BRASCAN GOLD INC.

(FORMERLY: VOLUMETREX EXCHANGE INC.)

CONSOLIDATED FINANCIAL STATEMENTS

For the years ended December 31, 2021 and 2020

(Expressed in Canadian Dollars)

SATURNA GROUP
CHARTERED PROFESSIONAL ACCOUNTANTS LLP
Suite 1605, 1166 Alberni Street
Vancouver, BC Canada V6E 3Z3

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of Brascan Gold Inc. (formerly Volumetrex Exchange Inc.)

Opinion

We have audited the consolidated financial statements of Brascan Gold Inc., (formerly Volumetrex Exchange Inc.) (the "Company"), which comprise the consolidated statements of financial position as at December 31, 2021 and 2020 and the consolidated statements of operations 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, the accompanying consolidated 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.

Basis for Opinion

We conducted our audits 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 Consolidated Financial Statements section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Material Uncertainty Related to Going Concern

We draw attention to Note 1 in the consolidated financial statements, which indicates that the Company had no revenues, incurred a net loss of $904,261, and had negative cash flow from operations of $448,812 during the year ended December 31, 2021 and, as at that date, the Company had an accumulated deficit of $1,036,022. As stated in Note 1, these events or conditions, along with other matters as set forth in Note 1, indicate 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 comprises the information included in the Management's Discussion and Analysis, but does not include the consolidated financial statements and our auditor's report thereon.

Our opinion on the consolidated 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. If, based on the work we have performed, 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 Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of consolidated 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 Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated 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 consolidated 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 consolidated 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 consolidated 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 Henry Chow.

Saturna Group LLP

Saturna Group Chartered Professional Accountants LLP

Vancouver, Canada

May 2, 2022

BRASCAN GOLD INC.
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
(Expressed in Canadian dollars)

	Note	December 31, 2021 $	December 31, 2020 $
ASSETS			
CURRENT			
Cash		1,623,559	408,385
Amounts receivable		400	–
Prepaid expenses		134,321	–
		1,758,280	408,385
NON-CURRENT			
Exploration and evaluation assets	5	32,750	45,000
Total assets		1,791,030	453,385
LIABILITIES AND SHAREHOLDERS' EQUITY			
CURRENT			
Accounts payable and accrued liabilities	7	127,473	6,635
Flow-through share premium liability	6	95,239	–
Total liabilities		222,712	6,635
SHAREHOLDERS' EQUITY			
Share capital	6	1,906,522	579,811
Share subscriptions received (receivable)	6	316,800	(1,300)
Share-based reserves	6	381,018	–
Deficit		(1,036,022)	(131,761)
Total shareholders' equity		1,568,318	446,750
Total liabilities and shareholders' equity		1,791,030	453,385

Nature of operations and continuance of business (Note 1)
Subsequent events (Note 12)

Approved and authorised for issuance on behalf of the Board on May 2, 2022:

"Balbir Johal"
Balbir Johal, Director

"Vivian Katsuris"
Vivian Katsuris, Director

(The accompanying notes are an integral part of these consolidated financial statements)

BRASCAN GOLD INC.
CONSOLIDATED STATEMENTS OF OPERATIONS AND COMPREHENSIVE LOSS
(Expressed in Canadian dollars)

	Note	Year ended December 31, 2021 $	Year ended December 31, 2020 $
Expenses			
Advertising and promotion		32,065	–
Consulting fees	7	94,669	118,500
Exploration and evaluation expenditures	5	108,191	–
General and administrative		22,927	4,435
Impairment of mineral properties	5	205,000	-
Professional fees		94,554	8,430
Share-based compensation	6, 7	264,332	–
Transfer agent and filing fees		75,583	–
Travel		6,940	–
Total expenses		904,261	131,365
Net loss and comprehensive loss		(904,261)	(131,365)
Loss per share, basic and diluted		(0.06)	(0.10)
Weighted average number of shares outstanding		15,686,936	1,321,990

(The accompanying notes are an integral part of these consolidated financial statements)

BRASCAN GOLD INC.
CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY
(Expressed in Canadian dollars)

	Share capital		Share subscriptions received (receivable)	Share-based reserves	Deficit	Total shareholders' equity (deficit)
	Number of shares	Amount $	$	$	$	$
Balance, December 31, 2019	**1**	**1**	–	–	**(396)**	**(395)**
Cancellation of incorporator share	(1)	–	–	–	–	–
Shares issued in private placement	15,348,500	584,850	(1,300)	–	–	583,550
Share issuance costs	–	(5,040)	–	–	–	(5,040)
Net loss for the year	–	–	–	–	(131,365)	(131,365)
Balance, December 31, 2020	**15,348,500**	**579,811**	**(1,300)**	–	**(131,761)**	**446,750**
Shares issued in private placement	2,977,667	793,300	–	–	–	793,300
Flow-through units issued for cash	1,226,735	585,933	–	64,237	–	650,170
Shares issued for mineral properties	450,000	182,750	–	–	–	182,750
Share issuance costs	–	(140,033)	–	52,449	–	(87,584)
Flow-through share premium	–	(95,239)	–	–	–	(95,239)
Share subscriptions received	–	–	318,100	–	–	318,100
Fair value of options granted	–	–	–	264,332	–	264,332
Net loss for the year	–	–	–	–	(904,261)	(904,261)
Balance, December 31, 2021	**20,002,902**	**1,906,522**	**316,800**	**381,018**	**(1,036,022)**	**1,568,318**

(The accompanying notes are an integral part of these consolidated financial statements)

BRASCAN GOLD INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS
(Expressed in Canadian dollars)
(Unaudited - Prepared by Management)

	Year ended December 31, 2021 $	Year ended December 31, 2020 $
OPERATING ACTIVITIES		
Net loss for the year	(904,261)	(131,365)
Items not involving cash:		
Impairment of exploration and evaluation assets	205,000	–
Share-based compensation	264,332	–
Changes in non-cash working capital:		
Amounts receivable	(400)	–
Prepaid expenses and deposits	(134,321)	–
Accounts payable and accrued liabilities	120,838	6,240
Net cash used in operating activities	(448,812)	(125,125)
INVESTING ACTIVITIES		
Acquisition of exploration and evaluation assets	(10,000)	(45,000)
Net cash used in investing activities	(10,000)	(45,000)
FINANCING ACTIVITIES		
Proceeds from issuance of common shares	1,443,470	583,550
Share issuance costs	(87,584)	(5,040)
Share subscriptions received	318,100	–
Net cash provided by financing activities	1,673,986	578,510
Change in cash	1,215,174	408,385
Cash, beginning of year	408,385	–
Cash, end of year	1,623,559	408,385
Non-cash investing and financing activities:		
Fair value of brokers' warrants granted	52,449	–
Fair value of shares issued for mineral properties	182,750	–
Flow-through share premium deducted from share capital	95,239	–

(The accompanying notes are an integral part of these consolidated financial statements)

1. NATURE OF OPERATIONS AND CONTINUANCE OF BUSINESS

Brascan Gold Inc. (the "Company") was incorporated July 6, 2018 in the Province of British Columbia under the name Volumetrex Exchange Inc. On August 11, 2020, the Company changed its name from Volumetrex Exchange Inc. to Brascan Gold Inc. The Company is engaged in the exploration and development of mineral resources, currently focusing on projects in British Columbia. The Company's head office is located at 1000-409 Granville Street Vancouver, BC, V6C 1T2. The Company's registered and records office address is Suite 620, 1111 Melville Street, Vancouver, British Columbia, V6E 3V6.

On October 20, 2021, the Company incorporated a wholly-owned subsidiary, Baie Verte Resources Inc. ("Baie Verte") for the purposes of holding title to mineral claims. From inception to December 31, 2021, Baie Verte was inactive.

These consolidated financial statements have been prepared with the assumption that the Company will realize its assets and discharge its liabilities in the normal course of business. The Company's ability to meet its obligations and maintain its current operations through the ensuing twelve-month period and thereafter is contingent upon successful completion of additional financing arrangements and ultimately upon the discovery of proven reserves and generating profitable operations.

During the year ended December 31, 2021, the Company had no revenues, incurred a net loss of $904,261, and had negative cash flows from operations of $448,812. As at December 31, 2021, the Company had an accumulated deficit of $1,036,022. The Company's future capital requirements will depend on many factors, including the costs of exploring and developing its exploration and evaluation assets, operating costs, the current capital market environment, and global market conditions.

The continued operations of the Company are dependent on its ability to develop a sufficient financing plan, receive continued financial support from related parties, complete sufficient public equity financing, and generate profitable operations in the future. The Company has no assurance that it will be successful in its efforts. These factors indicate the existence of a material uncertainty that may cast significant doubt upon the Company's ability to continue as a going concern and the impact of these adjustments could be material. These consolidated financial statements do not include any adjustments relating to the recoverability and classification of recorded asset amounts and classification of liabilities that might be necessary should the Company be unable to continue operations.

The COVID-19 pandemic has caused significant financial market and social dislocation. The situation is dynamic with various cities and countries around the world responding in different ways to address the outbreak. Consequently, the Company has limited access to capital and financing which is the primary source of cash for the Company. While the extent of the effects of the COVID-19 pandemic on the Company's operations has not been significant, the Company continues to monitor and assess the impact of the COVID-19 will have on its future business activities and the future impact could have a material effect on the Company's planned business and operations.

2. BASIS OF PRESENTATION

a) Statement of compliance

These consolidated financial statements, including comparatives, have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB"), Interpretations issued by the International Financial Reporting Interpretations Committee ("IFRIC").

The consolidated financial statements were authorized for issue by the Audit Committee and approved and authorized for issue by the Board of Directors on May 2, 2022.

2. BASIS OF PRESENTATION (continued)

b) Basis of measurement

These consolidated financial statements have been prepared on a historical basis, except for certain 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. The financial statements are presented in Canadian dollars, which is the functional currency of the Company and its subsidiary.

c) Basis of consolidation

These consolidated financial statements include the accounts of the Company and its wholly owned subsidiary at the end of the reporting period:

	Incorporated	Nature	Ownership December 31, 2021	Ownership December 31, 2020
Baie Verte Resources Inc.	British Columbia	Exploration	100%	NIL

The results of the wholly owned subsidiary will continue to be included in the consolidated financial statements of the Company until the date that the Company's control over the subsidiary ceases. Control exists when the Company has the power, directly or indirectly, to govern the financial and operating policies of an entity to obtain benefits from its activities. Intercompany balances and transactions, including unrealized income and expenses arising from intercompany transactions, are eliminated on consolidation.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies have been applied consistent throughout by the Company for purposes of these financial statements.

a) Cash and cash equivalents

Cash and cash equivalents include cash on hand, demand deposits with financial institutions, and other short-term, highly liquid investments that are readily convertible to known amounts of cash and subject to an insignificant risk of change in value. As at December 31, 2021 and 2020, the Company held no cash equivalents.

b) Financial instruments

Financial Assets

All financial assets not classified at amortized cost or fair value through other comprehensive income are measured at fair value through profit or loss ("FVTPL"). On initial recognition, the Company can irrevocably designate a financial asset at FVTPL if doing so eliminates or significantly reduces an accounting mismatch.

A financial asset is measured at amortized cost if it meets both of the following conditions and is not designated at FVTPL:

- It is held within a business model whose objective is to hold the financial asset to collect the contractual cash flows associated with the financial asset instead of selling the financial asset for a profit or loss; and
- Its contractual terms give rise to cash flows that are solely payments of principal and interest.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

b) Financial instruments (continued)

Financial Assets

Financial assets that meet the following conditions are measured at fair value through other comprehensive income ("FVTOCI"):

- The financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets, and
- The contractual terms of the financial assets give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

All financial instruments are initially recognized at fair value on the statement of financial position. Subsequent measurement of financial instruments is based on their classification. Financial assets and liabilities classified at FVTPL are measured at fair value with changes in those fair values recognized in net income (loss) for the period. Financial assets classified at amortized cost and financial liabilities are measured at amortized cost using the effective interest method. The Company's financial instruments are classified as follows:

Financial Assets / Liabilities	**Classification and Measurement**
Cash	Amortized cost
Accounts payable and accrued liabilities	Amortized cost

Fair value hierarchy

Fair value measurements of financial instruments are required to be classified using a fair value hierarchy that reflects the significance of inputs used in making the measurements. The levels of the fair value hierarchy are defined as follows:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3: Inputs for assets or liabilities that are not based on observable market data.

Financial liabilities

Financial liabilities are designated as either: (i) FVTPL; or (ii) other financial liabilities. All financial liabilities are classified and subsequently measured at amortized cost except for financial liabilities at FVTPL. The classification determines the method by which the financial liabilities are carried on the consolidated statement of financial position subsequent to inception and how changes in value are recorded. Accounts payable and due to related parties are classified under other financial liabilities and carried on the consolidated statement of financial position at amortized cost.

The Company derecognizes a financial liability when its contractual obligations are discharged or cancelled, or expire. The Company also derecognizes a financial liability when the terms of the liability are modified such that the terms and/or cash flows of the modified instrument are substantially different, in which case a new financial liability based on the modified terms is recognized at fair value.

Gains and losses on derecognition are generally recognized in the consolidated statement of operations. The Company does not have any derivative financial assets and liabilities.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

b) Financial instruments (continued)

Impairment of financial assets at amortized cost

The Company recognizes a loss allowance for expected credit losses on financial assets that are measured at amortized cost. At each reporting date, the Company measures the loss allowance for the financial asset at an amount equal to the lifetime expected credit losses if the credit risk on the financial asset has increased significantly since initial recognition. If at the reporting date, the credit risk on the financial asset has not increased significantly since initial recognition, the Company measures the loss allowance for the financial asset at an amount equal to the twelve month expected credit losses. The Company shall recognize in the consolidated statement of operations, as an impairment gain or loss, the amount of expected credit losses (or reversal) that is required to adjust the loss allowance at the reporting date to the amount that is required to be recognized.

c) Provisions

A provision is recognized when it becomes probable that a present obligation arising from a past event will require an outflow of resources that can be reliably estimated. The amount of the provision is the best estimate of the outflow of resources required to settle this obligation. Where a potential obligation resulting from past events exists, but occurrence of the outflow of resources is not probable or the estimate is not reliable, these contingent liabilities are disclosed in commitments and contingencies.

d) 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 operating decisions. Parties are also considered to be related if they are subject to common control, related parties may be individuals or corporate entities. A transaction is considered to be a related party transaction when there is a transfer of resources or obligations between related parties.

e) Income Taxes

Income tax comprises current and deferred tax. Income tax is recognized in the consolidated statement of operations except to the extent that it relates to items recognized directly in equity in which case the related income tax is recognized directly in equity.

Current tax is the expected tax payable on the taxable income for the year using tax rates enacted or substantively enacted at the end of the reporting period and any adjustments to tax payable in respect of previous years.

In general, deferred tax is recognized in respect of temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred income tax is determined on a non discounted basis using tax rates and laws that have been enacted or substantively enacted at the reporting date and are expected to apply when the deferred tax asset or liability is settled. Deferred tax assets are recognized to the extent that it is probable that such assets can be recovered.

Deferred income tax is provided on temporary differences arising on investments in subsidiaries and associates except, in the case of subsidiaries, where the timing of the reversal of the temporary difference is controlled by the Company and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred income tax assets and liabilities are presented as non-current.

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

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

f) Share capital

Equity instruments are contracts that give a residual interest in the net assets of the Company. Financial instruments issued by the Company are classified as equity only to the extent that they do not meet the definition of a financial liability or financial asset. The Company's common shares, stock options, share purchase warrants and flow-through shares are classified as equity instruments. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

Valuation of equity units issued in private placements

The Company has adopted the residual value method with respect to the measurement of shares and warrants issued as private placement units. Under this method, the proceeds are allocated first to share capital based on the fair value of the common shares at the time the units are priced and any residual value is allocated to the share-based payments reserve. The fair value of the common shares is based on the closing quoted bid price on the announcement date. Consideration received for the exercise of warrants is recorded in share capital and the related residual value in warrants reserve is transferred to share capital.

g) Earnings (loss) per share

The Company presents basic earnings (loss) per share data for its common shares, calculated by dividing the income (loss) attributable to common shareholders of the Company by the weighted average number of shares outstanding during the period. The Company uses the treasury stock method for calculating diluted earnings (loss) per share. Under this method the dilutive effect on earnings per share is calculated on the use of the proceeds that could be obtained upon exercise of options, warrants and similar instruments. It assumes that the proceeds of such exercise would be used to purchase common shares at the average market price during the period. However, the calculation of diluted loss per share excludes the effects of various conversions and exercise of options and warrants that would be anti-dilutive. As at December 31, 2021, the Company has 13,230,500 (2020 – 9,500,000) potentially dilutive shares outstanding.

h) Share-based payments

The Company grants share options to acquire common shares of the Company to directors, officers, employees and consultants. The fair value of share-based payments to employees is measured at grant date, using the Black-Scholes option pricing model, and is recognized over the vesting period for employees using the graded method. Fair value of share-based payments for non-employees is recognized and measured at the date the goods or services are received based on the fair value of the goods or services received. If it is determined that the fair value of goods and services received cannot be reliably measured, the share-based payment is measured at the fair value of the equity instruments issued using the Black-Scholes option pricing model.

For both employees and non-employees, the fair value of share-based payments is recognized as either an expense or as mineral property interests with a corresponding increase in share-based payments reserve. The amount recognized as expense is adjusted to reflect the number of share options expected to vest. Consideration received on the exercise of stock options is recorded in share capital and the related share-based payment in share-based payments reserve is transferred to share capital.

Where the terms and conditions of options are modified before they vest, the increase in the fair value of the options, measured immediately before and after the modification, is also charged to profit or loss over the remaining vesting period.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

h) Share-based payments (continued)

Where a grant of options is cancelled and settled during the vesting period, excluding forfeitures when vesting conditions are not satisfied, the Company immediately accounts for the cancellation as an acceleration of vesting and recognizes the amount that otherwise would have been recognized for services received over the remainder of the vesting period. Any payment made to the employee on the cancellation is accounted for as the repurchase of an equity interest, except to the extent the payment exceeds the fair value of the equity instrument granted, measured at the repurchase date. Any such excess is recognized as an expense. The amounts recorded in reserves for unexercised share options are transferred from share-based reserve to deficit upon their expiry or cancellation.

i) Exploration and evaluation assets

Costs incurred before the Company has obtained the legal rights to explore an area are expensed in the period in which they are incurred.

Costs incurred to acquire the legal right to explore a property are capitalized. Once the legal right to explore a property has been acquired, costs directly related to exploration and evaluation expenditures are recognized and expensed in the statement of operations and comprehensive loss. These direct expenditures include such costs as surveying costs, drilling costs, labor and contractor costs, materials used and licensing and permit fees.

Government tax credits received are recorded as a reduction to the cumulative costs incurred and capitalized on the related property.

Once the technical feasibility and commercial viability of extracting the mineral resources have been determined, the property is considered to be under development and is classified as development properties. The carrying value of exploration and evaluation assets is transferred to development properties after being tested for impairment.

Once commercial production has commenced, all capitalized costs related to the property are transferred to producing properties and the costs of acquisition, exploration and development will be amortized over the life of the property based on estimated economic reserves. Proceeds received from the sale of any interest in a property will be credited against the carrying value of the property, with any excess included in other income for the period. If a property is abandoned, the acquisition, deferred exploration and development costs will be written off to other expenses.

Currently, all mineral properties of the Company are at the exploration stage.

Although the Company has taken steps to verify title to mineral properties in which it has an interest, in accordance with industry standards for the current stage of exploration of such properties, these procedures do not guarantee the Company's title. Property title may be subject to unregistered prior agreements or inadvertent non-compliance with regulatory requirements.

Exploration costs renounced due to flow-through share subscription agreements remain expensed; however, for corporate income tax purpose the Company has no right to claim these costs as tax deductible expenses.

Recorded costs of mineral properties and deferred exploration costs are not intended to reflect present or future values of resource properties. The recorded costs are subject to measurement uncertainty and it is reasonably possible, based on existing knowledge that changes in future conditions could require a material change in the recognized amount.

Payments on mineral property option agreements are made at the discretion of the Company and, accordingly, are recorded as incurred.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

j) Impairment of non-financial assets

The carrying amounts of non-financial assets are reviewed for impairment whenever facts and circumstances suggest that the carrying amounts may not be recoverable. If there are indicators of impairment, the recoverable amount of the asset is estimated in order to determine the extent of any impairment. For the purpose of measuring recoverable amounts, assets are grouped at the lowest levels for which there are separately identifiable potential cash flow generating units ("CGU's"). The recoverable amount is the higher of an asset's fair value less costs to sell and its value in use (being the present value of the expected future cash flows of the CGU). An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount.

Non-financial assets that have been impaired in prior periods are tested for possible reversal of impairment whenever events or changes in circumstances indicate that the impairment has reversed. If the impairment has reversed, the carrying amount of the asset is increased to its recoverable amount but not beyond the carrying amount that would have been determined had no impairment loss been recognized for the asset in the prior periods. A reversal of an impairment loss is recognized in the consolidated statement of operations.

k) New accounting standards issued but not yet effective

Certain new standards, interpretations, and amendments to existing standards have been issued by the IASB or IFRC that are mandatory for accounting years beginning after January 1, 2021, or later years. New accounting pronouncements that are not applicable or are not consequential to the Company have been excluded in the preparation of these consolidated financial statements.

A number of new standards, and amendments to standards and interpretations, are not effective for the year ended December 31, 2021, and have not been early adopted in preparing these financial statements. These new and amended standards are not expected to have a material impact on the Company's financial statements. The following accounting standards and amendments are effective for future periods:

i. Onerous Contracts — Cost of Fulfilling a Contract (Amendments to IAS 37)

The amendments to IAS 37 specify which costs an entity includes in determining the cost of fulfilling a contract for the purpose of assessing whether the contract is onerous. Costs that relate directly to a contract can either be incremental costs of fulfilling that contract (examples would be direct labour, materials) or an allocation of other costs that relate directly to fulfilling contracts (an example would be the allocation of the depreciation charge for an item of property, plant and equipment used in fulfilling the contract). These amendments are effective for reporting periods beginning on or after January 1, 2022.

ii. Classification of Liabilities as Current or Non-current (Amendments to IAS 1)

The amendments to IAS 1 provide a more general approach to the classification of liabilities based on the contractual arrangements in place at the reporting date. These amendments are effective for reporting periods beginning on or after January 1, 2023.

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

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

Significant judgments

Management has made critical judgments in the process of applying accounting policies. The one has the most significant effect on the amounts recognized in the financial statements include:

i. The assessment of the Company’s ability to continue as a going concern and its ability to execute its strategy by funding future working capital requirements requires judgment. Estimates and assumptions are continually evaluated and are based on historical experience and other factors, such as expectations of future events that are believed to be reasonable under the circumstances. The factors considered by management are disclosed in Note 1.

ii. The carrying value of exploration and evaluation assets requires judgment in determining whether it is likely that future economic benefits are likely either from future exploitation or sale or where activities have not reached a stage which permits a reasonable assessment of the existence of reserves. The deferral policy requires management to make certain estimates and assumptions about future events or circumstances, in particular whether an economically viable extraction operation can be established. Estimates and assumptions made may change if new information becomes available

Significant estimates

The following are key assumptions concerning the future and other key sources of estimation uncertainty that have a significant risk of resulting in a material adjustment to the carrying amount of assets and liabilities within the current and next fiscal financial years:

i. The Company uses the Black-Scholes option pricing model to value options and warrants granted during the year. The Black-Scholes model was developed for use in estimating the fair value of traded options that have no vesting restrictions and are fully transferable. The model requires management to make estimates that are subjective and may not be representative of actual.

ii. The Company uses the market price of the Company’s common shares based on the end-of-day trading price to record the fair value of common shares for share-based compensation purposes.

(Expressed in Canadian dollars)

5. EXPLORATION AND EVALUATION ASSETS (continued)

	Howson $	Vulcan $	Middle Arm $	Black Cat $	Total $
Acquisition costs:					
Balance, December 31, 2019	–	–	–	–	–
Additions	35,000	10,000	–	–	45,000
Balance, December 31, 2020	35,000	10,000	–	–	45,000
Additions	–	160,000	16,000	16,750	192,750
Impairment	(35,000)	(170,000)	–	–	(205,000)
Balance, December 31, 2021	–	–	16,000	16,750	32,750
Carrying amounts:					
Balance, December 31, 2020	35,000	10,000	–	–	45,000
Balance, December 31, 2021	–	–	16,000	16,750	32,750

Exploration Expenditures

	Year ended December 31, 2021 $	**Year ended December 31, 2020 $**
Geological	89,856	–
Travel	18,335	–
	108,191	–

Howson Property, British Columbia

On September 10, 2020, and as amended on May 14, 2021, the Company entered into an option agreement with Oswaldo Perez Cabrera, an individual, to acquire 100% interest in two mineral claims located in the Burnie Lake area of British Columbia for cash payments of $35,000 and the issuance of 3,000,000 common shares of the Company as follows:

- $35,000 on the execution of the agreement (paid);
- Issue 1,000,000 common shares of the Company on the successful listing of the Company on a Canadian stock exchange;
- Issue 1,000,000 common shares of the Company on or before December 31, 2021; and
- Issue 1,000,000 common shares of the Company on or before June 30, 2022.

In addition, the Company is required to incur exploration expenditures of $2,500,000 on the property over a period of five years as follows:

- $100,000 on or before June 30, 2022;
- An additional $600,000 on or before December 31, 2023;
- An additional $800,000 on or before December 31, 2024; and
- An additional $1,000,000 on or before December 31, 2025.

On June 22, 2021, the Company terminated the option agreement and impaired the carrying value of the property of $35,000.

5. EXPLORATION AND EVALUATION ASSETS (continued)

Vulcan Property, British Columbia

On September 26, 2020, and as amended on June 14, 2021 and September 1, 2021, the Company entered into an option agreement with Eagle Plains Resources Ltd. ("Eagle Plains"), a company listed on the TSX Venture Exchange, to acquire a 60% interest in the Vulcan property located in the East Kootenay region of British Columbia. To earn the 60% interest, the Company is required to make cash payments of $500,000 and issue 1,200,000 common shares of the Company as follows:

- $10,000 on execution of the agreement (paid);
- $15,000 and issue 400,000 common shares of the Company on the successful listing of the Company on a Canadian stock exchange (issued);
- $25,000 and issue 400,000 common shares of the Company on or before December 31, 2021;
- $165,000 and issue 200,000 common shares of the Company on or before December 31, 2022; and
- $285,000 and issue 200,000 common shares of the Company on or before December 31, 2023.

In addition, the Company is required to incur exploration expenditures of $4,000,000 on the property over a period of four years as follows:

- $100,000 on or before October 31, 2021;
- An additional $1,400,000 on or before December 31, 2022;
- An additional $1,000,000 on or before December 31, 2023; and
- An additional $1,500,000 on or before December 31, 2024.

The Company has to pay a 2% net smelter royalty (NSR) to Eagle Plains payable upon the commencement of commercial production and the Company has the right to purchase half of the NSR for $1,000,000.

On December 13, 2021, the Company termination the option agreement and impaired the carrying value of the property of $170,000.

Middle Arm Fault Property, Newfoundland

On October 15, 2021, the Company entered into an option agreement with Jason Flight, Wayne Hurley, Kenneth Lewis, and Daniel Jacobs (the "Vendors") to acquire a 100% interest in the Middle Arm Fault Property located in the Baie Verte region of Newfoundland. To earn the 100% interest, the Company is required to make cash payments of $168,000 and issue 670,000 common shares of the Company as follows:

- $5,000 and issue 25,000 common shares of the Company on execution of the agreement (paid and issued);
- $27,000 and issue 95,000 common shares of the Company on or before October 15, 2022;
- $24,000 and issue 100,000 common shares of the Company on or before October 15, 2023;
- $32,000 and issue 150,000 common shares of the Company on or before October 15, 2024; and
- $80,000 and issue 300,000 common shares of the Company on or before October 15, 2025.

In addition, the Company is required to incur exploration expenditures of $725,000 on the property over a period of four years as follows:

- $75,000 on or before October 15, 2022;
- An additional $150,000 on or before October 15, 2023;
- An additional $200,000 on or before October 15, 2024; and
- An additional $300,000 on or before October 15, 2025.

The Company has to pay a 2.5% net smelter royalty (NSR) to the Vendors payable upon the commencement of commercial production and the Company has the right to purchase 1.5% of the NSR for $2,000,000.

5. EXPLORATION AND EVALUATION ASSETS (continued)

Alegre Property, Newfoundland

On November 22, 2021, the Company entered into an option agreement with Chapada Brasil Mineracao Ltda. ("Chapada") to acquire a 100% interest in the Alegre Property located in the Chachoeira do Piria region of Brazil. To earn the 100% interest, the Company is required to make cash payments of $400,000 and issue 800,000 common shares of the Company as follows:

- $30,000 and issue 50,000 common shares of the Company on the execution of the agreement (paid and issued on January 25, 2022);
- $50,000 and issue 100,000 common shares within five days of completing a Phase I exploration program;
- $100,000 and issue 200,000 common shares within five days of completing a Phase II exploration program; and
- $220,000 and issue 450,000 common shares within five days of completing a Phase III exploration program.

In addition, the Company is required to incur exploration expenditures on the property as follows:

- Complete a $250,000 Phase I exploration program on or before July 30, 2022;
- Within one year of completing the Phase I exploration program, commence an additional $250,000 Phase II exploration program; and
- Within one year of completing the Phase II exploration program, commence an additional $500,000 Phase III exploration program.

The Company has to pay a 2% net smelter royalty (NSR) to Chapada payable upon the commencement of commercial production and the Company has the right to purchase 1% of the NSR for $1,000,000.

Black Cat Property, Newfoundland

On December 7, 2021, the Company entered into an option agreement with Jason Flight, Wayne Hurley, Kenneth Lewis, Peter Hurley, Garland Rice, sand Daniel Jacobs (the "Vendors") to acquire a 100% interest in the Black Cat Property located in the Baie Verte region of Newfoundland. To earn the 100% interest, the Company is required to make cash payments of $168,000 and issue 670,000 common shares of the Company as follows:

- $5,000 and issue 25,000 common shares of the Company on execution of the agreement (paid and issued);
- $27,000 and issue 95,000 common shares of the Company on or before December 7, 2022;
- $24,000 and issue 100,000 common shares of the Company on or before December 7, 2023;
- $32,000 and issue 150,000 common shares of the Company on or before December 7, 2024; and
- $80,000 and issue 300,000 common shares of the Company on or before December 7, 2025.

In addition, the Company is required to incur exploration expenditures of $725,000 on the property over a period of four years as follows:

- $75,000 on or before December 7, 2022;
- An additional $150,000 on or before December 7, 2023;
- An additional $200,000 on or before December 7, 2024; and
- An additional $300,000 on or before December 7, 2025.

The Company has to pay a 2.5% net smelter royalty (NSR) to the Vendors payable upon the commencement of commercial production and the Company has the right to purchase 1.5% of the NSR for $2,000,000.

6. SHARE CAPITAL

a) Authorized

Unlimited number of common shares without par value.

b) Issued

During the year ended December 31, 2021

On December 30, 2021, the Company completed a flow-through private placement for the issuance of 1,226,735 units at a price of $0.53 per flow-through unit for gross proceeds of $650,170. Each flow-through unit consists of one flow-through common share and one half of a common share purchase warrant, with each whole warrant exercisable at a price of $0.75 for two years from the closing date. In connection with the private placement, the Company paid $44,000 in finders' fees and issued 83,018 brokers' warrants with an exercise price of $0.40 per share for two years from the closing date, with a value of $13,155. The fair value of the broker warrants was determined using the Black-Scholes option pricing model assuming volatility of 72%, expected life of two years, risk free rate of 1.00% and no expected dividends. As at December 31, 2021, the Company recorded a flow-through share premium liability of $95,239.

On December 13, 2021, the Company completed a private placement for the issuance of 2,477,667 units at a price of $0.30 per unit for gross proceeds of $743,300. Each unit consisted of one common share and one half of a common share purchase warrant, with each whole warrant exercisable at a price of $0.40 for two years from the closing date. In connection with the private placement, the Company paid $43,584 of finders' fees and issued 145,280 brokers' warrants with an exercise price of $0.40 for two years from the closing date, with a value of $39,294. The fair value of the broker warrants was determined using the Black-Scholes option pricing model assuming volatility of 72%, expected life of two years, risk free rate of 0.95% and no expected dividends.

On December 10, 2021, the Company issued 25,000 common shares with a fair value of $11,750 pursuant to the Black Cat Property option agreement. Refer to Note 5.

On November 4, 2021, the Company issued 25,000 common shares with a fair value of $11,000 pursuant to the Middle Arm Fault Property option agreement. Refer to Note 5.

On October 13, 2021, the Company issued 400,000 common shares with a fair value of $160,000 pursuant to the Vulcan Property option agreement. Refer to Note 5.

On October 13, 2021, the Company completed a private placement for the issuance of 500,000 common shares at a price of $0.10 per common share for proceeds of $50,000.

During the year ended December 31, 2021, the Company $318,100 of share subscriptions, of which $318,000 related to private placements completed subsequent to December 31, 2021.

During the year ended December 31, 2020

On December 30, 2020, the Company issued 3,848,500 common shares at $0.10 per share for proceeds of $384,850, of which $1,300 is receivable as at December 31, 2020. Included in the issuance was 105,000 common shares to directors of the Company for proceeds of $10,500. As part of the issuance, the Company incurred share issuance costs of $5,040.

On December 7, 2020, the Company issued 9,500,000 units at $0.02 per unit for proceeds of $190,000. Each unit is comprised of one common share and one share purchase warrant, where each share purchase warrant is exercisable into one common share at $0.10 per share until December 7, 2023.

On August 27, 2020, the Company issued 2,000,000 common shares to the Chief Executive Officer and Director of the Company at $0.005 per share for proceeds of $10,000 and cancelled the incorporator share.

(Expressed in Canadian dollars)

6. SHARE CAPITAL (continued)

c) Stock options

The Company's Board of Directors approved a stock incentive plan in accordance with the policies of the Canadian Securities Exchange (the "Exchange"). The Board of Directors is authorized to grant options to directors, officers, consultants or employees to acquire up to 20% of the issued and outstanding common shares of the Company. The exercise price will not be less than $0.10 per share and, in the event that the Company is listed on the Exchange, the market price of the common shares on the trading day immediately preceding the date of the grant, less applicable discounts permitted by the Exchange. The options that may be granted under this plan must be exercisable for over a period of not exceeding 5 years.

The following table summarizes the continuity of the Company's stock options:

	December 31, 2021		December 31, 2020	
	Number of Options	Weighted Average Exercise Price	Number of Options	Weighted Average Exercise Price
Outstanding, beginning of period	-	$ -	-	$ -
Granted	1,650,000	$ 0.22	-	$ -
Outstanding, end of period	1,650,000	$ 0.22	-	$ -

The following stock options were outstanding and exercisable as at December 31, 2021:

Expiry Date	Weighted Average Remaining Contractual Life in Years	Exercise Price	Outstanding and Exercisable
March 10, 2026	4.19	$ 0.10	1,000,000
October 22, 2026	4.81	$ 0.40	400,000
October 27, 2026	4.82	$ 0.40	150,000
November 1, 2026	4.84	$ 0.45	100,000
	4.44	$ 0.22	1,650,000

Share-based compensation is determined using the Black-Scholes option pricing model. During the year ended December 31, 2021, the Company recognized share-based compensation expense of $264,332 (2020 - $nil) relating to stock options granted to officers, directors, and consultants of the Company. The weighted average fair value of stock options granted during the period ended December 31, 2021 was $0.16 (2020 - $nil) per option.

The weighted average assumptions used in calculating the fair value of share-based compensation expense assuming no expected dividends and forfeitures are as follows:

	Year ended December 31, 2021	Year ended December 31, 2020
Risk-free interest rate	1.10%	–
Expected option life in years	5 years	–
Expected share price volatility*	116.56%	–

*The share price volatility was determined based on management's professional judgement and based on the average of three comparable entities' historical volatility in share price.

(Expressed in Canadian dollars)

6. SHARE CAPITAL (continued)

d) Share purchase warrants

The following table summarizes the continuity of the Company's share purchase warrants:

	December 31, 2021		December 31, 2020	
	Number of Warrants	Weighted Average Exercise Price	Number of Warrants	Weighted Average Exercise Price
Outstanding, beginning of period	9,500,000	$ 0.10	-	$ -
Granted	1,852,202	$ 0.52	9,500,000	$ 0.10
Outstanding, end of period	11,352,202	$ 0.17	9,500,000	$ 0.10

The following share purchase warrants were outstanding and exercisable as at December 31, 2021:

Expiry Date	Weighted Average Remaining Contractual Life in Years	Exercise Price	Outstanding and Exercisable
December 7, 2023	1.93	$ 0.10	9,500,000
December 13, 2023	1.95	$ 0.40	1,238,835
December 30, 2023	2.00	$ 0.75	613,367
	1.94	$ 0.17	11,352,202

e) Brokers' warrants

The following table summarizes the continuity of the Company's brokers' warrants:

	December 31, 2021		December 31, 2020	
	Number of Warrants	Weighted Average Exercise Price	Number of Warrants	Weighted Average Exercise Price
Outstanding, beginning of period	-	$ -	-	$ -
Granted	228,298	$ 0.40	-	$ -
Outstanding, end of period	228,298	$ 0.40	-	$ -

The following brokers' warrants were outstanding and exercisable as at December 31, 2021:

Expiry Date	Weighted Average Remaining Contractual Life in Years	Exercise Price	Outstanding and Exercisable
December 13, 2023	1.95	$ 0.40	145,280
December 30, 2023	2.00	$ 0.40	83,018
	1.97	$ 0.40	228,298

(Expressed in Canadian dollars)

6. SHARE CAPITAL (continued)

e) Brokers' warrants (continued)

During the year ended December 31, 2021, the Company recorded $52,449 (2020 - $nil) of broker warrants using the Black Scholes option pricing model. The weighted average assumptions used in calculating the fair value of broker warrants assuming no expected dividends or forfeitures are as follows:

	2021	2020
Risk-free interest rate	0.94%	–
Expected option life in years	2 years	–
Expected share price volatility*	100.00%	–

*The share price volatility was determined based on management's professional judgement and based on the average of three comparable entities' historical volatility in share price.

7. RELATED PARTY TRANSACTIONS

Related party transactions are in the normal course of operations and measured at the exchange amount, which is the amount of consideration established and agreed by the related parties.

Key Management Compensation

Key management includes directors (executive and non-executive) and officers of the Company. The amounts due to related parties are for amounts due to directors and officers. The balances are unsecured, non-interest bearing and have no specific terms for repayment.

During the year ended December 31, 2021 and 2020, the Company entered into following transactions with related parties:

	For the year ended December 31, 2021	For the year ended December 31, 2020
Key Management Compensation		
Consulting fees	$ 75,200	$ 51,000
Share-based compensation	135,898	–
	$ 211,098	$ 51,000

As at December 31, 2021, included in the accounts payable and accrued liabilities is $8,964 (2020 - $nil) related to the above compensation incurred with one of the Company's directors.

8. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

The Company is exposed to various financial instrument risks and assesses the impact and likelihood of this exposure. These risks include liquidity risk, credit risk, price risk, currency risk, and interest rate risk. Where material, these risks are reviewed and monitored by the Board of Directors.

a) Fair values

Fair value measurements of financial instruments are required to be classified using a fair value hierarchy that reflects the significance of inputs used in making the measurements. The levels of the fair value hierarchy are defined as follows:

Level 1 - Quoted Prices in Active Markets for Identical Assets

Unadjusted quoted prices in active markets that are accessible at the measurement date for identical, unrestricted assets or liabilities.

Level 2 - Significant Other Observable Inputs

Quoted prices in markets that are not active, quoted prices for similar assets or liabilities in active markets, or inputs that are observable, either directly or indirectly, for substantially the full term of the asset or liability. There are no items in Level 2 of the fair value hierarchy.

Level 3 - Significant Unobservable Inputs

Unobservable (supported by little or no market activity) prices. There are no items in Level 3 of the fair value hierarchy.

The carrying values of cash, and accounts payable and accrued liabilities approximate their fair values due to their short-term nature.

b) Credit risk

Credit risk is the risk of an unexpected loss if a customer or third party to a financial instrument fails to meet its contractual obligations. The maximum credit risk the Company is exposed to is 100% of cash. The Company's cash is held at a large Canadian financial institution.

c) Liquidity risk

Liquidity risk is the risk that the Company will be unable to meet its financial obligations as they fall due. The Company's objective to managing liquidity risk is to ensure that it has sufficient liquidity available to meet its liabilities when due. The accounts payable and accrued liabilities are typically due in 30 days, which are settled using cash. As at December 31, 2021, the Company has working capital of $1,535,568.

At present, the Company's operations do not generate positive cash flow. The Company's primary source of funding has been the issuance of equity securities. Despite previous success in acquiring financing, there is no guarantee of obtaining future financings.

d) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in market interest rates. The Company is not exposed to significant interest rate risk due to the short-term to maturity of its financial instruments. Interest rate risk is minimal as the Company has no exposure to interest rates as at December 31, 2021.

e) Price risk

The Company has limited exposure to price risk with respect to commodity prices. The Company's ability to raise capital to fund exploration and development activities with a potential future project may be subject to risks associated with fluctuations in the market price of commodities.

(Expressed in Canadian dollars)

9. CAPITAL MANAGEMENT

The Company considers its capital structure to include net residual equity of all assets, less liabilities. The Company's objectives when managing capital are to (i) maintain financial flexibility in order to preserve its ability to meet financial obligations and continue as a going concern; (ii) maintain a capital structure that allows the Company to pursue the development of its mineral properties; and (iii) optimize the use of its capital to provide an appropriate investment return to its shareholders commensurate with risk.

The Company's financial strategy is formulated and adapted according to market conditions in order to maintain a flexible capital structure that is consistent with its objectives and the risk characteristics of its underlying assets. The Company manages its capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of its underlying assets. To maintain or adjust the capital structure, the Company may attempt to issue new shares, acquire or dispose of assets, or adjust the amount of cash. The Company is not subject to any externally imposed capital requirements and the Company's overall strategy with respect to capital risk management remains unchanged from the prior year.

10. SEGMENTED INFORMATION

The Company currently operates in a single reportable operating segment: the acquisition, exploration and development of mineral properties in Canada. All of the Company's assets and expenditures are located in Canada. Since the Company does not have any revenue producing activities, there is no segment information by revenues.

11. INCOME TAXES

The tax effect (computed by applying the Canadian federal and provincial statutory rate) of the significant temporary differences, which comprise deferred income tax assets and liabilities, are as follows:

	2021 $	2020 $
Loss before income taxes	(904,261)	(131,365)
Canadian statutory income tax rate	27%	11%
Income tax recovery at statutory rate	(244,000)	(14,000)
Tax effect of:		
Permanent differences and other	103,000	(1,000)
Effect of tax rate change	(22,000)	–
Change in unrecognized deferred income tax assets	163,000	15,000
Income tax provision	–	–

The significant components of deferred income tax assets and liabilities are as follows:

	2021 $	2020 $
Deferred income tax assets:		
Non-capital losses carried forward	129,000	14,000
Mineral properties	29,000	–
Share issuance costs	20,000	1,000
Unrecognized deferred income tax assets	(178,000)	(15,000)
Net deferred income tax asset	–	–

(Expressed in Canadian dollars)

11. INCOME TAXES (continued)

As at December 31, 2021, the Company has non-capital losses carried forward of $477,000, which are available to offset future years' taxable income. These losses expire as follows:

	$
2040	132,000
2041	345,000
	477,000

The Company also has available mineral resource related expenditure pools of $108,000, which may be deducted against future taxable income on a discretionary basis.

12. SUBSEQUENT EVENTS

Property agreements

a) On February 10, 2022, through its subsidiary Baie Verte Resources Inc., the Company executed an option agreement with third-party vendors to acquire an undivided 100% interest in the Miguels Lake Property, located in the Baie Verte region of Newfoundland. Under the terms of the agreement, the Company may earn the 100% interest by completing $725,000 in exploration expenditures, making cash payments of $168,000 and issuing 670,000 common shares to the Vendors over four years. The Optionors will retain a 2.5% NSR with the Company having the option to repurchase 1.5% of the NSR for $2,000,000.

   Pursuant to this option agreement, on March 3, 2022, the Company issued 25,000 common shares at a price of $0.42 per common share for a total value of $10,500.

b) On February 10, 2022, through its subsidiary Baie Verte Resources Inc., the Company executed an option agreement with third-party vendors to acquire an undivided 100% interest in the Birchy Lake Property, located in the Baie Verte region of Newfoundland. Under the terms of the agreement, the Company may earn the 100% interest by completing $725,000 in exploration expenditures, making cash payments of $168,000 and issuing 670,000 common shares to the Vendors over four years. The Optionors will retain a 2.5% NSR with the Company having the option to repurchase 1.5% of the NSR for $2,000,000.

   Pursuant to this option agreement, on March 3, 2022, the Company issued 25,000 common shares at a price of $0.42 per common share for a total value of $10,500.

c) On February 10, 2022, through its subsidiary Baie Verte Resources Inc., the Company executed an option agreement with third-party vendors to acquire an undivided 100% interest in the Mountain Pond Property, located in the Baie Verte region of Newfoundland. Under the terms of the agreement, the Company may earn the 100% interest by completing $725,000 in exploration expenditures, making cash payments of $168,000 and issuing 670,000 common shares to the Vendors over four years. The Optionors will retain a 2.5% NSR with the Company having the option to repurchase 1.5% of the NSR for $2,000,000.

   Pursuant to this option agreement, on March 3, 2022, the Company issued 25,000 common shares at a price of $0.42 per common share for a total value of $10,500.

d) Pursuant to the Alegre Property option agreement, on January 25, 2022, the Company issued 50,000 common shares at a price of $0.68 per common share for a total value of $34,000.

12. SUBSEQUENT EVENTS

Financing

e) On January 12, 2022, the Company completed the second tranche of the private placement for the issuance of 1,497,767 units at a price of $0.30 per unit for proceeds of $449,330. Each unit consists of one common share and one half of a common share purchase warrant, with each whole warrant exercisable at a price of $0.40 for two years from the closing date.

f) On February 11, 2022, the Company completed the third and final tranche of the private placement for the issuance of 1,593,500 units at a price of $0.30 per unit for gross proceeds of $478,050. Each unit consisted of one common share and one half of a common share purchase warrant, with each whole warrant exercisable at a price of $0.40 for two years from the closing date. In connection with the private placement, the Company paid $24,000 and issued 80,000 brokers' warrants with an exercise price of $0.40 for two years from the closing date.