MOSAIC MINERALS CORP.

FINANCIAL STATEMENTS

For the years ended December 31, 2021 and December 31, 2020
(Expressed in Canadian Dollars)

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of
Mosaic Minerals Corp.

Opinion

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

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

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the 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 in our audit is sufficient and appropriate to provide a basis for our opinion.

Material Uncertainty Related to Going Concern

We draw attention to Note 1 of the financial statements, which indicates that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Other Information

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

Our opinion on the 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 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.

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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 IFRS, 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 Zachary Faure.

Davidson & Company LLP

Vancouver, Canada Chartered Professional Accountants

April 12, 2022

MOSAIC MINERALS CORP.
STATEMENTS OF FINANCIAL POSITION
As at December 31, 2021 and 2020
(In Canadian dollars)

	2021	2020
	$	$
ASSETS		
Current		
Cash	598,935	69,262
Sales taxes receivable	102,014	14,523
Other receivables (Note 5)	50,653	-
Prepaid expense	-	99,547
Total Current Assets	751,602	183,332
Non-current Assets		
Other receivables (Note 5)	50,000	-
Exploration and evaluation assets (Note 5)	970,298	360,000
	1,020,298	360,000
Total Assets	1,771,900	543,332
LIABILITIES AND SHAREHOLDERS EQUITY		
Current Liabilities		
Trade and other payables (Note 8)	48,384	58,790
Flow through share premium liability (Note 11)	45,000	70,800
Total Liabilities	93,384	129,590
Shareholders' Equity		
Share capital (Note 6)	3,181,317	925,210
Contributed surplus (Note 6)	512,383	-
Deficit	(2,015,184)	(511,468)
Total Equity	1,678,516	413,742
Total Liabilities and Shareholders' Equity	1,771,900	543,332

Nature of operations and going concern – Note 1
Contingencies and commitments – Note 11
Subsequent event – Note 12

The accompanying notes are an integral part of the financial statements.

Approved on behalf of the board:

"Éric Beauchesne"	*"Luc Gervais"*
Éric Beauchesne, Director	Luc Gervais, Director

MOSAIC MINERALS CORP.
STATEMENTS OF LOSS AND COMPREHENSIVE LOSS
For the years ended December 31, 2021 and 2020
(In Canadian dollars)

	2021	2020
	$	$
Expenses		
Management fees (Note 8)	60,000	-
Professional fees	48,287	29,895
Consulting fees	203,381	-
Filing fees	17,043	12,500
Exploration and evaluation expenditures (Note 5)	480,496	35,557
Share-based payments (Note 6)	473,119	-
Investor relations	-	35,753
Office and general	40,425	15,435
	(1,322,751)	(129,140)
Other items		
Recovery of flow through premium (Note 11)	(70,800)	(4,012)
Gain on disposal of exploration and evaluation assets (Note 5)	(65,294)	-
Write-off of exploration and evaluation assets (Note 5)	317,059	-
Part XII.6 taxes (Note 11)	-	1,070
Indemnification expense (Note 11)	-	6,955
Loss and comprehensive loss for the year	(1,503,716)	(133,153)
Basic and diluted loss per share	(0.04)	(0.01)
Weighted average number of shares outstanding (basic and diluted)	35,199,709	23,708,500

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

MOSAIC MINERALS CORP.
STATEMENTS OF SHAREHOLDERS' EQUITY
For the years ended December 31, 2021 and 2020
(In Canadian dollars)

	NUMBER OF SHARES	SHARE CAPITAL	CONTRIBUTED SURPLUS	DEFICIT	TOTAL EQUITY
		$	$	$	$
Balance, December 31, 2019	23,708,500	925,210	-	(378,315)	546,895
Net loss for the year	-	-	-	(133,153)	(133,153)
Balance, December 31, 2020	23,708,500	925,210	-	(511,468)	413,742
Units issued in private placements	11,720,000	887,650	21,000	-	908,650
Shares issued in flow-through private placements	3,750,000	420,000	-	-	420,000
Flow-through premium	-	(45,000)	-	-	(45,000)
Shares issued for property acquisitions	8,300,000	995,000	-	-	995,000
Warrants exercised	540,000	54,000	-	-	54,000
Share-based payments	-	-	473,119	-	473,119
Shares issuance expenses	-	(55,543)	18,264	-	(37,279)
Net loss for the year	-	-	-	(1,503,716)	(1,503,716)
Balance, December 31, 2021	48,018,500	3,181,317	512,383	(2,015,184)	1,678,516

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

MOSAIC MINERALS CORP.
STATEMENTS OF CASH FLOWS
For the years ended December 31, 2021 and 2020
(In Canadian dollars)

	2021	2020
	$	$
Operating Activities		
Loss for the year	(1,503,716)	(133,153)
Items not involving cash:		
Gain on disposal of exploration and evaluation assets	(65,294)	-
Write-off of disposal of exploration and evaluation assets	317,059	-
Share-based payments	473,119	-
Recovery of flow through premium	(70,800)	(4,012)
Indemnification expense and Part X11.6 taxes	-	8,025
Changes in operating assets and liabilities:		
Prepaid expense	99,547	(99,547)
Sales taxes receivable	(87,491)	(10,028)
Other receivables	(653)	-
Trade and other payables	(10,406)	(52,442)
Cash flows used in operating activities	(848,635)	(291,157)
Investing activities		
Addition of exploration expenditures and evaluation assets	(17,063)	-
Proceeds from sale of exploration and evaluation assets	50,000	
Cash flows from investing activities	32,937	-
Financing Activities		
Units issued in private placements	908,650	-
Shares issued in flow-through	420,000	-
Warrants exercised	54,000	-
Share issuance costs	(37,279)	-
Cash flows from financing activities	1,345,371	-
Net change in cash	529,673	(291,157)
Cash, beginning of the year	69,262	360,419
Cash, end of the year	598,935	69,262
Supplemental disclosure on cash flow information:		
Flow through premium	45,000	-
Proceeds from disposal of exploration and evaluation assets in other receivables	100,000	-
Shares issued for exploration and evaluation assets	995,000	-
Residual value of warrants attached to unit offerings	21,000	-
Fair value of broker warrants issued	18,264	-
Cash paid during the year for interest	-	-
Cash paid during the year for income taxes	-	-

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

1. NATURE OF OPERATIONS AND GOING CONCERN

Mosaic Minerals Corp. (the "Company" or "Mosaic") specializes in exploration of gold mining sites located in Quebec, Canada. The Company has listed its common shares on the Canadian Securities Exchange ("CSE"). The Company was incorporated under the British Columbia Business Corporations Act on June 21, 2018 with a registered office and principal place of business at 410 St-Nicolas, suite 236, Montreal, Quebec, H2Y 2P5.

These financial statements have been prepared on the basis of accounting principles applicable to a going concern, which presume the realization of assets and discharge of liabilities in the normal course of business for the foreseeable future. The recoverability of the amounts expensed for exploration and resource property evaluation assets are dependent upon the existence of economically recoverable reserves, securing and maintaining title and beneficial interest in the properties, the ability of the Company to obtain necessary financing to complete the evaluation and development of commercially viable reserves, and upon future profitable production or proceeds from the disposition of exploration and evaluation assets.

These financial statements have been prepared assuming the Company will continue on a going-concern basis. The Company has incurred losses since its inception and the ability of the Company to continue as a going-concern depends upon its ability to raise adequate financing and to develop profitable operations. As at December 31, 2021, the Company had working capital of $ 658,218 and an accumulated deficit of $ 2,015,184. These items may cast a significant doubt on the Company's ability to continue as a going concern. The financial statements do not include adjustments to amounts and classifications of assets and liabilities that might be necessary should the Company be unable to continue operations.

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

2. BASIS OF PRESENTATION

a) Statement of Compliance

These financial statements of the Company have been prepared in accordance with International Financial Reporting Standards ("IFRS"), applicable to financial information as issued by the International Accounting Standards Board ("IASB") and Interpretations of the International Financial Reporting Interpretations Committee ("IFRIC").

b) Basis of Measurement

These financial statements have been prepared on a historical cost basis except for financial instruments that have been measured at fair value. In addition, these financial statements have been prepared using the accrual basis of accounting, except for cash flow information.

c) Functional and presentation currency

The financial statements are presented in Canadian dollars which is the functional currency of the Company.

3. SIGNIFICANT ACCOUNTING POLICIES

a) Cash and Cash Equivalents

Cash comprises cash on hand and demand deposits. Cash equivalents are short-term, highly liquid investments with maturities within three months held for the purpose of meeting short-term cash commitments rather than for investing purposes. The Company did not have cash equivalents as at December 31, 2021 or 2020.

b) Exploration property acquisition costs

Costs related to the acquisition of exploration properties are capitalized and deferred until such time as the property is either sold, or put into production. If, after management review, it is determined that capitalized acquisition costs are not recoverable over the estimated economic life of the property, or the property is abandoned, or management deems there to be an impairment in value, the property is written down to its recoverable amount.

Costs related to the exploration and evaluation of properties are recognized in profit or loss as incurred, up to the time a decision is made to proceed with the development of the related exploration property due to the existence of economically recoverable reserves. A mineral resource is considered to have economic potential when it is expected that a documented resource can be legally and economically developed considering forecast metal prices.

Incoming option payments, or proceeds from the sale of royalty interests received by the Company are first applied to capitalised costs, with any excess recognized in profit or loss. Tax credits received are applied against the costs that generated the tax credit. The amounts shown for exploration and evaluation assets do not necessarily represent present or future values. Their recoverability is dependent upon the discovery of economically recoverable reserves, the ability of the Company to obtain the necessary financing to complete the exploration and evaluation, and future profitable production or proceeds from the disposition thereof.

c) Provisions and Contingent Liabilities

Provisions are recognized for liabilities of uncertain timing or amounts that have arisen as a result of past transactions, including legal or constructive obligations. The provision is measured at the best estimate of the expenditure required to settle the obligation at the reporting date.

Provision for environmental rehabilitation

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

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

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

d) Tax Credits Receivable

The Company is entitled to a refundable tax credit on qualified Quebec exploration expenditures incurred and refundable credit on duties for losses under the Mining Tax Act. Such credits are recognized as a reduction of the exploration expenses. The Company records these tax credits when there is reasonable assurance with regards to collections and assessments and that the Company will comply with the conditions associated to them.

e) Flow-Through Shares

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 issuance, the Company bifurcates the flow-through share into i) a flow-through share premium, equal to the estimated premium, if any, investors pay for the flow-through feature, which is recognized as a liability, and ii) share capital.

Upon expenditures being incurred, the Company derecognizes the liability and recognizes a future tax liability for the tax reduction renounced to the shareholders. The pro-rata amount of the premium is recognized as finance income and the related deferred tax is recognized as a deferred tax provision.

Proceeds received from the issuance of flow-through shares are restricted to be used only for Canadian resource property exploration expenditures within a two-year period.

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.

f) Income Taxes

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

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

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

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Company intends to settle its current tax assets and liabilities on a net basis.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

g) Basic and Diluted Loss Per Share

The Company presents basic loss per share for its common shares, calculated by dividing the loss attributable to common shareholders of the Company by the weighted average number of common shares outstanding during the period. Diluted loss per share does not adjust the loss attributable to common shareholders or the weighted average number of common shares outstanding when the effect is anti-dilutive.

h) Share Capital

Share capital represents the amount received on the issue of shares, less issuance costs, net of any underlying income tax benefit recognized from these issuance costs.

When shares are issued on the exercise of options and warrants, the share capital account also comprises the costs previously recorded as contributed surplus. When shares are issued as consideration for the acquisition of a mineral property they are measured at their fair value according to the quoted price on the date of issue.

Share issuance costs

Professional, consulting, regulatory and other costs directly attributable to financing transactions are recorded as deferred share issuance costs until the financing transactions are completed, if the completion of the transaction is considered likely; otherwise they are expensed as incurred. Share issuance costs are charged to share capital when the related shares are issued. Deferred share issuance costs related to financing transactions that are not eventually completed are charged to profit or loss.

Share-based payments

The Company applies the fair value method of accounting for all stock option awards. Under this method, compensation expense attributed to the award of options to employees is measured at the fair value of the award on the date of grant, and is recognized over the vesting period of the award. Share-based payments to non-employees are valued based on the fair value of the service received, if reliably determinable, otherwise based on the fair value of the award granted. Valuation is calculated based on the date at which the Company receives the service. If and when the stock options are ultimately exercised, the applicable amounts of contributed surplus are transferred to capital stock.

The fair value of instruments granted is measured using the Black-Scholes Option Pricing Model, taking into account the terms and conditions under which the instruments are granted. The fair value of the awards is adjusted by an estimate of the number of awards that are expected to vest as a result of non-market conditions. At each statement of financial position date, the Company revises its estimates of the number of options that are expected to vest based on the non-market conditions including the impact of the revision to original estimates, if any, with corresponding adjustments to equity.

Warrants issued with a common share, as part of a unit offering, are valued using the residual value method. A value representing the premium to the market-price that is obtained (if any) during the issuance is attributed to the warrant.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

i) Foreign exchange

Foreign currency transactions are translated into the functional currency, using the exchange rates prevailing at the dates of the transactions (spot exchange rate). Foreign exchange gains and losses resulting from the settlement of such transactions and from the re-measurement of monetary items denominated in foreign currency at year-end exchange rates are recognized in profit or loss. Non-monetary items are not re-translated at year-end and are measured at historical cost (translated using the exchange rates at the date of the transaction). Non-monetary items measured at fair value are translated using the exchange rates at the date when fair value was determined.

j) Impairment of non-financial assets

The recoverability of amounts expended on exploration and evaluation assets is dependent upon the determination of economically recoverable ore reserves, confirmation of the Company's interest in the underlying mineral claims, the Company's ability to overcome the regulatory, financing and other hurdles in order to complete their development and future profitable production or proceeds from the disposition thereof.

The Company performs impairment tests on property and equipment and exploration and evaluation assets when events or circumstances occur which indicate the assets may not be recoverable. Impairment assessments are carried out on a project-by-project basis with each project representing a single cash generating unit.

When impairment indicators are identified, an impairment loss is recognized if the asset's carrying value exceeds its recoverable amount. The recoverable amount is the higher of the asset's value in use or the asset's fair value less costs to sell.

An impairment loss is reversed if there is an indication that there has been a favorable change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amounts that would have been determined (net of depreciation) if no impairment loss had been recognized.

k) Financial instruments and measurements

Classification and measurement

Financial assets are classified at initial recognition as either: measured at amortized cost, fair value through profit or loss ("FVTPL"), or fair value through other comprehensive income ("FVTOCI"). The classification depends on the Company's business model for managing the financial assets and the contractual cash flow characteristics. For assets measured at fair value, gains and losses will either be recorded in profit or loss or OCI.

Fair value through profit or loss ("FVTPL") – Financial assets carried at FVTPL are initially recorded at fair value and transaction costs are expensed in the income statement. Realized and unrealized gains and losses arising from changes in the fair value of the financial asset held at FVTPL are included in profit or loss in the period in which they arise.

Fair value through other comprehensive income ("FVTOCI") - Investments in equity instruments at FVTOCI are initially recognized at fair value plus transaction costs. Subsequently, they are measured at fair value, with gains and losses arising from changes in fair value recognized in other comprehensive income. There is no subsequent reclassification of fair value gains and losses to profit or loss following any de-recognition of the investment.

Financial assets at amortized cost - A financial asset is measured at amortized cost if the objective of the business model is to hold the financial asset for the collection of contractual cash flows, and the asset's contractual cash flows are comprised solely of payments of principal and interest. They are classified as current assets or non-current assets based on their maturity date and are initially recognized at fair value and subsequently carried at amortized cost less any impairment.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

k) Financial instruments and measurements (continued)

Financial liabilities are measured at amortized cost, unless they are required to be measured at FVTPL or the Company has opted to measure at FVTPL.

Impairment

The Company assesses on a forward-looking basis the expected credit loss ("ECL") associated with financial assets measured at amortized cost, contract assets and debt instruments carried at FVTOCI. The impairment methodology applied depends on whether there has been a significant increase in credit risk. An impairment loss in respect of a financial asset measured at amortized cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. Losses are recognized in profit or loss and reflected in an allowance account against receivables. When a subsequent event causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through profit or loss.

l) New Standards not yet adopted

The Company is not aware of any upcoming accounting pronouncements or standards which are expected to have a material impact on its financial statements.

4. ESTIMATES AND JUDGEMENTS

The preparation of financial statements requires management to use judgement in making estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Management has made judgements in a number of areas in preparing these financial statements. Those judgements that have the most significant effect on the amounts recognized in the financial statements are the determination whether the entity remains a going concern, and the assessment of impairment indicators for the Company's exploration property acquisition costs. Areas of critical accounting estimates include share-based payments and warrants and deferred tax assets.

Critical judgements

a) Going concern

These statements have been prepared on the assumption that the Company is able to continue as a going concern. Additional information relating to the going concern assumption is disclosed in Note 1.

b) Impairment of exploration and evaluation assets

Management's judgement is that there were no significant indicators of impairment of exploration and evaluation assets. Ownership in exploration properties involves certain inherent risks due to the difficulties of determining and obtaining clear title to claims as well as the potential for problems arising from the frequently ambiguous conveyance history characteristics of many exploration properties. Also, the Company must periodically apply to the relevant government entities for exploration-license renewals, extensions and conversions and is subject to those entities' decisions. The Company has investigated ownership of its exploration properties and in management's judgement, ownership of its remaining exploration property interest is in good standing at December 31, 2021.

4. ESTIMATES AND JUDGEMENTS (continued)

Key sources of estimation uncertainty

c) Share-based payments and warrants

Determining the fair value of options and warrants requires the exercise of judgement related to the choice of a pricing model, the estimation of stock price volatility, the expected forfeiture rate and the expected term of the underlying instruments. Option and warrant pricing models require the input of highly subjective assumptions including the expected price volatility and expected life. Changes in the subjective input assumptions can materially affect the fair value estimate, and therefore the existing models do not necessarily provide a reliable single measure of the fair value of the Company's options or warrants at the date of grant. Any changes in the estimates or inputs utilized to determine fair value could result in a significant impact on the Company's future operating results or on other components of equity.

d) Deferred tax assets

The estimation of income taxes includes evaluating the recoverability of deferred tax assets based on an assessment of the Company's ability to utilize the underlying future tax deductions against future taxable income prior to expiry of those deductions. Management assesses whether it is probable that some or all of the deferred income tax assets will not be realized. The ultimate realization of deferred tax assets is dependent upon the generation of future taxable income. To the extent that management's assessment of the Company's ability to utilize future tax deductions changes, the Company would be required to recognize more or fewer deferred tax assets, and future income tax provisions or recoveries could be affected. Actual results may differ from the estimates made. Judgements and estimates, and their underlying assumptions, are reviewed on an ongoing basis. Revisions to accounting estimates or judgements are recognized in the period in which the estimates are revised and in any future periods affected.

(In Canadian dollars)

5. EXPLORATION AND EVALUATION ASSETS AND EXPENDITURES

A continuity of exploration evaluation assets is as follows:

Exploration and Evaluation Assets	Quebec Property Opawica (a)	Quebec Property Canalask (b)	Quebec Property Crisafy (c)	Quebec Property Gaboury (d)	Quebec Property Lichen (e)	Quebec Property 113 North (f)	Total
Balance, December 31, 2020 and 2019	**$ 360,000**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ 360,000**
Additions	-	851	40,914	275,298	345,000	350,000	1,012,063
Write off	(275,294)	(851)	(40,914)	-	-	-	(317,059)
Disposals	(84,706)	-	-	-	-	-	(84,706)
Balance December 31, 2021	**$ -**	**$ -**	**$ -**	**$ 275,298**	**$ 345,000**	**$ 350,000**	**$ 970,298**

Exploration and evaluation expenditures by project are as follows:

Year ended December 31, 2021	**$ -**	$ 8,661	$ 18,102	$ 206,853	$ 176,040	$ 70,840	**$ 480,496**
Year ended December 31, 2020	$ 35,557	$ -	$ -	$ -	$ -	$ -	**$ 35,557**

5. EXPLORATION AND EVALUATION EXPENDITURES (continued)

(a) Opawica, (Quebec)

Pursuant to a June 28, 2018 sale agreement, amended July 27, 2018, the Company acquired the Opawica mineral property located in Quebec for $ 360,000 through the issuance of 7,200,000 shares of Mosaic Minerals Corp. at $ 0.05 per share. Mosaic has two directors in common with the property vendor.

On September 15, 2021, the Company completed a transaction to sell 4 mining claims of the property with a book value of $84,706 to Iamgold Corporation for a total aggregate purchase price of $ 150,000 payable according to the following schedule's

- $ 50,000 at the closing of the transaction (received);
- $ 50,000 on or before the first anniversary of the agreement;
- $ 50,000 on or before 18 months following the closing of the transaction.

The Company will retain a 0.5 % net smelter royalty (''NSR'') on the 4 mining claims.

The management decided to drop the remaining claims, therefore the Company accounted a write-off of $ 275,294.

(b) Canalask, (Quebec)

In April 2021, the Company staked various mining claims comprising Canalask property. During the year, management of the Company decided to focus its efforts on other properties. Therefore, the Company wrote-off the property totalling $ 851.

(c) Crisafy, (Quebec)

In February 2021, the Company acquired the Crisafy property through the issuance of $ 300,000 shares with a fair value of $ 30,000 and two cash payments and claims renewal totalling $ 40,914. During the year, the management of the Company decided to focus its efforts on other properties. Therefore, the Company wrote-off the property totalling $ 40,914.

(d) Gaboury, (Quebec)

On May 12, 2021, the Company entered into a earn-in option agreement to acquire up to 80% of the Gaboury Nickel Copper Gold Property from Fokus Mining Corporation (''Fokus'').

Pursuant to the earn-in option agreement the Company may earn up to an 80% interest in the Gaboury Property in two tranches.

To earn the first 60% interest the Company issued 3,000,000 shares with a fair value of $ 255,000, complete $ 150,000 of exploration expenditures within 12 months of the share issue date and will have to complete a further $ 850,000 within thirty-six months of the share issue date.

To earn an additional 20% interest the Company must:

- notify Fokus of its intention to do so by June 30, 2024,
- incur $ 500,000 of Expenditures per year for the next five years until June 30, 2029.
- complete a NI43-101 Resource Estimate including Indicated Resources.

The Company will be the operator during the earn-in periods. If the Company elects to complete the option at the 60% level, then Fokus shall be the project Operator.

(e) Lichen, (Quebec)

On May 19, 2021, the Company entered into a earn-in option agreement to acquire up to 100% of the Lichen base metals property from Bullion Gold Resources Corporation (''Bullion'').

To earn the 100% interest the Company issued 3,000,000 shares with a fair value of $ 345,000, complete $ 100,000 of exploration expenditures my May 31, 2022 and complete a further $ 350,000 by May 31, 2024.

Bullion has retained a 2% NSR royalty of which the Company can buy back 50% any time for $ 500,000. Mosaic has a first right of refusal to acquire Bullion's remaining 1% NSR.

5. EXPLORATION AND EVALUATION EXPENDITURES (continued)

(f) 113 North, (Quebec)

On June 8, 2021, the Company concluded an agreement to acquire a 50% interest in the property from Fokus Mining Corporation.

In order to acquire a 50% interest in the property, the Company must meet the following requirements:

- issue 2,000,000 common shares (issued);
- Invest $ 500,000 in exploration and evaluation expenditures in the following 4 years;
- Formation of a joint venture when the Company will be vested of 50% interest

6. SHARE CAPITAL

6.1 Authorized

Unlimited number of shares without par value. All shares are equally eligible to receive dividends and the repayment of capital, and represent one vote each at the shareholders' meetings of the Company.

As of December 31, 2021, there were 7,932,912 common shares (2020 – 11,899,369) held in escrow.

6.2 Issued

On February 22, 2021, the Company issued of 300,000 common shares with a fair value of $ 30,000 in connection with the acquisition of the Crisafy property (Note 5(c)).

On February 23, 2021, the Company completed a private placement of 3,575,000 units at a price of $ 0.08 per unit for total proceeds of $ 286,000. Each unit consists of one common share of the Company and one common share purchase warrant. Each warrant entitles its holder to acquire one common share of the Company at a price of $ 0.15 at any time before February 23, 2023. In connection with the financing, the Company paid a finder's fee of $ 18,440 and issued 231,000 brokers warrants. Each broker warrants is exercisable to acquire one additional common share at a price of $ 0.15 per broker warrant at any time before February 23, 2023. The fair value of the broker's warrants is $ 15,080.

On May 14, 2021, the Company issued 3,000,000 shares with a fair value of $ 270,000 in connection with the Gaboury property (Note 5(d)).

On May 24, 2021, the Company issued 3,000,000 shares with a fair value of $ 345,000 in connection with the Lichen property (Note 5(e)).

On June 14, 2021, the Company issued 2,000,000 common shares with a fair value of $ 350,000 in connection with the 113 North property (Note 5(f)).

On August 20 and 23, 2021, the Company completed a private placement of 7,095,000 units at a price of $ 0.07 per unit for total proceeds of $ 496,650. Each unit consists of one common share of the Company and one-half common share purchase warrant. Each full warrant entitles its holder to acquire one common share of the Company at a price of $ 0.10 at any time before February 20 and 23, 2023.

On October 7, 2021, the Company completed a flow-through private placement of 3,000,000 flow-through shares at a price of $ 0.10 per flow-through share for total proceeds of $ 300,000.

On December 21, 2021, the Company completed a private placement pursuant to which it issued 750,000 flow-through common shares and 1,050,000 units at a price of $ 0.16 per flow-through share and $ 0.12 per unit for an aggregate gross proceeds of $ 246,000. An amount of $ 45,000 was allocated to the liability portion of the flow-through financing. Each unit consists of one common share and one-half common share purchase warrant. Each whole warrant entitling the holder to purchase one additional common share of the Company at a price of $ 0.25 per common share at any time until June 21, 2023. In connection with the financing, the Company paid a finder's fee of 13,300 in cash and issued 52,500 brokers warrants. The Company incurred additional share issuance costs of $ 5,539 in connection with the private placement. Each broker warrant is exercisable to acquire one additional common share at a price of $ 0.25 per broker warrant at any times until June 21, 2023. The fair value of the broker's warrants is $ 3,184.

(In Canadian dollars)

6. SHARE CAPITAL (continued)

6.3 Warrants

Outstanding warrants entitle their holders to subscribe to an equivalent number of common shares, as follows:

	2021		2020	
	Number of warrants	Weighted average exercise price	Number of warrants	Weighted average exercise price
		$		$
Balance, beginning of the year	2,802,000	0.10	3,289,200	0.10
Issued	7,647,500	0.13	-	-
Exercised	(540,000)	0.10	-	-
Expired	(2,262,000)	0.10	(487,200)	0.10
Balance, end of the year	7,647,500	0.13	2,802,000	0.10

	2021		2020	
Expiration date	Number	Exercise price	Number	Exercise price
		$		$
November 28,2021	-	-	2,802,000	0.10
February 23, 2023	3,575,000	0.15	-	-
February 20, 2023	1,087,500	0.10	-	-
February 23, 2023	2,460,000	0.10	-	-
June 21, 2023	525,000	0.25	-	-
	7,647,500		2,802,000	

6.4 Broker's warrants

Outstanding broker's warrants entitle their holders to subscribe to an equivalent number of common shares, as follows:

	2021		2020	
	Number of warrants	Weighted average exercise price	Number of warrants	Weighted average exercise price
		$		$
Balance, beginning of the year	-	-	-	-
Granted	283,500	0.17	-	-
Balance, end of year	283,500	0.17	-	-

	2021		2020	
Expiration date	Number	Exercise price	Number	Exercise price
		$		$
February 23, 2023	231,000	0.15	-	-
June 21, 2023	52,500	0.25	-	-
	283,500		-	

(In Canadian dollars)

6. SHARE CAPITAL (continued)

The weighted fair value accounted for in the results of the granted warrants of $ 18,264 ($ nil in 2020) was determined using the Black-Scholes option pricing model and based on the following weighted average assumptions:

	2021	2020
Share price at date of grant	$0.10	-
Expected volatility	150 %	-
Expected life	2 years	-
Risk free interest rate	0.98 %	-
Exercise price at date of grant	$0.17	-
Weighted fair value	$0.06	-

6.5 Stock Options

The Company has adopted a share-based payment plan under which board members may grant stock options to directors, employees and consultants. The maximum number of shares issuable under the plan is 13,802,942, representing 10% of the issued and outstanding shares listed on the stock exchange on the grant date (on an undiluted basis).

The exercise price of each option is determined by the board of directors and cannot be less than the fair value of the common shares on the day prior the award, and the term of the options cannot exceed five years. The options vest immediately.

All share-based payments will be settled in equity. The Company has no legal or constructive obligation to repurchase or settle the options in cash.

The Company's outstanding and exercisable share options are as follows for the reporting periods presented:

	2021		2020	
	Number of options	Weighted average exercise price	Number of options	Weighted average exercise price
		$		$
Balance, beginning of the year	-	-	-	-
Granted	5,050,000	0.10	-	-
Cancelled	(1,000,000)	0.10	-	-
Balance, end of the year	4,050,000	0.10	-	

The weighted fair value accounted for in the results of the granted options of $ 473,119 ($ nil in 2020) was determined using the Black-Scholes option pricing model and based on the following weighted average assumptions:

	2021	2020
Share price at date of grant	$0.10	-
Expected volatility	150 %	-
Expected life	4.6 years	-
Risk free interest rate	0.91 %	-
Exercise price at date of grant	$0.10	-
Weighted fair value	$0.09	-

The underlying expected volatility was determined by reference to historical data of comparable Company's shares over the expected life period. No special features inherent to the options granted were incorporated into measurement of fair value.

(In Canadian dollars)

6. SHARE CAPITAL (continued)

The table below summarizes the information related to share options as at December 31, 2021:

Outstanding and exercisable options

Number of options	Weighted average exercise price	Remaining life (years)
	$	
750,000	0.115	4.46
1,200,000	0.09	4.59
1,100,000	0.095	4.67
500,000	0.095	4.83
500,000	0.14	1.87
4,050,000	0.10	

7. INCOME TAXES

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

	2021	2020
Statutory rate	27%	27%
Loss for the year	$ (1,503,716)	$ (133,153)
Expected income tax recovery	$ (398,000)	$ (36,000)
Permanent differences	107,000	(1,000)
Impact of flow through shares	117,000	-
Share issue costs	(10,000)	-
Adjustment to prior years provision versus statutory tax returns and expiry of non-capital losses	-	1,000
Change in unrecognized deferred tax assets	184,000	36,000
Total income tax recovery	-	-

The significant components of the Company's unrecorded deferred tax assets are as follows:

	2021	2020
Deferred Tax Assets		
Exploration and evaluation assets	$ 77,000	$ -
Share issue costs	9,000	1,000
Indemnification Liability	2,000	2,000
Non-capital losses available for future periods	169,000	70,000
	257,000	73,000
Unrecognized deferred tax assets	(257,000)	(73,000)
Net deferred tax assets	-	-

The significant components of the Company's unrecognized temporary differences and tax losses are as follows:

	December 31, 2021	Expiry Date Range	December 31, 2020	Expiry Date Range
	$		$	
Exploration and evaluation	291,000	No expiry date	-	No expiry date
Share issuance costs	33,000	2042 to 2045	5,000	2041 to 2043
Indemnification liability	7,000	No expiry date	7,000	No expiry date
Non-capital losses available for future periods	638,000	2038 to 2041	260,000	2038 to 2040

(In Canadian dollars)

8. RELATED PARTY TRANSACTIONS

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Company and include offers and non-executive directors. During the years ended December 31, 2021 and 2020, key management remuneration consisted of the following:

	2021	2020
Short-term management benefits		
Management fees	124,500	-
Consulting fees	16,500	-
Total	141,000	-
Share-based payments	340,110	-
Total remuneration	481,110	-

As at December 31, 2021 amounts due to key management personnel or their companies was $ 3,950 (2020 - $ 43,730).

As at December 31, 2021, the Company owed a director of the Company $nil (2020 - $1,228) for expenses paid on behalf of the Company.

9. CAPITAL MANAGEMENT

The Company's capital management objectives are:

- to ensure the Company's ability to continue as a going concern;
- to increase the value of the assets of the business; and
- to provide an adequate return to owners of the Company.

These objectives will be achieved by identifying the right exploration projects, adding value to these projects and ultimately taking them through to production or sale and cash flow, either with partners or by the Company's own means. The Company monitors capital on the basis of the carrying amount of equity.

The Company is not exposed to any externally imposed capital requirements except when the Company issues flow-through shares for which proceeds are committed for exploration work.

The Company finances its exploration and evaluation activities principally by raising additional capital either through private placements or public offerings.

When financing conditions are not optimal the Company may enter into option agreements or other solutions to continue its activities or may slow its activities until conditions improve.

No changes were made in the objectives, policies and processes for managing capital during the years being presented.

10. FINANCIAL INSTRUMENT RISK DISCLOSURES

The Company is exposed to various risks in relation to financial instruments. The Company's financial assets and liabilities are summarized below. The main risks the Company is exposed to are credit risk and liquidity risk.

The Company focuses on actively securing short to medium-term cash flows by minimizing the exposure to financial markets. The Company does not actively engage in the trading of financial instruments for speculative purposes.

The most significant financial risks to which the Company is exposed to are described below.

9. CAPITAL MANAGEMENT (continued)

Credit risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. As at December 31, 2021 the Company's maximum exposure to credit risk is limited to the carrying amount of financial assets at the reporting date, as summarized below:

	2021	2020
	$	$
Cash	598,935	69,262
Other receivables	100,653	-

The credit risk for cash is considered negligible since the counterparties are government agencies or reputable banks with high quality external credit ratings. Credit risk for other receivables is not considered significant.

Financial instruments recognized on the statement of financial position consist of cash and accounts payable and accrued liabilities.

Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The following summarizes fair value hierarchy under which the Company's financial instruments are valued:

- Level 1 – fair values based on unadjusted quoted prices in active markets for identical assets or liabilities;
- Level 2 – fair values based on inputs that are observable for the asset or liability, either directly or indirectly; and
- Level 3 – fair values based on inputs for the asset or liability that are not based on observable market data.

The carrying amounts on the statement of financial position for other receivables, and accounts payable and accrued liabilities approximate their fair values due to the immediate or short-term maturities of these financial instruments.

The Company's other financial instrument, cash, under the fair value hierarchy are based on level one quoted prices in active markets for identical assets.

(In Canadian dollars)

10. FINANCIAL INSTRUMENT RISK DISCLOSURES (continued)

Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset.

Liquidity risk management serves to maintain a sufficient amount of cash and to ensure that the Company has financing sources such as private and public investments for a sufficient amount. Over the past period, the Company has financed its exploration and evaluation programs, its working capital requirements and acquisitions of mining properties through private and flow-through financings.

The Company's trade and other payables all contractually mature within three months, except for amounts due to related parties which are payable on demand.

Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices and consists of interest, currency and price risk. The Company is not subject to any significant market risk.

11. CONTINGENCIES AND COMMITMENTS

During the year ended December 31, 2021, the Company issued flow-through shares and estimated the value of the flow-through share premium associated with those shares to be $ 45,000. As at December 31, 2021, the Company had $ 45,000 (2020 – $ 141,600) of flow through obligations remaining. In July 2020, the Canadian Government provided relief with respect to COVID-19 by providing companies with an additional 12 months in which they can spend eligible flow through expenditures and provided interest relief on unspent funds.

The following is a continuity schedule of the deferred premium liability on flow-through share issuances:

	2021
	$
Balance, December 31, 2019	74,812
Settlement of flow-through share premium	(4,012)
Balance, December 31, 2020	$ 70,800
Settlement of flow-through share premium	(70,800)
Flow-through share premium	45,000
Balance, December 31, 2021	45,000

As at December 31, 2020, the Company had a spending shortfall of $ 10,700 on previously issued flow-through shares. The resulting obligation to flow-through subscribers is recognized as an indemnification liability of $ 6,955 recorded in accounts payable and accrued liabilities. The Company incurred Part XII.6 tax as a result of the shortfall totalling $ 1,070 which was calculated at a rate of 10% of the shortfall.

12. SUBSEQUENT EVENT

a) On April 1, 2022, the Company granted 500,000 options to the vice-president business development to subscribe for one common share of the Company at a price of $ 0.095 per common share for a period of 5 years from the date of the grant. These stock options vest immediately.