Company continues to monitor the situation and is taking all necessary precautions in order to follow rules and best practices as set out by the federal and provincial governments.

## 2. SIGNIFICANT ACCOUNTING POLICIES

### Statement of compliance

These condensed interim financial statements, including comparatives, have been prepared in accordance with International Financial Reporting Standards ("IFRS") and International Accounting Standards ("IAS") 34 "Interim Financial Reporting" as issued by the International Accounting Standards Board ("IASB"). Accordingly, certain disclosures included in the December 31, 2021 audited financial statements prepared in accordance with International Financial Reporting Standards ( "IFRS" ) as issued by the IASB have been condensed or omitted and these unaudited condensed interim financial statements should be read in conjunction with the Company's audited financial statements for the year ended December 31, 2021.

The accounting policies applied in these condensed interim financial statements are consistent with those applied and disclosed in the Company's audited financial statements for the year ended December 31, 2021. The Company's interim results are not necessarily indicative of its results for a full year.

These condensed interim financial statements were approved by the Board of Directors of the Company and authorized for issuance on November 23, 2022.

**(Expressed in Canadian Dollars - Unaudited)**

## 2. SIGNIFICANT ACCOUNTING POLICIES (continued)

### Basis of presentation

The condensed interim consolidated financial statements have been prepared on the historical cost basis, with the exception of financial instruments which are measured at fair value, as explained in the accounting policies set out below. In addition, these financial statements have been prepared using the accrual basis of accounting, except for cash flow information.

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

### Basis of consolidation

These condensed interim consolidated financial statements include the accounts of the Company and its subsidiaries, from October 11, 2021 to the end of the reporting period, as follows:

| | | Percentage owned | |
|---|---|---|---|
| | Incorporation | September 30, 2022 | December 31, 2021 |
| 1318463 BC Ltd. (“1318463 BC”) | Canada | 100% | 100% |
| Companies owned by 1318463 BC: | | | |
| Golden Axe Metals Corp. (“Golden Axe”) | USA | 100% | 100% |

On October 11, 2021, the Company acquired 100% of the outstanding common shares of 1318463 BC.

All significant intercompany accounts and transactions between the Company and its subsidiaries have been eliminated upon consolidation.

### Decommissioning, restoration and similar liabilities

An obligation to incur restoration, rehabilitation and environmental costs arises when environmental disturbance is caused by the exploration or development of a mineral property interest. Such costs arising from the decommissioning of plant and other site preparation work, discounted to their net present value, are provided for and capitalized at the start of each project to the carrying amount of the asset, along with a corresponding liability as soon as the obligation to incur such costs arises. The timing of the actual rehabilitation expenditure is dependent on a number of factors such as the life and nature of the asset, the operating license conditions and, when applicable, the environment in which the mine operates.

Discount rates using a pre-tax rate that reflects the time value of money are used to calculate the net present value. These costs are charged against profit or loss over the economic life of the related asset, through amortization using either the units-of-production or the straight-line method. The corresponding liability is progressively increased as the effect of discounting unwinds creating an expense recognized in profit or loss.

Decommissioning costs are also adjusted for changes in estimates. Those adjustments are accounted for as a change in the corresponding capitalized cost, except where a reduction in costs is greater than the unamortized capitalized cost of the related assets, in which case the capitalized cost is reduced to nil and the remaining adjustment is recognized in profit or loss.

The operations of the Company have been, and may in the future be, affected from time to time in varying degree by changes in environmental regulations, including those for site restoration costs. Both the likelihood of new regulations and their overall effect upon the Company are not predictable.

The Company has no material restoration, rehabilitation and environmental obligations as the disturbance to date is immaterial.

## 2. SIGNIFICANT ACCOUNTING POLICIES (continued)

### Accounting standards and amendments issued but not yet adopted

The Company has performed an assessment of new standards issued by the IASB that are not yet effective and has determined that any standards that have been issued would have no or very minimal impact on the Company's condensed interim consolidated financial statements.

## 3. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGMENTS

The preparation of these condensed interim consolidated financial statements requires management to make certain estimates, judgments and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and reported amounts of expenses during the reporting period. Actual outcomes could differ from these estimates. These financial statements include estimates which, by their nature, are uncertain. The impacts of such estimates are pervasive throughout the financial statements, and may require accounting adjustments based on future occurrences. Revisions to accounting estimates are recognized in the period in which the estimate is revised and future periods if the revision affects both current and future periods. These estimates are based on historical experience, current and future economic conditions and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Significant assumptions about the future and other sources of estimation uncertainty that management has made at the financial position reporting date, that could result in a material adjustment to the carrying amounts of assets and liabilities, in the event that actual results differ from assumptions made, relate to, but are not limited to, the following:

***Significant accounting estimates***

a) the measurement of deferred income tax assets and liabilities; and

b) the inputs used in accounting for share-based payments.

***Significant accounting judgments***

a) the determination of the effects of the COVID-19 pandemic

b) the determination of categories of financial assets and financial liabilities;

c) the evaluation of the Company's ability to continue as a going concern; and

d) the assessment of indications of impairment of the exploration and evaluation assets and related determination of the net realizable value and write-down of the exploration and evaluation assets where applicable.

## 4. ACQUISITION ADVANCES

As at September 30, 2022, the Company advanced $2,731,534 comprising $1,967,050 and US$603,000, as a non-interest bearing advance to Premier Silver Corp ("PSC"), as furtherance of a potential acquisition of 100% of the outstanding shares of PSC. On August 12, 2021, the Company entered into an Exclusivity Agreement with PSC granting the Company a right of exclusivity until November 10, 2021 whereby if PSC receives a written offer from an arm's length third party, the proposal must be first offered to the Company. On April 25, 2022, the Exclusivity Agreement was amended to extend the right of exclusivity to July 24, 2022. On July 24, 2022, the Exclusivity Agreement was terminated. During the nine months ended September 30, 2022, the Company wrote-off advances of $717,050 to the statement of loss and comprehensive loss (year ended December 31, 2021 - $2,014,484).

**(Expressed in Canadian Dollars - Unaudited)**

## 5. EXPLORATION AND EVALUATION ASSETS

| | Hi Mars Project | Belanger Project | Ferdinand Gold Project | Bear Head Gold Project | West Cat Mine Project | Ranger/ Otter Project | Total |
|---|---|---|---|---|---|---|---|
| | $ | $ | $ | $ | $ | $ | $ |
| **Balance, December 31, 2020** | **167,624** | **221,500** | **-** | **-** | **-** | **-** | **389,124** |
| Property acquisition | - | 55,000 | 106,500 | 89,500 | 730,000 | - | 981,000 |
| Exploration costs | | | | | | | |
| Assay | - | 170,138 | 111,946 | - | - | - | 282,084 |
| Data and reporting | - | 2,000 | - | - | - | - | 2,000 |
| Equipment rental | - | 4,000 | 4,000 | - | - | - | 8,000 |
| Geological consulting | - | 2,534 | 22,785 | 262 | - | - | 25,581 |
| Labour | - | 32,195 | 23,740 | - | - | - | 55,935 |
| Staking | - | 200 | - | - | - | - | 200 |
| Supplies and other | - | 6,000 | 2,172 | - | - | - | 8,172 |
| Travel | - | - | 3,194 | - | - | - | 3,194 |
| Subtotal | - | 272,067 | 274,337 | 89,762 | 730,000 | - | 1,366,166 |
| Write-off of exploration asset | (167,624) | - | - | - | - | - | (167,624) |
| | (167,624) | 272,067 | 274,337 | 89,762 | 730,000 | - | 1,198,542 |
| **Balance, December 31, 2021** | **-** | **493,567** | **274,337** | **89,762** | **730,000** | **-** | **1,587,666** |
| Property acquisition | - | 130,000 | 76,000 | - | - | 40,000 | 246,000 |
| Exploration costs | | | | | | | |
| Assay | - | 29 | 2,962 | - | - | - | 2,962 |
| Geological consulting | - | 14,351 | 58,442 | - | - | - | 72,793 |
| Labour | - | 6,030 | - | - | - | - | 6,030 |
| Supplies and other | - | 200 | - | - | - | - | 200 |
| Subtotal | - | 150,610 | 137,405 | - | - | 40,000 | 328,015 |
| Write-off of exploration asset | - | - | - | (89,762) | - | - | (89,762) |
| | - | - | - | (89,762) | - | - | 238,253 |
| **Balance, September 30, 2022** | **-** | **644,177** | **411,742** | **-** | **730,000** | **40,000** | **1,825,919** |

### Hi Mars Project

Pursuant to an option agreement dated October 30, 2017, with Rich River Exploration and Craig A. Lynes, (collectively, the “Hi Mars Optionors”), the Company was granted an option to acquire a 100% undivided interest in two mineral claims located near Powel River area in the Vancouver Mining Division, British Columbia (the “Hi Mars Project”).

**(Expressed in Canadian Dollars - Unaudited)**

## 5. EXPLORATION AND EVALUATION ASSETS (continued)

### Hi Mars Project (continued)

In accordance with the option agreement, the Company can acquire a 51% interest in the Hi Mars Project by making a cash payment of $5,000 upon execution of the option agreement (paid). The Company will acquire the additional 49% interest in consideration of the following cash payments, share issuances, and work commitments:

| | Common Shares | Cash | Exploration Expenditures |
|---|---|---|---|
| | # | $ | $ |
| Upon listing of the Company's common shares on a Canadian Stock Exchange (the "Listing") (issued) | 100,000 | - | - |
| On or before the first anniversary of the Listing | 100,000 | - | - |
| On or before the second anniversary of the Listing | 100,000 | 25,000 | 200,000 |
| On or before the third anniversary of the Listing | 100,000 | 30,000 | 100,000 |
| On or before the fourth anniversary of the Listing | 200,000 | 100,000 | 300,000 |
| | **600,000** | **155,000** | **600,000** |

The Hi Mars Optionors retained a 3% net smelter returns royalty which the Company has the right to purchase the first 1% of the royalty for $750,000 and the remaining 2% for $1,000,000 at any time prior to the commencement of commercial production. The Company was listed on the Canadian Stock Exchange on March 10, 2020.

Management decided not to proceed with the Hi Mars Project; as such, the option agreement was terminated and the project was written off during the year ended December 31, 2021.

### Belanger Project

Pursuant to an option agreement dated June 1, 2020 with Bounty Gold Corp. ("Belanger Project Optionor"), the Company was granted an option to acquire a 100% undivided interest in certain unpatented mining claims comprising the RLX North, RLX South, and Belanger properties (collectively, the "Belanger Project") located in the District of Red Lake, Ontario, Canada.

In accordance with the option agreement, the Company can acquire the 100% interest in the project by: (i) making cash payments in the aggregate amount of $150,000; and (ii) issuing common shares in the capital of the Company (the "Consideration Shares") having an aggregate cash value of $300,000 to the Belanger Project Optionor as follows:

| | Consideration Shares | | Cash |
|---|---|---|---|
| | # | $ | $ |
| Upon execution of the option agreement on June 1, 2020 (issued and paid respectively) | 300,000 | 30,000 | 25,000 |
| On or before the 1st anniversary on June 1, 2021 (issued 115,385 and paid respectively) | - | 30,000 | 25,000 |
| On or before the 2nd anniversary on June 1, 2022 (issued 1,000,000 shares and paid respectively) | - | 100,000 | 50,000 |
| On or before the 3rd anniversary on June 1, 2023 | - | 140,000 | 50,000 |
| | **300,000** | **300,000** | **150,000** |

**(Expressed in Canadian Dollars - Unaudited)**

## 5. EXPLORATION AND EVALUATION ASSETS (continued)

**Belanger Project** (continued)

The Belanger Project Optionor retained a 3% net smelter returns royalty which the Company has the right to purchase the first 1% of the royalty for $750,000 and the remaining 2% for $2,000,000 at any time prior to the commencement of commercial production.

On October 22, 2020, the Company entered into an agreement to acquire a digital database of compilation and field exploration data for the Belanger Project (the “Digital Database Agreement”) for a consideration of $100,000 cash and 200,000 warrants as stated below:

| | Cash | Number of Warrants |
|---|---|---|
| | **$** | **#** |
| Upon closing of the Digital Database Agreement on October 22, 2020 (paid and issued respectively) | 50,000 | 100,000 |
| Upon the earlier of (i) the commencement of a work program on either of the Property, or (ii) April 22, 2021 (paid and issued respectively) | 50,000 | 100,000 |
| | **100,000** | **200,000** |

Under the Digital Database Agreement, each warrant will be exercisable to purchase one common share of the Company for a period of three years from the date of issuance at an exercise price of $0.26 per share. For the year ended December 31, 2020, the value of the warrants was determined to be $20,000 which has been capitalized by the Company as an acquisition cost.

**Ferdinand Gold Project**

Pursuant to an option agreement dated March 19, 2021 with 1544230 Ontario Inc. and Gravel Ridge Resources Ltd. which was subsequently assigned to Solstice Gold Corp. (the “Ferdinand Gold Project Optionor”), the Company was granted an option to acquire a 100% undivided interest in 17 unpatented mining claims comprising 354 cells and encompassing 6,600 hectares, which are situated near Red Lake, Ontario (the “Ferdinand Gold Property”).

In accordance with the agreement, the Company can acquire the 100% interest in the Ferdinand Gold Project in consideration of the following cash payments and share issuances:

| | Number of Common Shares | Cash |
|---|---|---|
| | **#** | **$** |
| Upon execution of the option agreement on March 19, 2021 (issued and paid respectively) | 350,000 | 26,000 |
| On or before the 1st anniversary on March 19, 2022 (issued and paid respectively) | 400,000 | 32,000 |
| On or before the 2nd anniversary on March 19, 2023 | - | 40,000 |
| On or before the 3rd anniversary on March 19, 2024 | - | 50,000 |
| | 750,000 | 148,000 |

The Ferdinand Gold Project Optionor retained a 1.5% net smelter return royalty of which the Company has the right to repurchase 0.5% at any time by way of a one-time payment of $500,000.

**(Expressed in Canadian Dollars - Unaudited)**

## 5. EXPLORATION AND EVALUATION ASSETS (continued)

### Bear Head Gold Project

Pursuant to an option agreement dated July 12, 2021 with 1544230 Ontario Inc. and Gravel Ridge Resources Ltd. which was subsequently assigned to Solstice Gold Corp. (the “Bear Head Gold Project Optionor”), the Company was granted an option to acquire a 100% undivided interest in 31 unpatented mining claims comprising 97 cells and encompassing 4,850 hectares, which are situated in the Meen Lake area of the Patricia Mining area of Ontario, Canada (the “Bear Head Gold Property”).

In accordance with the agreement, the Company can acquire the 100% interest in the Bear Head Gold Project in consideration of the following cash payments and share issuances:

| | Number of Common Shares | Cash |
|---|---|---|
| | # | $ |
| Upon execution of the option agreement on July 12, 2021 (issued and paid respectively) | 350,000 | 16,000 |
| On or before the 1st anniversary on July 12, 2022 | - | 20,000 |
| On or before the 2nd anniversary on July 12, 2023 | - | 25,000 |
| On or before the 3rd anniversary on July 12, 2024 | - | 35,000 |
| | 350,000 | 96,000 |

The Bear Head Gold Project Optionor retained a 1.5% net smelter return royalty of which the Company has the right to repurchase 0.5% at any time by way of a one-time payment of $350,000.

Management decided not to proceed with the Bear Head Gold Project; as such, the option agreement was terminated and the project was written off during the nine months ended September 30, 2022.

### West Cat Mine Project

On October 11, 2021, the Company acquired 100% of the outstanding shares of 1318463 BC, pursuant to a Share Purchase Agreement dated September 23, 2021, which owns 100% of the outstanding shares of Golden Axe. Golden Axe owns a 100% interest in unpatented lode mining claims on federal land in the historic Beatty Mountain Nevada Mining District in Nye County, Nevada, located about 15 kilometers east of U.S. Route 95 and approximately 20 kilometers from Beatty, Nevada, at the base of the Bare Mountain Range.

In accordance with the agreement, the Company issued 4,000,000 common shares of the Company at a value of $680,000 (issued October 25, 2021), and is required to make a cash payment of $50,000 (not yet paid).

### Ranger/Otter Project

Pursuant to an option agreement dated January 20, 2022 with 1544230 Ontario Inc. and Gravel Ridge Resources Ltd. (the “Ranger/Otter Project Optionor”), the Company was granted an option to acquire a 100% undivided interest in 3 unpatented mining claims comprising 61 cells and encompassing 3,050 hectares, which are situated in the Red Lake area of Ontario, Canada (the “Ranger/Otter Property”).

**(Expressed in Canadian Dollars - Unaudited)**

## 5. EXPLORATION AND EVALUATION ASSETS (continued)

### Ranger/Otter Project (continued)

In accordance with the agreement, the Company can acquire the 100% interest in the Ranger/Otter Project in consideration of the following cash payments and share issuances:

| | Number of Common Shares | Cash |
|---|---|---|
| | # | $ |
| Upon execution of the option agreement on January 27, 2022 (issued and paid respectively) | 200,000 | 12,000 |
| On or before the 1st anniversary on January 27, 2023 | - | 14,000 |
| On or before the 2nd anniversary on January 27, 2024 | - | 18,000 |
| On or before the 3rd anniversary on January 27, 2025 | - | 28,000 |
| | 200,000 | 72,000 |

The Ranger/Otter Project Optionor retained a 1.5% net smelter return royalty of which the Company has the right to repurchase 0.5% at any time by way of a one-time payment of $500,000.

## 6. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

| | September 30, 2022 | December 31, 2021 |
|---|---|---|
| | $ | $ |
| Accounts payable | 512,764 | 201,753 |
| Accrued liabilities | 304,763 | 253,763 |
| Payroll remittances payable | 2,217 | 2,235 |
| | 819,744 | 457,751 |

On March 30, 2022, the Company issued 41,341 common shares valued at $4,961 to settle accounts payable of $4,961 owing to a director of the Company.

## 7. SHARE CAPITAL AND RESERVES

### Authorized

The Company is authorized to issue an unlimited number of common shares without par value.

### Escrow shares

The Company entered into an escrow agreement, whereby common shares will be held in escrow and are scheduled for release at 10% on the listing date and 15% every six months from date of listing. As at September 30, 2022, the Company held 1,087,500 (December 31, 2021 – 3,262,500) common shares in escrow.

## 7. SHARE CAPITAL AND RESERVES (continued)

### Issued and outstanding common shares

During the nine months ended September 30, 2022, the Company had the following share capital transactions:

a) On January 10, 2022, the Company commenced a non-brokered private placement whereby the Company seeks to raise $1,500,000 through the issuance of up to 7,500,000 units and/or flow-through common shares ("FTS") of the Company at $0.20 per unit or FTS ("January 2022 PP"). Each unit consists of one common share and one-half share purchase warrant with each whole warrant entitling the holder to purchase an additional common share at a price of $0.20 per common share for a period of two years from the date of closing. The warrants are subject to an acceleration clause whereby if the common share price is equal to or greater than $0.50 for a period of 10 consecutive trading days, the Company may, by notice to the warrant holder, reduce the remaining exercise period applicable to the warrants to not less than 30 days from the date of such notice.

   - On January 17, 2022, the Company completed the first tranche by issuing 125,000 units for a gross proceeds of $25,000. In connection with the first tranche, the Company paid finders fees of $1,850 and issued 8,750 finder warrants with each finder warrant being exercisable for a period of two years from the date of issuance at a price of $0.20 per common share. The fair value of the finder warrants was calculated to be $820 using the Black-Scholes option pricing model assuming an expected life of two years, a risk-free interest rate of 1.22%, an expected dividend rate of 0%, a price on grant date of $0.15, and an expected annual volatility of 138%. Additionally, the Company allocated $6,250 to reserves representing the value of the warrants issued.

   - On January 24, 2022, the Company completed the second tranche by issuing 1,000,000 units and 150,000 FTS for a gross proceeds of $230,000. In connection with the second tranche, the Company paid finders fees of $5,135. Additionally, the Company allocated $60,000 to reserves representing the value of the warrants issued and $9,000 to flow-through shares premium representing the value of premium on the FTS.

   - On January 27, 2022, the Company completed the third tranche by issuing 1,000,000 units and 100,000 FTS for a gross proceeds of $220,000. In connection with the third tranche, the Company paid finders fees of $14,100 and issued 70,000 finder warrants with each finder warrant being exercisable for a period of two years from the date of issuance at a price of $0.20 per common share. The fair value of the finder warrants was calculated to be $5,984 using the Black-Scholes option pricing model assuming an expected life of two years, a risk-free interest rate of 1.27%, an expected dividend rate of 0%, a price on grant date of $0.14, and an expected annual volatility of 137%. Additionally, the Company allocated $60,000 to reserves representing the value of the warrants issued and $9,000 to flow-through shares premium representing the value of premium on the FTS.

   - On February 28, 2022, the Company completed the fourth tranche by issuing 1,375,000 units for a gross proceeds of $275,000. In connection with the fourth tranche, the Company paid finders fees of $10,600 and issued 52,500 finder warrants with each finder warrant being exercisable for a period of two years from the date of issuance at a price of $0.20 per common share. The fair value of the finder warrants was calculated to be $3,298 using the Black-Scholes option pricing model assuming an expected life of two years, a risk-free interest rate of 1.45%, an expected dividend rate of 0%, a price on grant date of $0.11, and an expected annual volatility of 138%. Additionally, the Company allocated $123,750 to reserves representing the value of the warrants issued.

b) On February 22, 2022, the Company issued 200,000 common shares with a fair value of $30,000 to Wawel Capital Corp. for management services rendered during the year ended December 31, 2021, which was included in accounts payable, and 200,000 common shares with a fair value of $30,000 to Wawel Capital Corp.for management services included in management fees and salaries. (Note 8).

## 7. SHARE CAPITAL AND RESERVES (continued)

### Issued and outstanding common shares (continued)

c) On March 7, 2022, the Company issued 200,000 common shares pursuant to the Ranger/Otter Project agreement with a fair value of $28,000 (Note 5).

d) On March 17, 2022, the Company issued 400,000 common shares pursuant to the Ferdinand Gold Project agreement with a fair value of $44,000 (Note 5).

e) On March 30, 2022, the Company issued 41,341 common shares to settle accounts payable of $4,961 owing to a director of the Company.

f) On July 8, 2022, the Company issued 1,000,000 common shares pursuant to the Belanger Project agreement with a fair value of $80,000 (Note 5).

g) On July 8, 2022, the Company issued 500,000 common shares with a fair value of $50,000 to Wawel Capital Corp. for management services provided (Note 8).

h) During the nine months ended September 30, 2022, the Company issued 248,400 common shares for gross proceeds of $21,090 pursuant to the exercise of 75,000 warrants with an exercise price of $0.05 per common share and 173,400 warrants with an exercise price of $0.10 per common share. As a result, the Company transferred $11,875 representing the fair value of the exercised share purchase warrants from reserves to share capital.

i) During the nine months ended September 30, 2022, the Company issued 800,000 common shares for gross proceeds of $112,000 pursuant to the exercise of share options with an exercise price of $0.14 per common share. As a result, the Company transferred $98,524 representing the fair value of the exercised share purchase warrants from reserves to share capital.

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

a) On April 28, 2021, the Company issued 5,814,167 units at $0.12 per unit for gross cash proceeds of $697,700 (“April 2021 PP). Each unit consists of one common share and one-half share purchase warrant. Each whole warrant will entitle the holder to purchase an additional common share at a price of $0.20 per common share for a period of 12 months. In connection with the April 2021 PP, the Company paid finder fees of $22,290, issued 166,950 finders warrants with a fair value of $17,064, paid legal fees of $18,743, and paid filing fees of $3,600. The fair value of the finder warrants was calculated using the Black-Scholes option pricing model assuming an expected life of 12 months, a risk-free interest rate of 0.15%, an expected dividend rate of 0%, a price on grant date of $0.18 and an expected annual volatility of 165%.

b) On May 17, 2021, the Company issued 350,000 common shares pursuant to the Ferdinand Gold Project agreements with a fair value of $80,500 (Note 5).

c) On May 28, 2021, the Company issued 115,385 common shares pursuant to the Belanger Project agreement with a fair value of $30,000 (Note 5).

d) On May 28, 2021, the Company issued 150,000 common shares with a fair value of $30,000 to a Wawel Capital Corp. for management services provided (Note 8).

e) On July 13, 2021, the Company issued 350,000 common shares pursuant to the Bear Head Gold Project agreements with a fair value of $73,500 (Note 5).

## 7. SHARE CAPITAL AND RESERVES (continued)

### Issued and outstanding common shares (continued)

f) On August 26, 2021, the Company commenced a non-brokered private placement whereby the Company seeks to raise $2,000,000 through the issuance of up to 10,000,000 units of the Company at $0.20 per unit ("August 2021 PP"). Each unit consists of one common share and one-half share purchase warrant with each whole warrant entitling the holder to purchase an additional common share at a price of $0.30 per common share for a period of two years from the date of closing. The warrants are subject to an acceleration clause whereby if the common share price is equal to or greater than $0.50 for a period of 10 consecutive trading days, the Company may, by notice to the warrant holder, reduce the remaining exercise period applicable to the warrants to not less than 30 days from the date of such notice. In connection with the closing of the following tranches of the August 2021 PP, the Company paid finder fees of $85,170, issued a total of 423,850 finders' warrants with a fair value of $52,591, and paid filing fees of $4,040.

- On August 27, 2021, the Company completed the first tranche of the August 2021 PP by issuing 500,000 units for gross proceeds of $100,000. In connection with this first tranche, the Company issued 35,000 finders warrants with each finders warrant being exercisable for a period of 12 months from the date of issuance at a price of $0.30 per common share. The fair value of the finder warrants was calculated to be $3,884 using the Black-Scholes option pricing model assuming an expected life of 12 months, a risk-free interest rate of 0.28%, an expected dividend rate of 0%, a price on grant date of $0.23, and an expected annual volatility of 149%.

- On September 3, 2021, the Company completed the second tranche of the August 2021 PP by issuing 1,005,500 units for gross proceeds of $201,100.

- On September 23, 2021, the Company completed the third tranche of the August 2021 PP by issuing 1,440,000 units for gross proceeds of $288,000. In connection with this third tranche, the Company issued 100,800 finders warrants with each finders warrant being exercisable for a period of two years from the date of issuance at a price of $0.30 per common share. The fair value of the finder warrants was calculated to be $14,152 using the Black-Scholes option pricing model assuming an expected life of two years, a risk-free interest rate of 0.50%, an expected dividend rate of 0%, a price on grant date of $0.22, and an expected annual volatility of 143%.

- On September 27, 2021, the Company completed the fourth tranche of the August 2021 PP by issuing 1,500,000 units for gross proceeds of $300,000. In connection with this fourth tranche, the Company issued 105,000 finders warrants with each finders warrant being exercisable for a period of two years from the date of issuance at a price of $0.30 per common share. The fair value of the finder warrants was calculated to be $13,885 using the Black-Scholes option pricing model assuming an expected life of two years, a risk-free interest rate of 0.50%, an expected dividend rate of 0%, a price on grant date of $0.21, and an expected annual volatility of 142%.

- On October 29, 2021, the Company completed the fifth tranche of the August 2021 PP by issuing 2,245,000 units for gross proceeds of $449,000. In connection with this fifth tranche, the Company issued 122,150 finder warrants with each finders warrant being exercisable for a period of 2 years from the date of issuance at a price of $0.30 per common share. The fair value of the finders warrants was calculated to be $15,118 using the Black-Scholes option pricing model assuming an expected life of two years, a risk-free interest rate of 1.08%, an expected dividend rate of 0%, a price on grant date of $0.20, and an expected annual volatility of 141%.

- On November 15, 2021, the Company completed the sixth tranche of the August 2021 PP by issuing 500,000 units for gross proceeds of $100,000. Additionally, the Company allocated $5,000 to reserves representing the value of the warrants issued.

## 7. SHARE CAPITAL AND RESERVES (continued)

### Issued and outstanding common shares (continued)

- On December 10, 2021, the Company completed seventh tranche of the August 2021 PP by issuing 1,620,000 units for gross proceeds of $324,000. Additionally, the Company allocated $64,800 to reserves representing the value of the warrants issued. In connection with the seventh tranche, the Company issued 60,900 finder warrants with each finder warrant being exercisable for a period of 2 years from the date of issuance at a price of $0.30 per common share. The fair value of the finder warrants was calculated to be $5,552 using the Black-Scholes option pricing model assuming an expected life of two years, a risk-free interest rate of 1.01%, an expected dividend rate of 0%, a price on grant date of $0.16, and an expected annual volatility of 139%.

g) On October 1, 2021, the Company issued 150,000 common shares with a fair value of $30,000 to a Wawel Capital Corp. for management services provided (Note 8).

h) On October 15, 2021, the Company issued 4,000,000 common shares pursuant to the West Cat Mine Project with a fair value of $680,000 (Note 5).

i) During the year ended December 31, 2021, the Company issued 1,674,920 common shares for gross proceeds of $114,692 pursuant to the exercise of 1,500,000 warrants with an exercise price of $0.05 per common share, 26,920 warrants with an exercise price of $0.10 per common share, and 148,000 warrants with an exercise price of $0.25 per common share. As a result, the Company transferred $1,656 representing the fair value of the exercised share purchase warrants from reserves to share capital.

j) During the year ended December 31, 2021, the Company issued 500,000 common shares for gross proceeds of $50,000 pursuant to the exercise of 500,000 share options with an exercise price of $0.10 per common share. As a result, the Company transferred $41,458 representing the fair value of the exercised share options from reserves to share capital.

### Warrants

In April 2022, the Company extended the expiry date of 2,907,084 warrants by one year from April 29, 2022 to April 29, 2023.

During year ended December 31, 2021, the Company issued the following warrants in addition to the warrant issuances described under *Issued and outstanding common shares* above:

- 100,000 warrants, in connection with the Digital Database Agreement (Note 5) with a fair value of $10,000 calculated and recorded at December 31, 2020 using the Black-Scholes option pricing model assuming an expected life of 36 months, a risk-free interest rate of 0.33%, an expected dividend rate of 0%, a price on grant date of $0.17 and an expected annual volatility of 115%.

**(Expressed in Canadian Dollars - Unaudited)**

## 7. SHARE CAPITAL AND RESERVES (continued)

### Warrants (continued)

Warrant transactions are summarized as follows:

| | Number of Warrants | Weighted Average Exercise Price |
|---|---|---|
| | | $ |
| **Balance, December 31, 2020** | **14,288,372** | **0.16** |
| Issued | 8,003,134 | 0.26 |
| Exercised | (1,674,920) | 0.07 |
| Expired | (3,614,472) | 0.27 |
| **Balance, December 31, 2021** | **17,039,614** | **0.15** |
| Issued | 1,881,250 | 0.20 |
| Exercised | (248,400) | 0.08 |
| Expired | (395,030) | 0.16 |
| **Balance, September 30, 2022** | **18,277,434** | **0.16** |

As at September 30, 2022, the Company had the following outstanding warrants:

| Number of Warrants | Exercise Price | Expiry date |
|---|---|---|
| | $ | |
| 2,907,084 | 0.20 | April 29, 2023 |
| 250,000 | 0.30 | August 27, 2023 |
| 7,425,000 | 0.05 | August 31, 2023 |
| 502,750 | 0.30 | September 3, 2023 |
| 1,070,000 | 0.05 | September 21, 2023 |
| 820,800 | 0.30 | September 24, 2023 |
| 855,000 | 0.30 | September 27, 2023 |
| 1,244,650 | 0.30 | October 29, 2023 |
| 250,000 | 0.30 | November 15, 2023 |
| 100,000 | 0.30 | November 26, 2023 |
| 495,900 | 0.30 | December 3, 2023 |
| 375,000 | 0.30 | December 9, 2023 |
| 71,250 | 0.20 | January 17, 2024 |
| 500,000 | 0.20 | January 24, 2024 |
| 570,000 | 0.20 | January 27, 2024 |
| 740,000 | 0.20 | February 28, 2024 |
| 100,000 | 0.26 | May 17, 2024 |
| **18,277,434** | | |

The weighted average remaining life of the outstanding share options at September 30, 2022 was 0.95 years.

**(Expressed in Canadian Dollars - Unaudited)**

## 7. SHARE CAPITAL AND RESERVES (continued)

### Share options

During the nine months ended September 30, 2022, the Company granted a total of 2,660,000 share options to certain directors and officers of the Company. The share options are exercisable at $0.14 per share, expire January 27, 2027, and vested immediately upon grant.

During the year ended December 31, 2021, the Company granted a total of 1,450,000 share options to certain directors, officers, and consultants of the Company. The share options are exercisable between $0.20 and $0.28 per share, expire between May 13, 2026 and June 15, 2026, and vested immediately upon grant.

The following weighted average assumptions were used for the Black-Scholes valuation of options issued:

| | September 30, 2022 | December 31, 2021 |
|---|---|---|
| Exercise price | $0.14 | $0.25 |
| Share price | $0.14 | $0.26 |
| Risk-free interest rate | 1.65% | 0.88% |
| Expected life | 5 years | 5 years |
| Dividend rate | 0.00% | 0.00% |
| Annualized volatility | 137% | 153% |

Share option transactions are summarized as follows:

| | Number of Options | Weighted Average Exercise Price | Weighted Average Share Price on Exercise |
|---|---|---|---|
| | | $ | $ |
| **Balance, December 31, 2020** | **1,400,000** | **0.18** | **-** |
| Granted | 1,450,000 | 0.25 | - |
| Exercised | (500,000) | 0.10 | 0.19 |
| Forfeited | (300,000) | 0.20 | - |
| **Balance, December 31, 2021** | **2,050,000** | **0.25** | **-** |
| Granted | 2,660,000 | 0.14 | - |
| Exercised | (800,000) | 0.14 | 0.12 |
| **Balance, September 30, 2022** | **3,910,000** | **0.20** | **-** |

**(Expressed in Canadian Dollars - Unaudited)**

## 7. SHARE CAPITAL AND RESERVES (continued)

### Share options (continued)

As at September 30, 2022, the Company had the following outstanding share options:

| Number of Share Options | Exercise Price | Expiry date |
|---|---|---|
| | $ | |
| 500,000 | 0.245 | August 4, 2025 |
| 100,000 | 0.20 | November 16, 2025 |
| 500,000 | 0.20 | May 13, 2026 |
| 350,000 | 0.28 | June 7, 2026 |
| 600,000 | 0.28 | June 15, 2026 |
| 1,860,000 | 0.14 | January 27, 2027 |
| **3,910,000** | | |

The weighted average remaining life of the outstanding share options at September 30, 2022 was 3.87 years.

## 8. RELATED PARTY BALANCES AND TRANSACTIONS

Parties are considered to be related if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions. Related parties may be individuals or corporate entities. A transaction is considered to be a related party transaction when there is a transfer of resources or obligations between related parties.

Key management includes directors and key officers of the Company, including the President, Chief Executive Officer (“CEO”) and Chief Financial Officer (“CFO”).

On April 21, 2021, the Company entered into a Financial Advisory Services Agreement (“FAS Agreement”) with Wawel Capital Corp. (“Wawel Capital”), a consulting firm which the Company’s CFO serves as a director, to provide financial advisory services to the Company, effective March 1, 2021, in consideration of $240,000 per annum, payable quarterly with up to 50% of the quarterly payment eligible to be paid in common shares of the Company at a price per share equal to the discounted market price at the time of payment. Included in the agreement is a provision for a three month payout in the event of a termination. On October 5, 2022, the CFO resigned and the agreement was terminated.

On May 15, 2021 and subsequently amended on June 3, 2021, the Company entered into an employment agreement with the CEO of the Company whereby the CEO will be paid an annual salary of $80,000. Included in the agreement is a provision for a three month payout in the event of a termination without notice. The employment agreement was amended on December 16, 2021, whereby the CEO resigned and maintained the position of the President of the Company. On October 5, 2022, the former CEO was reappointed as the Company’s CEO.

**(Expressed in Canadian Dollars - Unaudited)**

## 8. RELATED PARTY BALANCES AND TRANSACTIONS (continued)

The Company incurred the following key management personnel costs from related parties:

| | For the nine months ended September 30, 2022 | 2021 |
|---|---|---|
| | $ | $ |
| Management fees and salaries | 312,000 | 145,333 |
| Professional fees | - | 34,629 |
| Share-based compensation | 290,645 | 142,173 |
| | 602,645 | 322,135 |

During the nine months ended September 30, 2022, the Company issued 900,000 common shares to Wawel Capital valued at $110,000 (year ended December 31, 2021 – 300,000 shares valued at $60,000), pursuant to the FAS Agreement, of which $80,000 is included in management fees and salaries and $30,000 was applied to accounts payable for services rendered during the year ended December 31, 2021.

As at September 30, 2022, the Company owed $221,934 (December 31, 2021 - $60,000) to directors of the Company, companies controlled by directors of the Company, and the former CEO of the Company for expense reimbursements and unpaid management fees.

## 9. MANAGEMENT OF CAPITAL

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to pursue the sourcing and exploration of its resource properties. The Company is not subject to any externally imposed capital restrictions.

The Company considers the aggregate of its share capital, reserves, and deficit as capital. The Company manages the capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust the capital structure, the Company may attempt to issue new shares or dispose of assets or adjust the amount of cash.

## 10. FINANCIAL INSTRUMENTS AND FINANCIAL RISK

Financial instruments measured at fair value are classified into one of three levels in the fair value hierarchy according to the relative reliability of the inputs used to estimate the fair values. The three levels of the fair value hierarchy are:

- Level 1 – Unadjusted quoted prices in active markets for identical assets or liabilities;
- Level 2 – Inputs other than quoted prices that are observable for the asset or liability either directly or indirectly; and
- Level 3 – Inputs that are not based on observable market data.

The Company's financial instruments consist of cash, sales taxes receivable, bank indebtedness, and accounts payable. The fair value of sales taxes receivable and accounts payables approximates their carrying values. Cash and bank indebtedness are measured at fair value using level 1 inputs.

The Company is exposed to risks of varying degrees of significance from its use of financial instruments which could affect its ability to achieve its strategic objectives for growth and stakeholder returns. The principal risks to which the Company is exposed, and the actions taken to manage them, are described below. Management manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner.

## 10. FINANCIAL INSTRUMENTS AND FINANCIAL RISK (continued)

The risks associated with the Company's financial instruments and the policies on how to mitigate these risks are set out below.

### a) Currency risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.

The Company's corporate office is based in Canada and all of the Company's assets and expenses are denominated in Canadian dollars. The Company does not have any significant foreign currency denominated monetary liabilities.

### b) Interest rate risk

The Company is exposed to interest rate risk on the variable rate of interest earned on bank deposits. The fair value interest rate risk on bank deposits is insignificant as the deposits are short-term.

The Company has not entered into any derivative instruments to manage interest rate fluctuations.

### c) Credit risk

Credit risk is the risk of loss associated with the counterparty's inability to fulfill its payment obligations. The Company's cash is held in a large Canadian financial institution. The Company maintains certain cash deposits, which from time to time may exceed federally insured limits. The Company has not experienced any significant credit losses on its cash deposits and believes it is not exposed to any significant credit risk on these deposits. The Company's sales tax receivable is due from the Government of Canada; therefore, the credit risk exposure is low.

### d) Liquidity risk

In the management of liquidity risk of the Company, the Company maintains a balance between continuity of funding and the flexibility through the use of borrowings. Management closely monitors the liquidity position and expects to have adequate sources of funding to finance the Company's projects and operations. As at September 30, 2022, the Company had a cash balance of $nil to settle current liabilities of $836,032.

**(Expressed in Canadian Dollars - Unaudited)**

## 11. SUPPLEMENTAL DISCLOSURES WITH RESPECT TO CASH FLOWS

| | For the nine months ended September 30, 2022 | 2021 |
|---|---|---|
| | $ | $ |
| Supplemental non-cash disclosures | | |
| Shares issued pursuant to acquisition of exploration and evaluation assets | 152,000 | 184,000 |
| Shares issued for debt settlement | 4,961 | - |
| Shares issued for services rendered in a previous year | 30,000 | - |
| Warrants issued for share issuance costs | 10,102 | 48,985 |
| Reallocation of value of warrants included in units issued | 250,000 | - |
| Reallocation of value of warrants upon exercise | 11,875 | 1,656 |
| Reallocation of value of options upon exercise | 98,524 | 41,458 |
| Reallocation of value of warrants on expiry | 27,729 | 17,000 |
| Reallocation of value of options on forfeiture | - | 41,672 |
| Reallocation of value of flow-through share premium | 15,000 | - |
| Exploration and evaluation assets in accounts payable | 77,036 | 2,219 |

## 12. SEGMENT INFORMATION

As of September 30, 2022, the Company has one operating segment, being the exploration of resource properties. Geographic information is as follows:

| | | For the nine months ended September 30, 2022 | |
|---|---|---|---|
| | Canada | USA | Total |
| | $ | $ | $ |
| Exploration and evaluation assets | 1,185,681 | 730,000 | 1,915,681 |

| | For the year ended December 31, 2021 | | |
|---|---|---|---|
| | Canada | USA | Total |
| | $ | $ | $ |
| Exploration and evaluation assets | 857,666 | 730,000 | 1,587,666 |

## 13. SUBSEQUENT EVENTS

a) In October 2022, the Company secured a Letter of Credit (“LOC”) for $500,000 with Imarkin Investments PTY Limited, a company controlled by the Company’s new CFO. The LOC carries an interest rate of 10% per annum and matures October 20, 2023, unless extended by writing for an additional one year. The principal advances under the LOC is convertible, at the lender’s option, into units of the Company at $0.05 with each unit consisting of one common share and one warrant exercisable at $0.05 per warrant for a period of five years. All accrued interest is payable in cash.

b) On November 8, 2022, the Company closed a non-brokered private placement whereby the Company raised $10,000 through the issuance 100,000 flow-through units (“FTS”) of the Company at $0.10 per unit. Each unit consists of one FTS and one-half share purchase warrant with each whole warrant entitling the holder to purchase an additional common share at a price of $0.20 per common share for a period of one from the date of closing.