CLARITY GOLD CORP.

CONDENSED INTERIM FINANCIAL STATEMENTS

FOR THE THREE-MONTH PERIOD ENDED MARCH 31, 2022

(Expressed in Canadian dollars)

(UNAUDITED)

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 condensed interim financial statements have not been reviewed by an auditor.

The accompanying unaudited condensed interim financial statements of Clarity Gold Corp. (the "Company") have been prepared by and are the responsibility of the Company's 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.

CLARITY GOLD CORP.
CONDENSED INTERIM STATEMENTS OF FINANCIAL POSITION
(UNAUDITED - EXPRESSED IN CANADIAN DOLLARS)

As at		**March 31, 2022**		**December 31, 2021**
ASSETS				
CURRENT ASSETS				
Cash	$	2,501,919	$	2,750,286
Receivables and prepaid expenses (Notes 3, 10)		178,950		199,604
		2,680,869		**2,949,890**
NON-CURRENT ASSETS				
Exploration and evaluation assets (Note 4)		552,013		552,013
Right of use asset (Note 8)		-		-
TOTAL ASSETS		**3,232,882**		**3,501,903**
LIABILITIES				
CURRENT LIABILITIES				
Accounts payable and accrued liabilities (Notes 5,10)		85,746		161,996
Flow-through liability (Note 7)		380,222		380,637
TOTAL LIABILITIES		**465,968**		**542,633**
SHAREHOLDERS' EQUITY				
Share capital (Note 6)		10,033,096		10,033,096
Reserves (Note 6)		1,466,919		1,464,524
Accumulated deficit		(8,733,101)		(8,538,350)
		2,766,914		**2,959,270**
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	**$**	**3,232,882**	**$**	**3,501,903**

Approved on behalf of the Board of Directors on May 19th, 2022:

"Andrew Male" Director — *"Rose Zanic"* Director
Andrew Male — Rose Zanic

The accompanying notes are integral to these condensed interim financial statements

CLARITY GOLD CORP.
CONDENSED INTERIM STATEMENT OF OPERATIONS AND COMPREHENSIVE LOSS
(UNAUDITED - EXPRESSED IN CANADIAN DOLLARS)

For the three months ended		March 31, 2022		March 31, 2021
EXPENSES				
Accretion (Note 8)	$	-	$	1,221
Consulting fees (Note 10)		81,750		101,964
Depreciation (Note 8)		-		6,367
Exploration expenditures (Notes 4, 10)		9,387		372,368
Foreign exchange loss		665		874
Investor relations		-		48,913
Marketing		7,664		366,119
Office and administration		24,762		11,994
Professional fees (Note 10)		59,813		85,581
Transfer agent, registration and filing fees		3,900		5,097
Shareholder communications		4,830		10,138
Share-based compensation (Notes 6, 10)		2,395		432,080
		(195,166)		(1,442,716)
Other income				
Interest income		-		52
Recovery of flow-through premium (Note 7)		415		-
Loss and comprehensive loss for the period	$	(194,751)	$	(1,442,664)
Basic and diluted loss per share	**$**	**(0.01)**	**$**	**(0.06)**
Weighted average number of common shares outstanding- basic and diluted		**28,142,592**		**25,077,691**

The accompanying notes are integral to these condensed interim financial statements

CLARITY GOLD CORP.
CONDENSED INTERIM STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY
(UNAUDITED - EXPRESSED IN CANADIAN DOLLARS)

	Share Capital								
	Number of shares		Amount		Reserves		Deficit		Total
Balance, December 31, 2020	20,371,500	$	2,094,840	$	835,710	$	(2,053,814)	$	876,736
Shares issued for cash	6,785,701		8,342,693		-		-		8,342,693
Shares issued for exercised warrants	150,000		52,500		-		-		52,500
Share issue costs	-		(490,461)		-		-		(490,461)
Shares issued for acquisition of exploration and evaluation assets	685,391		1,007,525		-		-		1,007,525
Fair market value of issued agent options	-		(253,979)		253,979		-		-
Share-based compensation	-		-		432,080		-		432,080
Net loss for the period	-		-		-		(1,070,296)		(1,070,296)
Balance, March 31, 2021	27,992,592		10,753,118		1,521,769		(3,124,110)		9,150,777
Shares issued for exercised warrants	150,000		52,500		-		-		52,500
Share issue costs	-		(3,297)		-		-		(3,297)
Flow-through premium	-		(801,218)		-		-		(801,218)
Fair market value of issued agent options	-		31,993		(31,993)		-		-
Recovery on cancellation of stock option	-				(37,227)		37,227		-
Share-based compensation	-		-		11,975		-		11,975
Net loss for the period	-		-				(5,451,467)		(5,451,467)
Balance, December 31, 2021	28,142,592		10,033,096		1,464,524		(8,538,350)		2,959,270
Share-based compensation	-		-		2,395		-		2,395
Net loss for the period	-		-		-		(194,751)		(194,751)
Balance, March 31, 2022	28,142,592	$	10,033,096	$	1,466,919	$	(8,733,101)	$	2,766,914

The accompanying notes are integral to these condensed interim financial statements

CLARITY GOLD CORP.
CONDENSED INTERIM STATEMENTS OF CASH FLOWS
(UNAUDITED - EXPRESSED IN CANADIAN DOLLARS)

	For the three months ended March 31, 2022	For the three months ended March 31, 2021
CASH FLOWS FROM OPERATING ACTIVITIES		
Loss for the period	$ (194,751)	$ (1,442,664)
Add items not affecting cash:		
Accretion	-	1,221
Depreciation	-	6,367
Share-based compensation	2,395	432,080
Recovery of flow-through premium	(415)	-
Non-cash working capital changes:		
Receivables and prepaid expenses	20,654	233,345
Accounts payable and accrued liabilities	(76,250)	(219,663)
Net cash used in operating activities	**(248,367)**	**(989,314)**
CASH FLOWS FROM FINANCING ACTIVITIES		
Lease liability payments	-	(7,065)
Shares issued for cash	-	8,342,693
Shares issued for exercised warrants	-	52,500
Share issue costs	-	(490,462)
Net cash provided by financing activities	**-**	**7,897,666**
CASH FLOWS FROM INVESTING ACTIVITY		
Exploration and evaluation assets	-	(450,000)
Net cash used in investing activity	**-**	**(450,000)**
Increase (decrease) in cash during the period	**(248,367)**	**6,458,352**
Cash, beginning of the period	**2,750,286**	**48,162**
Cash, end of the period	**$ 2,501,919**	**$ 6,506,514**

Note 13 – Supplemental disclosures with respect to cash flows.

The accompanying notes are integral to these condensed interim financial statements

1. NATURE OF OPERATIONS AND GOING CONCERN

Clarity Gold Corp. (the "Company") was incorporated under the *Business Corporations Act* (British Columbia) on September 11, 2019. The Company's head office and registered office are located at Suite 1680, 355 Burrard Street, Vancouver, British Columbia, V6C 2G8.

On June 29, 2020, the Company's common shares commenced trading on the Canadian Securities Exchange ("CSE") under the trading symbol "CLAR". On July 1, 2020, the Company's common shares commenced trading on the OTC Pink Sheets Market under the trading symbol "CLGCF".

The Company is a Canadian mineral exploration company focused on the acquisition, exploration and development of gold projects in Canada.

The Company is currently evaluating its exploration and evaluation assets and has not determined whether its projects contain reserves that are economically recoverable. The recoverability of amounts recorded for the exploration and evaluation assets are dependent upon the discovery of economically recoverable reserves. The Company's future capital requirements depend on many factors, including costs of exploration and development of the exploration and evaluation assets, cash flow from operations, costs to complete additional exploration, competition and global market conditions. 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.

The Company incurred a net loss and comprehensive loss of $194,751 for the three-month period ended March 31, 2022 (2021 - $1,442,664) and has an accumulated deficit of $8,733,101 (December 31, 2021 - $8,538,350) and is expected to incur further losses in the development of its business, all of which may cast significant doubt about its ability to continue as a going concern. As at March 31, 2022, the Company had a working capital of $2,595,123 (December 31, 2021 - $2,787,894). These statements have been prepared on a going concern basis, which presumes the realization of assets and discharge of liabilities in the normal course of business for the foreseeable future. The Company's ability to continue as a going concern is dependent upon achieving profitable operations and upon obtaining additional financing. While the Company is expending its best efforts in this regard, the outcome of these matters cannot be predicted at this time.

Since March 2020, several measures have been implemented in Canada and the rest of the world in response to the increased impact from novel coronavirus ("COVID-19"). The Company continues to operate its business at this time. While the impact of COVID-19 is expected to be temporary, the current circumstances are dynamic and the impacts of COVID-19 on business operations cannot be reasonably estimated at this time. The Company anticipates this could have an adverse impact on its business, results of operations, financial position, and cash flows in 2022. As of the date of this report, COVID-19 has had no impact on the Company's ability to access and explore its current properties but may impact the Company's ability to raise money or explore its properties should travel restrictions currently in effect in B.C. due to COVID-19 be extended or expanded in scope.

2. SIGNIFICANT ACCOUNTING POLICIES AND BASIS OF PREPARATION

a) Statement of compliance to International Financial Reporting Standards

These condensed interim financial statements have been prepared in accordance with International Accounting Standards ("IAS") 34 – Interim Financial Reporting. These condensed interim financial statements do not include all of the information required for annual financial statements and should be read in conjunction with the Company's audited financial statements for the year ended December 31, 2021 which were prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB"). These condensed interim financial statements have been prepared following the same accounting policies applied to the Company's audited financial statements.

2. SIGNIFICANT ACCOUNTING POLICIES AND BASIS OF PREPARATION (continued)

b) Basis of presentation

These condensed interim financial statements are prepared on a historical cost basis, except for certain financial instruments classified as financial instruments at fair value through profit or loss, which are stated at fair value. In addition, these condensed interim financial statements have been prepared using the accrual basis of accounting, except for cash flow information.

c) Foreign currency translation

The Company's reporting and functional currency of all its operations is the Canadian dollar as this is the principal currency of the economic environment in which the Company operates. The functional currency determination was conducted through an analysis of consideration factors identified in IAS 21, The Effect of Changes in Foreign Exchange Rates.

d) Going concern assumption

The assessment of whether the going concern assumption is appropriate requires management to take into account all available information about the future, which is at least, but not limited to twelve months from the end of the reporting period.

e) Significant accounting judgments, estimates and assumptions

The preparation of the Company's condensed interim financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the reported amounts of assets, liabilities and contingent liabilities at the date of the financial statements and reported amounts of revenues and expenses during the reporting year. Estimates and assumptions are continuously evaluated and are based on management's experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances; however, actual outcomes can differ from these estimates.

Information about critical judgments and estimates in applying accounting policies that have the most significant risk of causing material adjustment to the carrying amounts of assets and liabilities included in the preparation of these condensed interim financial statements are discussed below:

Fair value of common shares issuance

The application of the Company's accounting policy for exploration and evaluation expenditures requires judgment in determining the fair value of assets received when common shares are issued as consideration. If the fair value of assets received or services rendered cannot be reliably measured, the transaction will be recorded at the fair value of common shares issued on the date of issuance.

Impairment of Exploration and Evaluation assets

Assets or cash-generating units ("CGUs") are evaluated at each reporting date to determine whether there are any indications of impairment. The Company considers both internal and external sources of information when making the assessment of whether there are indications of impairment for the Company's mineral properties.

Impairment of Exploration and Evaluation assets (continued)

In respect of costs incurred for its exploration and evaluation assets, management has determined that the evaluation, development and related costs incurred, which have been capitalized, continue to be appropriately recorded on the statements of financial position at its carrying value as management has determined there are no indicators of impairment for its exploration and evaluation assets as at March 31, 2022.

(UNAUDITED - EXPRESSED IN CANADIAN DOLLARS)

2. SIGNIFICANT ACCOUNTING POLICIES AND BASIS OF PREPARATION (continued)

e) *Significant accounting judgments, estimates and assumptions* (continued)

Share-based payments

The fair value of share-based payments is subject to the limitations of the Black-Scholes option pricing model that incorporates market data and involves uncertainty in estimates used by management in the assumptions. Because the Black-Scholes option pricing model requires the input of highly subjective assumptions, changes in subjective input assumptions can materially affect the fair value estimate.

The expected volatility is based on the historical volatility (based on the remaining life of the options), adjusted for any expected changes to future volatility due to publicly available information. The risk-free rate of return is the yield on a zero-coupon Canadian Treasury Bill of a term consistent with the assumed option life. The expected average option term is the average expected period to exercise, based on the historical activity patterns for each individually vesting tranche.

Right-of-use asset and lease liability

The Company applies judgement in determining whether the contract contains an identified asset, whether they have the right to control the asset, and the lease term. The lease term is based on considering facts and circumstances, both qualitative and quantitative that can create an economic incentive to exercise renewal options. Management considers all facts and circumstances that create an economic incentive to exercise an extension option, or not to exercise a termination option.

The Company uses estimates in determining the incremental borrowing rate used to measure the lease liability, specific to the asset, underlying currency and geographic location. Where the rate implicit in the lease is not readily determinable, the discount rate of the lease obligations are estimated using a discount rate similar to the Company's specific borrowing rate. This rate represents the rate that the Company would incur to obtain the funds necessary to purchase the asset of a similar value, with similar payment terms and security in a similar environment.

3. RECEIVABLES AND PREPAID EXPENSES

		March 31, 2022		**December 31, 2021**
GST receivable	$	77,443	$	119,586
Prepaid expenses		71,133		64,344
Other (Note 10)		30,374		15,674
	$	178,950	$	199,604

4. EXPLORATION AND EVALUATION ASSETS

Empirical Project

The initial Empirical Project ("Empirical") consists of three unpatented mineral claims which are located in the Lillooet Mining Division of British Columbia, Canada.

On July 2, 2020, the Company paid $7,013 to stake two unpatented mineral claims, which are adjacent and contiguous to the west and south of the Empirical Project.

4. EXPLORATION AND EVALUATION ASSETS (continued)

Empirical Project (continued)

On July 5, 2020, the Company acquired an additional unpatented mineral claim, which is adjacent and contiguous to the east of the Empirical Project. As consideration for the acquisition, the Company paid $3,334 cash, and issued 416,667 common shares with a fair value of $158,334 to an arm's length private company.

The Empirical Project now totals 6 unpatented mineral claims.

Pursuant to the terms of the Option Agreement dated October 16, 2019 (the "Agreement"), the Company can earn a 100% interest in the initial 3 unpatented Empirical claims by making the following payments to Longford Capital Corp. (the "Optionor"), a company controlled by the CEO (Note 10):

- Issue 2,000,000 common shares by October 22, 2019 (issued at a value of $10,000)
- Pay $50,000 within 5 days of the common shares being approved for listing on a stock exchange (paid on June 29, 2020)
- Incur a minimum of $80,000 in exploration costs on Empirical by October 1, 2020 (incurred)
- Incur a minimum of $200,000 in exploration costs on Empirical by October 1, 2021 (incurred)

The Optionor retains a 2% net smelter royalty ("NSR") payable following commencement of commercial production. The Company has the right to reduce the NSR from 2% to 1% at any time prior to commencement of commercial production by paying $1,500,000 to the Optionor.

In addition to the terms outlined above, the Agreement contains a 5 kilometre area of influence provision pursuant to which any claims staked by the Company within 5 kilometres of the Empirical property boundary will automatically be included as part of the Agreement and subject to the 2% NSR.

Gretna Green Project

On July 5, 2020, the Company acquired the Gretna Green Project, which is comprised of one mineral claim located 24 kilometres southwest of Port Alberni, British Columbia. As consideration for the acquisition, the Company paid $3,333 cash, and issued 416,666 common shares with a fair value of $158,333 to an arm's length private company.

Tyber Project

On July 5, 2020, the Company acquired the Tyber Project, which is comprised of one mineral claim located 1.4 kilometres south of Arrowsmith Lake, British Columbia. As consideration for the acquisition, the Company paid $3,333 cash, and issued 416,667 common shares with a fair value of $158,333 to an arm's length private company.

Destiny Project

On November 27, 2020, the Company entered into an Option Agreement (the "Destiny Agreement") with Big Ridge Gold Corp. ("Big Ridge") to acquire up to 100% of the Destiny Project (the "Option"). The project is located approximately 75 kilometres northeast of the city of Val d'Or in the prolific Abitibi Greenstone Belt. During the period ended March 31, 2022, the Company provided cancellation notice and terminated the option agreement with Big Ridge. The Company wrote-off all capitalized acquisition costs and surface rights totaling $1,912,525 at December 31, 2021.

(UNAUDITED - EXPRESSED IN CANADIAN DOLLARS)

4. EXPLORATION AND EVALUATION ASSETS (continued)

Pursuant to the terms of the Destiny Agreement, the Company could an earn a 100% interest in the Destiny Project by making the following payments to Big Ridge:

Payment Date	Cash Payment Amount	Shares Issuance Amount ($'s)	Interest Earned in Destiny Project
On execution of the Letter of Intent dated October 29, 2020	$50,000 (paid in fiscal 2020)	-	-
Within 60 days of the execution of the Destiny Agreement	$450,000 (paid on January 26, 2021)	$1,000,000 (685,391 shares issued on January 26, 2021)	-
12 months from the closing date of the Destiny Agreement	$750,000	$1,000,000	-
24 months from the closing date of the Destiny Agreement	$750,000	$1,500,000	49% earned
36 months from the closing date of the Destiny Agreement	$1,000,000	$2,000,000	100% earned
Total	**$3,000,000**	**$5,500,000**	**100% earned**

The Company paid $255,000 as an arm's length finders' fee (equal to 3% of the aggregate consideration).

Acquisition of surface rights over Destiny Project

On May 6, 2021, the Company purchased surface rights of two lots over a key portion of the Destiny Project.

The Company agreed to pay $125,000 per lot for total consideration of $250,000. The Company made an initial payment of $25,000 per lot at closing and $25,000 per lot on August 12, 2021 and December 22, 2021, with the remaining balance of $50,000 per lot payable in two equal installments of $25,000 every three months.

The following table is a reconciliation of exploration and evaluation assets as at March 31, 2022 and December 31, 2021.

	Destiny Project	Empirical Project	Gretna Green Project	Tyber Project	Total
Acquisition costs, December 31, 2020	$ 305,000	$ 228,681	$ 161,666	$ 161,666	$ 857,013
Additions	1,607,525	-	-	-	1,607,525
Termination of option agreement	(1,912,525)	-	-	-	(1,912,525)
Acquisition costs, December 31, 2021 and March 31, 2022	$ -	$ 228,681	$ 161,666	$ 161,666	$ 552,013

(UNAUDITED - EXPRESSED IN CANADIAN DOLLARS)

4. EXPLORATION AND EVALUATION ASSETS (continued)

During the three-month period ended March 31, 2022, the Company incurred exploration costs as follows:

Exploration Expenditures		Destiny Project		Empirical Project		Gretna Green Project		Tyber Project		Total
Licences and permits	$	4,387	$	2,500	$	1,250	$	1,250	$	9,387

During the three-month period ended March 31, 2021, the Company incurred exploration costs as follows:

Exploration Expenditures		Destiny Project		Empirical Project		Total
Assays	$	4,035	$	-	$	4,035
Demobilization		800		-		800
Drilling		162,017		-		162,017
Environmental		412		-		412
Equipment Rentals		2,600		-		2,600
Field expenditures		60,883		-		60,883
Geological		13,913		-		13,913
Geophysical		12,361		-		12,361
Licenses and permits		18,586		-		18,586
Line cutting		37,199		-		37,199
Mapping		1,850		-		1,850
Meals and lodging		18,659		-		18,659
Miscellaneous		7,761		-		7,761
Mobilization		3,460		4,901		8,361
Sampling		3,530		-		3,530
Storage		1,320		-		1,320
Transportation		18,081		-		18,081
	$	367,467	$	4,901	$	372,368

5. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

		March 31, 2022		December 31, 2021
Accounts payable (Note 10)	$	40,746	$	87,274
Accrued liabilities		45,000		74,722
	$	85,746	$	161,996

6. SHARE CAPITAL

Authorized

The authorized share capital consists of an unlimited number of common and preferred shares without par value.

As at March 31, 2022, the total common shares outstanding are 28,142,592 (December 31, 2021 – 28,142,592) and nil preferred shares issued.

Escrowed shares

As at March 31, 2022, the Company had 1,237,500 shares in escrow, of which, 412,500 will be released on the 24 month, 30 month, and 36 month anniversary from the commencement of trading on the CSE.

These escrow shares may not be transferred, assigned, or otherwise dealt without the consent of regulatory authorities.

Share issuances

Three-month period ended March 31, 2022:

The Company did not issue any shares during the three-month period ended March 31, 2022.

Year ended December 31, 2021:

Completed private placements

- On January 11, 2021, the Company completed the first tranche of a non-brokered private placement of 1,563,956 units at a price of $0.96 per unit ("Units") for gross proceeds of $1,501,398. Each Unit consisted of one common share in the capital of the Company and one-half of one common share purchase warrant. Each whole share purchase warrant is exercisable into one additional common share at a price of $1.25 per common share until January 11, 2022.

  The Company paid $6,240 in legal fees, cash finder's fees of $56,447, and issued 58,694 agent options with a fair value of $32,357, which were recorded as share issue costs. Each agent option is exercisable into one additional common share at a price of $0.96 per common share until January 11, 2022. The fair value of the agent options was determined using Black-Scholes Option Pricing Model with the following inputs: volatility 100%, expected life of 1 year, and a risk-free rate of 0.18%.

- On January 28, 2021, the Company completed the second tranche of a non-brokered private placement of 3,167,340 Units at a price of $0.96 per Unit for gross proceeds of $3,040,646. Each Unit consisted of one common share in the capital of the Company and one-half of one common share purchase warrant. Each whole share purchase warrant is exercisable into one additional common share at a price of $1.25 per common share until January 28, 2022.

  The Company paid $12,669 in legal fees, cash finder's fees of $149,061, and issued 155,272 agent options with a fair value of $124,027, which were recorded as share issue costs. Each agent option is exercisable into one additional common share at a price of $0.96 per share until January 28, 2022. The fair value of the agent options was determined using Black-Scholes Option Pricing Model with the following inputs: volatility 100%, expected life of 1 year, and a risk-free rate of 0.15%.

(UNAUDITED - EXPRESSED IN CANADIAN DOLLARS)

6. SHARE CAPITAL (continued)

Share issuances (continued)

- On March 5, 2021, the Company completed a non-brokered flow-through private placement of 2,054,405 common shares at $1.85 per common share for gross proceeds of $3,800,649.

  The Company paid $3,296 in legal fees, cash finder's fees of $266,045 and issued 143,808 agent options with a fair value of $65,602 in connection with the private placement. Each agent option is exercisable at $1.85 per common share on a non-flow-through basis until March 5, 2023. The fair value of the agent options was determined using Black-Scholes Option Pricing Model with the following inputs: volatility 100%, expected life of 1 year, and a risk-free rate of 0.30%.

Shares issued for Destiny Project

On January 26, 2021, the Company issued 685,391 common shares with a fair value of $1,007,525 pursuant to the Destiny Property Agreement.

Exercised warrants

During the year ended December 31, 2021, the Company issued 300,000 common shares pursuant to the exercise of 300,000 warrants exercisable at $0.35 per common share, for total proceeds of $105,000.

Warrants

The following is a summary of the Company's warrant activity:

	Number of warrants	Weighted average exercise price $
Balance, December 31, 2020	**1,079,000**	**0.35**
Issued	2,365,648	1.25
Exercised	(300,000)	0.35
Balance, December 31, 2021	**3,144,648**	**1.03**
Expired	(2,365,648)	1.25
	779,000	**0.35**

As of March 31, 2022, the Company had warrants outstanding and exercisable to acquire common shares of the Company as follows:

Expiry date	Exercise Price $	Remaining life (years)	Number of warrants
July 31, 2022	0.35	0.33	779,000
		0.33	**779,000**

(UNAUDITED - EXPRESSED IN CANADIAN DOLLARS)

6. SHARE CAPITAL (continued)

Agent options

The following is a summary of the Company's agent options activity:

	Number of agent options	Weighted average exercise price $
Balance, December 31, 2020	**686,810**	**0.19**
Issued	357,773	1.32
Balance, December 31, 2021	**1,044,583**	**0.58**
Expired	**(357,773)**	**1.32**
Balance, March 31, 2022	**686,810**	

As of March 31, 2022, the Company had agent options outstanding, and exercisable to acquire common shares of the Company as follows:

Expiry date	Exercise Price $	Remaining life (years)	Number of agent options
June 25, 2022	0.175	0.24	607,500
July 31, 2022	0.30	0.33	79,310
		0.25	**686,810**

Options

The following is a summary of the Company's options activity:

	Number of options	Weighted average exercise price $
Balance, December 31, 2020	**1,100,000**	**1.11**
Granted	550,000	1.48
Forfeited	(50,000)	1.21
Balance, December 31, 2021 and March 31, 2022	**1,600,000**	**1.23**

As of March 31, 2022, the Company had options outstanding and exercisable to acquire common shares of the Company as follows:

Expiry date	Exercise Price $	Remaining life (years)	Number of options outstanding	Number of options exercisable
July 31, 2023	1.00	1.33	100,000	66,668
August 21, 2023	1.06	1.39	100,000	100,000
September 11, 2023	1.06	1.45	500,000	500,000
December 2, 2023	1.21	1.67	350,000	350,000
March 15, 2023	1.48	0.96	550,000	550,000
		1.32	**1,600,000**	**1,566,668**

6. SHARE CAPITAL (continued)

Options (continued)

During the three-month period ended March 31, 2022, the Company recognized a total of $2,395 (2021 - $432,080) in share-based compensation which was comprised of the following:

On March 15, 2021, the Company granted 550,000 share options to a member of the Company's Advisory Board, and two consultants. Each option is exercisable at $1.48 per share until March 15, 2023. All of the options vested upon date of grant. The estimated fair value of the options was $424,896, measured using the Black-Scholes Option Pricing Model with the following assumptions: share price $1.48; exercise price - $1.48; expected life – 2 years; volatility – 100%; dividend yield - $0; and risk-free rate - 0.31%.

On July 31, 2020, the Company granted 100,000 share options to a member of the Company's Advisory Board under its share option plan. Each option is exercisable at $1.00 per share until July 31, 2023. The options are subject to vesting provisions, with one-third vested on the grant date, one-third on the first anniversary of the date of grant, and one-third on the second anniversary thereof. The total estimated fair value of the options was $57,478, of which $2,395 was recorded as share-based compensation during the period ended March 31, 2022, $19,159 was recorded during the year ended December 31, 2021 and $33,529 during the year ended December 31, 2020. The fair value of the options was measured using the Black-Scholes Option Pricing Model with the following assumptions: share price $0.95; exercise price - $1.00; expected life - 3 years; volatility - 100% (with comparable companies); dividend yield - $0; and risk-free rate - 0.25% (using Government of Canada Benchmark Bond yields).

7. FLOW-THROUGH SHARE LIABILITY AND RECOVERY OF FLOW THROUGH PREMIUM

During the year ended December 31, 2021 the Company issued 2,054,405 flow-through shares through a private placement (Note 6), recording $801,218) in flow through premium. During three-month period ended March 31, 2022, the Company:

- Incurred eligible flow-through expenditures of $1,969 (2021 - $317,898).
- Reported a recovery of flow-through premium of $415 (2021 - $nil), and as at March 31, 2022 had a remaining flow-through liability of $380,222 (December 31, 2021 - $380,637).

As at March 31, 2022, the Company had $1,803,616 (December 31, 2021 - $1,805,585) in unspent flow-through funds. The Company has until December 31, 2022 to incur the remaining flow-through expenditures.

In accordance with the flow-through share agreements, the Company may be required to indemnify the holders of any such shares any tax and other costs payable to them in the event the Company does not fulfil its flow through expenditure requirements.

(UNAUDITED - EXPRESSED IN CANADIAN DOLLARS)

8. LEASES

The Company has a two-year lease agreement for the Company's head office in Vancouver, British Columbia. The discount rate used was 8%. During the year ended December 31, 2021, the Company amended the lease agreement such that the lease terminated on December 31, 2021.

Set out below are the carrying amounts of the right-of-use asset and lease liability recognized and the movements during the three month-period ended March 31, 2022.

	Right-of-use asset **$**	**Lease Liability** **$**
As at December 31, 2020	40,322	41,108
Depreciation	(26,184)	-
Lease cancellation	(14,138)	(15,828)
Accretion	-	3,242
Payments	-	(28,522)
As at March 31, 2022 and December 31, 2021	-	-

9. FINANCIAL RISK MANAGEMENT

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

Credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. The Company's primary exposure to credit risk is on its cash held in bank accounts. The Company's cash is deposited in bank accounts held with major banks in Canada. As most of the Company's cash is held by the banks there is a concentration of credit risk. This risk is managed by using major banks that are high quality financial institutions as determined by rating agencies.

Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its obligations as they become due. The Company's ability to continue as a going concern is dependent on management's ability to raise required funding through future equity issuances. The Company manages its liquidity risk by forecasting cash flows from operations and anticipating any investing and financing activities. Management and the Board of Directors are actively involved in the review, planning and approval of significant expenditures and commitments.

As at March 31, 2022, the Company has cash of $2,501,919 (December 31, 2021 - $2,750,286) to settle $85,746 (December 31, 2021 - $161,996) in accounts payable and accrued liabilities that are due within 90 days of period-end.

9. FINANCIAL RISK MANAGEMENT (continued)

Currency risk

The Company currently has minimal foreign exchange risk as it conducts the majority of its business within Canada in Canadian dollars.

Interest rate risk

The Company is not currently exposed to significant interest rate risk.

Capital management

The Company's objective when managing capital is to safeguard the Company's ability to continue as a going concern such that it can provide returns for shareholders and benefits for other stakeholders. The Company considers the items included in shareholders' equity as capital. The Company manages the capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust its capital structure, the Company may issue new shares, sell assets to settle liabilities or return capital to its shareholders. The Company is not exposed to externally imposed capital requirements and there were no changes in the Company's capital management during the three-month period ended March 31, 2022.

Fair value hierarchy

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 fair value of the Company's financial instruments which includes cash, accounts receivable, and accounts payable and accrued liabilities approximate their carrying amounts due to the short-term nature of these financial instruments. Lease liability is classified as level 3.

10. RELATED PARTY 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 operation 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 resource or obligations between related parties.

As at March 31, 2022, $nil (December 31, 2021 - $27,930) was included in accounts payable and accrued liabilities owing to directors, officers, and companies controlled or affiliated with directors and officers of the Company. Amounts due to related parties consist of charges accrued for accounting fees, consulting fees, corporate advisory fees, and exploration and evaluation costs. These amounts are due to a director and two companies controlled by two directors. These amounts are unsecured, non-interest bearing and have no fixed terms of repayment.

As at March 31, 2022, $23,726 (December 31, 2021 - $19,674) was included in receivables and prepaid expenses with a company controlled by a Director and CEO of the Company.

The Company has identified all directors and officers as its key management personnel. The following are the transactions with related parties during the three-month period ended March 31, 2022 and 2021:

(UNAUDITED - EXPRESSED IN CANADIAN DOLLARS)

10. RELATED PARTY TRANSACTIONS (continued)

		Three-month period ended March 31,2022		Three-month period ended March 31, 2021
Consulting fees to a company controlled by a Director and CEO of the Company	$	30,000	$	15,000
Director fees to a company controlled by a Director of the Company		4,500		-
Accounting fees to a company jointly controlled by a previous Director of the Company		-		7,500
Corporate advisory fees to a company jointly controlled by a previous Director of the Company		-		18,900
Consulting fees to a company controlled by the previous CFO of the Company		-		6,000
Accounting fees to a company that employs the CFO of the Company		15,000		-
Rent costs to a company controlled by a Director and CEO of the Company.		15,000		-
Exploration expenditures charged by a company controlled by a Director and CEO of the Company		6,000		90,397
	$	70,500	$	137,797

11. SUPPLEMENTAL DISCLOSURES WITH RESPECT TO CASH FLOWS

The Company did not have any significant non-cash transactions during the three-month period ended March 31, 2022.

The Company's significant non-cash transactions during the period ended March 31, 2021were as follows:

a) On January 11, 2021, the Company issued 58,694 agent options with a fair value of $32,357, which were recorded as share issue costs.

b) On January 26, 2021, the Company issued 685,391 common shares with a fair value of $1,007,525 pursuant to the Destiny Agreement.

c) On January 28, 2021, the Company issued 155,272 agent options with a fair value of $124,027, which were recorded as share issue costs.

d) On March 5, 2021, the Company issued 143,808 agent options with a fair value of $65,602, which were recorded as share issue costs.

e) On March 5, 2021, the Company recognized a flow through premium liability of $801,218 related to the issuance of flow through shares.

During the three-month period ended March 31, 2022, the Company paid $nil (2021 - $nil) interest and taxes.

12. SEGMENTED INFORMATION

The Company conducts its business as a single operating segment, being the acquisition and exploration of mineral properties. As at March 31, 2022 all the Company's assets were located in Canada.