WEST OAK GOLD CORP.

FINANCIAL STATEMENTS

December 31, 2021

(Expressed in Canadian Dollars)

DALE MATHESON CARR-HILTON LABONTE LLP
CHARTERED PROFESSIONAL ACCOUNTANTS

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of West Oak Gold Corp.

Opinion

We have audited the financial statements of West Oak Gold Corp. (the "Company"), which comprise the statements of financial position as at December 31, 2021 and 2020, the statements of loss and comprehensive loss, changes in shareholders'equity, and cash flows for the year ended December 31, 2021 and the period from inception on September 1, 2020 to December 31, 2020, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying 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 year ended December 31, 2021 and the period from inception on September 1, 2020 to December 31, 2020 in accordance with International Financial Reporting Standards.

Basis for Opinion

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

Material Uncertainty Related to Going Concern

We draw attention to Note 1 to the financial statements, which describes matters and conditions, that indicate the existence of a material uncertainty 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 Management's Discussion and Analysis.

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

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

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

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

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

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

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

DMCL

DALE MATHESON CARR-HILTON LABONTE LLP
CHARTERED PROFESSIONAL ACCOUNTANTS

Vancouver, Canada
May 2, 2022

MOORE

An independent firm
associated with Moore
Global Network Limited

WEST OAK GOLD CORP.
STATEMENTS OF FINANCIAL POSITION
AS AT DECEMBER 31
(Expressed in Canadian dollars)

	Note	2021	2020
ASSETS			
Current			
Cash		$ 393,929	$ 244,986
Amounts receivable		7,310	342
Prepaid expenses		3,424	-
		404,663	245,328
Non-current			
Exploration and evaluation assets	5	80,277	5,000
		80,277	5,000
		484,940	250,328
LIABILITIES			
Current			
Accounts payables and accrued liabilities	6	29,683	19,042
		29,683	19,042
SHAREHOLDERS' EQUITY			
Share capital	7	532,472	250,000
Reserves	7	49,637	-
Deficit		(126,852)	(18,714)
		455,257	231,286
		$ 484,940	$ 250,328

NATURE OF BUSINESS AND CONTINUANCE OF OPERATIONS (Note 1)

Approved and authorized for issue on behalf of the Board on May 2, 2022

/s/ Paul V. John
Paul V. John – Director

/s/ Kevin Dodds
Kevin Dodds – Director

The accompanying notes are an integral part of these financial statements

WEST OAK GOLD CORP.
STATEMENTS OF LOSS AND COMPREHENSIVE LOSS
(Expressed in Canadian dollars)

	Note	Year ended December 31 2021	From inception on September 1 to December 31 2020
Expenses			
Accounting and audit	8	$ 24,338	$ -
Consulting fees		1,973	-
Investor relations		1,191	-
Professional fees		3,442	16,600
Office and miscellaneous		2,179	2,114
Share-based compensation	7,8	20,241	-
Transfer agent, listing, and filing fees		54,774	-
Total loss and comprehensive loss for the period		$ 108,138	$ 18,714
Basic and diluted loss per share		$ 0.01	$ 0.01
Weighted average number of common shares outstanding		10,239,316	2,814,050

The accompanying notes are an integral part of these financial statements

WEST OAK GOLD CORP.
STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY
(Expressed in Canadian dollars)

		Share capital		Reserves			
		Number of shares	Amount	Share-based compensation	Warrants	Deficit	Total shareholders' equity
Balance as at September 1, 2020 (Incorporation)		-	$ -	$ -	$ -	$ -	$ -
Shares issued to founders	7	1,500,001	7,500	-	-	-	7,500
Shares issued for cash	7	7,100,000	242,500	-	-	-	242,500
Net loss and comprehensive loss		-	-	-	-	(18,714)	(18,714)
Balance as at December 31, 2020		8,600,001	250,000	-	-	(18,714)	231,286
Initial Public Offering	7	4,025,000	411,204	-	-	-	411,204
Share issuance costs	7	-	(148,732)	-	29,396	-	(119,336)
Shares issued property option payments	5,7	200,000	20,000	-	-	-	20,000
Share-based compensation	7	-	-	20,241	-	-	20,241
Net loss and comprehensive loss		-	-	-	-	(108,138)	(108,138)
Balance as at December 31, 2021		**12,825,001**	**$ 532,472**	**$ 20,241**	**$ 29,396**	**$ (126,852)**	**$ 455,257**

The accompanying notes are an integral part of these financial statements

WEST OAK GOLD CORP.
STATEMENTS OF CASH FLOWS
(Expressed in Canadian dollars)

	Year ended December 31 2021	From inception on September 1 to December 31 2020
Cash provided by (used in):		
Operating activities		
Net loss	$ (108,138)	$ (18,714)
Item not involving cash:		
Share-based compensation	20,241	-
Changes in non-cash working capital items:		
Amounts receivable	(6,968)	(342)
Prepaid expenses	(3,424)	-
Accounts payables and accrued liabilities	636	19,042
Cash used in operating activities	(97,653)	(14)
Investing activities		
Exploration and evaluation assets	(45,272)	(5,000)
Cash used in investing activities	(45,272)	(5,000)
Financing activities		
Proceeds from issuance of common shares	402,500	250,000
Share issuance costs	(110,632)	-
Cash provided by financing activities	291,868	250,000
Net increase in cash	148,943	244,986
Cash - beginning of the period	244,986	-
Cash - end of the period	$ 393,929	$ 244,986
Supplemental disclosure with respect to cash flows:		
Exploration and evaluation assets in accounts payables and accrued liabilities	$ 10,005	$ -
Fair value of shares issued for property option payments	$ 20,000	$ -
Fair value of agent's warrants issued on Initial Public Offering	$ 29,396	$ -
Fair value of agent's option to purchase additional common shares Initial Public Offering	$ 8,704	$ -

The accompanying notes are an integral part of these financial statements

1. NATURE OF BUSINESS AND CONTINUANCE OF OPERATIONS

West Oak Gold Corp. (the "Company") was incorporated on September 1, 2020 under the laws of British Columbia. The address of the Company's corporate office and its principal place of business is 9th Floor -1021 West Hastings Street, Vancouver, B.C. V6E 0C3.

On August 16, 2021, the Company's common shares commenced trading on the Canadian Securities Exchange (the "Exchange") under the trading symbol "WO".

The Company's principal business activities include the acquisition and exploration of mineral property assets. As at December 31, 2021, the Company had not yet determined whether the Company's mineral property asset contains ore reserves that are economically recoverable. The recoverability of amounts shown for exploration and evaluation assets is dependent upon the discovery of economically recoverable reserves, confirmation of the Company's interest in the underlying mineral claims, the ability of the Company to obtain the necessary financing to complete the development of and the future profitable production from the property or realizing proceeds from its disposition.

During the year ended December 31, 2021, the Company incurred a net loss of $108,138 and has an accumulated deficit of $126,852 as at December 31, 2021. The Company has not yet begun to generate revenues and its operations have been funded by the issuance of equity. The Company's ability to continue its operations and to realize its assets at their carrying values is dependent upon obtaining additional financing and generating revenues sufficient to cover its operating costs. These circumstances indicate the existence of a material uncertainty that may cast significant doubt upon the Company's ability to continue as a going concern.

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

On March 11, 2020 the World Health Organization declared coronavirus Covid-19 a global pandemic. This contagious disease outbreak, which has continued to spread, and any related adverse public health developments, has adversely affected workforces, economies, and financial markets globally, potentially leading to an economic downturn. It is not possible for the Company to predict the duration or magnitude of the adverse results of the outbreak and its effects on the Company's exploration activities or its ability to raise funds. 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 British Columbia due to Covid-19 be extended or expanded in scope.

Due to the unfolding crisis in the Ukraine the Company may be exposed to new risks and uncertainties. In our case this is mainly a capital markets risk relating to financing and to lesser extent potential higher energy related costs.

2. SIGNIFICANT ACCOUNTING POLICIES

a) Statement of compliance

These financial statements, including comparatives, have been prepared in accordance and compliance with International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board ("IASB") and interpretations of the International Financial Reporting Interpretations Committee ("IFRIC") in effect for the year ended December 31, 2021.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

b) Basis of presentation

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

c) Cash equivalents

Cash equivalents include short term deposits with an original maturity of three months or less, which are readily convertible into a known amount of cash. As of December 31, 2021 the Company held no cash equivalents.

d) Exploration and evaluation assets

All costs related to the acquisition, exploration and development of mineral properties are capitalized. Upon commencement of commercial production, the related accumulated costs are amortized against projected income using the units-of-production method over estimated recoverable reserves.

Management assesses exploration and evaluation assets for events and circumstances which may indicate possible impairment. Impairment of a property is generally considered to have occurred if the property has been abandoned, the Company’s legal right to explore has expired, there are unfavourable changes in the property economics, there are restrictions on development, or when there has been an undue delay in development, which exceeds three years. In the event that estimated discounted cash flows expected from its use or eventual disposition is determined by management to be insufficient to recover the carrying value of the property, the carrying value is written-down to the estimated recoverable amount.

The recoverability of mineral properties and exploration and development costs is dependent on the existence of economically recoverable reserves, the ability to obtain the necessary financing to complete the development of the reserves, and the profitability of future operations. The Company has not yet determined whether or not any of its future mineral properties contain economically recoverable reserves. Amounts capitalized to mineral properties as exploration and development costs do not necessarily reflect present or future values.

When options are granted on mineral properties or properties are sold, proceeds are credited to the cost of the property. If no future capital expenditure is required and proceeds exceed costs, the excess proceeds are reported as a gain.

e) Share-based payments

Share-based payments to employees and others providing similar services are measured at the estimated fair value of the instruments issued on the grant date and amortized over the vesting periods. Share-based payments to non-employees are measured at the fair value of the goods or services received or the fair value of the equity instruments issued if it is determined the fair value of the goods or services cannot be reliably measured, and are recorded at the date the goods or services are received. The amount recognized as an expense is adjusted to reflect the number of awards expected to vest. The offset to the recorded cost is to equity settled share-based payments reserve.

Consideration received on the exercise of stock options is recorded as share capital and the related equity settled share-based payments reserve is transferred to share capital. Charges for options that are forfeited before vesting are reversed from equity settled share-based payment reserve.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

e) Share-based payments (continued)

Share-based compensation expense relating to deferred share units is accrued over the vesting period of the units based on the quoted market price. As these awards can be settled in cash, the expense and liability are adjusted each reporting period for changes in the underlying share price.

f) Foreign currency

Transactions and balances in currencies other than the Canadian dollar, the currency of the primary economic environment in which the Company operates (“the functional currency”), are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at exchange prevailing on the statement of financial position date are recognized in the statement of comprehensive loss.

g) Decommissioning, restoration and similar liabilities

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

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

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

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

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

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

h) Income (loss) per share

The Company presents basic and diluted 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 common shares outstanding during the period. The treasury stock method is used for the calculation of diluted income per share, whereby all “in the money” stock options and share purchase warrants are assumed to have been exercised at the beginning of the period and the proceeds from their exercise are assumed to have been used to purchase common shares at the average market price during the period. Diluted loss per share does not adjust the loss attributable to common shareholders or the weighted average number of common shares outstanding when the effect is anti-dilutive.

i) Income taxes

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

Deferred income taxes are recorded using the liability method whereby deferred tax is recognized in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes.

Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the statement of financial position date. Deferred tax is not recognized for temporary differences which arise on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting, nor taxable profit or loss.

A deferred tax asset is recognized for unused tax losses, tax credits and deductible temporary differences, to the extent that it is probable that future taxable profits will be available against which they can be utilized. Deferred tax assets are reviewed at each period end date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

j) Financial instruments

The following is the Company’s accounting policy for financial instruments under IFRS 9:

(i) Classification

The Company classifies its financial instruments in the following categories: at fair value through profit and loss (“FVTPL”), at fair value through other comprehensive income (loss) (“FVTOCI”) or at amortized cost. The Company determines the classification of financial assets at initial recognition. The classification of debt instruments is driven by the Company’s business model for managing the financial assets and their contractual cash flow characteristics. Equity instruments that are held for trading are classified as FVTPL.

For other equity instruments, on the day of acquisition the Company can make an irrevocable election (on an instrument-by-instrument basis) to designate them at FVTOCI. Financial liabilities are measured at amortized cost, unless they are required to be measured at FVTPL (such as instruments held for trading or derivatives) or if the Company has opted to measure them at FVTPL.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

j) Financial instruments (continued)

(i) Classification (continued)

The following table show the classification under IFRS 9:

Financial assets and liabilities	Classification IFRS 9
Cash	FVTPL
Accounts payable	Amortized cost

(ii) Measurement

Financial assets and liabilities at amortized cost
Financial assets and liabilities at amortized cost are initially recognized at fair value plus or minus transaction costs, respectively, and subsequently carried at amortized cost less any impairment.

Financial assets and liabilities at FVTPL
Financial assets and liabilities carried at FVTPL are initially recorded at fair value and transaction costs are expensed in the statements of comprehensive loss. Realized and unrealized gains and losses arising from changes in the fair value of the financial assets and liabilities held at FVTPL are included in the statements of comprehensive loss in the period in which they arise.

Debt investments at FVTOCI
These assets are subsequently measured at fair value. Interest income calculated using the effective interest method, foreign exchange gains and losses and impairment are recognised in profit or loss. Other net gains and losses are recognised in Other Comprehensive Income ("OCI"). On derecognition, gains and losses accumulated in OCI are reclassified to profit or loss

Equity investments at FVTOCI
These assets are subsequently measured at fair value. Dividends are recognised as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognised in OCI and are never reclassified to profit or loss.

(iii) 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 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 statements of comprehensive loss, 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.

(iv) Derecognition

Financial assets
The Company derecognizes financial assets only when the contractual rights to cash flows from the financial assets expire, or when it transfers the financial assets and substantially all of the associated risks and rewards of ownership to another entity.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

j) Financial instruments (continued)

(iv) Derecognition (continued)

Financial liabilities
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 profit or loss.

k) Impairment of non-financial assets

The carrying amount of the Company's non-financial assets (which include exploration and evaluation assets) is reviewed at each reporting date to determine whether there is any indication of impairment. If such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss. An impairment loss is recognized whenever the carrying amount of an asset or its cash generating unit exceeds its recoverable amount. Impairment losses are recognized in profit or loss.

The recoverable amount of assets is the greater of an asset's fair value less cost to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects the current market assessments of the time value of money and the risks specific to the asset. For an asset that does not generate cash inflows largely independent of those from other assets, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

An impairment loss is only reversed if there is an indication that the impairment loss may no longer exist and there has been a change in the estimates used to determine the recoverable amount. Any reversal of impairment cannot increase in the carrying value of the asset to an amount higher than the carrying amount that would have been determined as had no impairment loss been recognized in previous years.

Assets that have an indefinite useful life are not subject to amortization and are tested annually for impairment.

l) Share issuance costs

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

3. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGMENTS

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

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

Significant accounting estimates

i. the assessment of indications of impairment of the exploration and evaluation assets and related determination of the net realizable value and impairment of the exploration and evaluation assets where applicable; and

ii. the measurement of deferred income tax assets and liabilities.

Significant accounting judgments

i. the determination of categories of financial instruments; and

ii. the evaluation of the Company’s ability to continue as a going concern.

4. NEW ACCOUNTING STANDARDS ISSUED BUT NOT YET EFFECTIVE

Other accounting standards or amendments to existing accounting standards that have been issued but have future effective dates are either not applicable or are not expected to have a significant impact on the Company’s financial statements.

(Expressed in Canadian dollars)

5. EXPLORATION AND EVALUATION ASSETS

	Hedge Hog Property	Total
Property acquisition costs		
Balance, September 1, 2020	$ -	$ -
Option payments and shares	5,000	5,000
Balance, December 31, 2020	5,000	5,000
Option payments and shares	32,500	32,500
Staking claims	338	338
Balance, December 31, 2021	37,838	37,838
Deferred exploration costs		
Balance, December 31, 2020	-	-
Field assays	12,635	12,635
Field supplies	5,961	5,961
Geological consulting	21,880	21,880
Soil sampling	695	695
Other	1,268	1,268
Balance, December 31, 2021	42,439	42,439
Total	$ 80,277	$ 80,277

(Expressed in Canadian dollars)

5. EXPLORATION AND EVALUATION ASSET (continued)

Hedge Hog Property

Pursuant to an Option Agreement dated December 21, 2020, the Company was granted an option to acquire a 60% Earned Interest in the Hedge Hog Property (the "Option"), located in the Cariboo Mining Division in British Columbia, by incurring expenditures on the property, making cash payments and issuing shares in accordance with the following table:

Payment Period	Expenditures	Cash Payment	Share Payments (Cash equivalent)
On signing	--	$5,000 (paid)	--
Closing Date	--	$12,500 (paid)	--
On the Listing Date	--	--	$20,000 (issued) (Note 7)
On or before the date that is 12 months from the Closing Date	$50,000	--	--
On or before the date that is 24 months from the Closing Date	$200,000	$40,000	$20,000
On or before the date that is 36 months from the Closing Date	$750,000	$50,000	$40,000
On or before the date that is 48 months from the Closing Date	$750,000	$70,000	$120,000
TOTAL:	**$1,750,000**	**$177,500**	**$200,000**

The Optionor will be granted a 0.5% Net Smelter Returns royalty ("NSR") on the Hedge Hog Property by the Company on exercise of the Option. The NSR will be payable by the Company on the commencement of commercial production.

The Closing Date was December 21, 2020. By 12 months from the Closing Date, the Company has incurred a total amount of exploration cost of $42,439, while the deficiency will be carried over to the next fiscal year, 2022.

6. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	December 31, 2021	December 31, 2020
Accounts payable	$ 19,683	$ 7,042
Accrued liabilities	10,000	12,000
	$ 29,683	$ 19,042

7. SHARE CAPITAL

a) Authorized:

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

b) Share issuances:

For the year ended December 31, 2021:

On August 12, 2021, the Company completed its initial public offering (the "Offering") of 4,025,000 common shares for gross proceeds of $402,500 through its agent. In connection with the Offering, the agent and members of its selling group received a cash commission equal to 10% of the gross proceeds of the Offering totaling $40,250 and non-transferable agent's warrants to purchase up to 402,500 shares at a price of $0.10 per share until August 12, 2024. The Company granted the agent an option exercisable at the offering price for a period of 2 days following the closing of the Offering, to purchase up to an additional 525,000 common shares sold under the Offering. The agent exercised the option and 525,000 common shares were issued as part of 4,025,000 common shares. The agent's options had the fair value of $8,704 and agent's warrants had the fair value of $29,396 which have been included in share issuance costs. Other share issuance costs of $70,382 were incurred with respect to this Offering.

On August 20, 2021, the Company issued 200,000 common shares at a price of $0.10 per share to the Optionor as part of the option agreement with respect to the Hedge Hog property (see Note 5).

For the period from inception on September 1, 2020 to December 31, 2020:

(i) The Company issued 1,500,001 common shares at a price of $0.005 per share for gross proceeds of $7,500.

(ii) The Company issued 3,750,000 common shares at a price of $0.02 per share for gross proceeds of $75,000.

(iii) The Company issued 3,350,000 common shares at a price of $0.05 per share for gross proceeds of $167,500.

c) Stock options

The Company has adopted an incentive share option plan, which provides that the Board of Directors of the Company may from time to time, in its discretion, and in accordance with the Canadian Securities Exchange requirements, grant to directors, officers, employees and technical consultants to the Company, non-transferable options to purchase common shares, provided that the number of common shares reserved for issuance will not exceed 10% of the common shares to be outstanding at closing. Such options will be exercisable for a period of up to 5 years from the date of grant.

(Expressed in Canadian dollars)

7. SHARE CAPITAL (continued)

c) Stock options (continued)

The continuity of options is as follows:

	Number of Options		Weighted average exercise price ($)	
Outstanding, December 31, 2020	-	$	-	-
Issued	1,175,000		0.10	-
Exercised	(525,000)		0.10	-
Outstanding, December 31, 2021	650,000		0.10	-
Exercisible, December 31, 2021	650,000	$	0.10	

As at December 31, 2021, the following options were outstanding and exercisable:

Expiry	Number of Options		Weighted average exercise price ($)	Weighted average exercise period (in years)
April 15, 2024	650,000	$	0.10	2.29

The Company estimated the fair value of the options granted during 2021 at $20,241 (2020 - $Nil) using the Black Scholes Pricing Model with the following assumptions:

	2021	2020
Risk-free interest rate	0.27% - 0.46%	-
Expected stock price volatility	126%	-
Expected option life in years	0.11 - 3	-
Expected dividend yield	-	-
Forfeiture rate	-	-

d) Agent's warrants

	Number of Warrants		Weighted average exercise price ($)
Outstanding, December 31, 2020	-	$	-
Issued	402,500		0.10
Outstanding, December 31, 2021	402,500		0.10
Exercisible, December 31, 2021	402,500	$	0.10

(Expressed in Canadian dollars)

7. SHARE CAPITAL (continued)

d) Agent's warrants (continued)

As at December 31, 2021, the following options were outstanding and exercisable:

Expiry	Number of Warrants	Weighted average exercise price ($)	Weighted average exercise period (in years)
August 12, 2024	402,500	$ 0.10	2.62

The Company estimated the fair value of the agent's warrants at $29,396 using the Black Scholes Pricing Model the following assumptions:

	2021	2020
Risk-free interest rate	0.69%	-
Expected stock price volatility	126%	-
Expected option life in years	3 years	-
Expected dividend yield	Nil	-
Forfeiture rate	Nil	-

e) Reserves

The reserves account records items recognized as share-based compensation expense and other share-based payments. When stock options are exercised, the corresponding amount will be transferred to share capital. Amounts recorded for forfeited or expired unexercised options remain in the reserves account. Amounts recorded for exercised, cancelled, or expired warrants remain in the reserves account.

f) Escrow Shares

As of December 31, 2021, a total number of 2,700,001 shares are held in escrow. The holders of Escrow Securities subject to the Escrow Agreement are Paul John (450,001 Common Shares), NEC Capital Inc. (controlled by Kevin Dodds) (900,000 Common Shares) and Paul Reynolds (900,000 Common Shares) and Meralee Guidi (the spouse of Paul John) (450,000 Common Shares). The following automated timed releases will apply to the shares held by its holders who are subject to escrow:

Date of Automatic Timed Release	Amount of Escrowed Securities Released
On the date the Company's shares are listed on the Exchange	10% of the escrow shares (released)
6 months after August 16, 2021	15% of the escrow shares
12 months after August 16, 2021	15% of the escrow shares
18 months after August 16, 2021	15% of the escrow shares
24 months after August 16, 2021	15% of the escrow shares
30 months after August 16, 2021	15% of the escrow shares
36 months after August 16, 2021	The remaining escrow shares

8. RELATED PARTY BALANCES AND TRANSACTIONS

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

On April 15, 2021, the Company granted 650,000 stock options with a fair value of $20,241 to officers and directors of the Company, which can be exercised at a price of $0.10 per share. The options vested immediately and expire on April 15, 2024.

During the year ended December 31, 2021, the Company incurred $8,625 (2020 - $Nil) of accounting fees to a company of which the Company's CFO is a shareholder. At December 31, 2021, a total of $4,725 (December 31, 2020 – $Nil) was owed to this company.

There were no related party transactions with management period from September 1, 2020 (inception) to December 31, 2020 other than the issuance of 2,500,001 shares for proceeds of $27,500 to directors of the Company.

9. MANAGEMENT OF CAPITAL

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

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

10. FINANCIAL INSTRUMENTS AND FINANCIAL RISK

International Financial Reporting Standards 7, *Financial Instruments: Disclosures*, establishes a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

Level 1 - quoted prices (unadjusted) in active markets for identical assets or liabilities;

Level 2 - inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and

Level 3 - inputs for the asset or liability that are not based on observable market data (unobservable inputs).

Fair Value of Financial Instruments

The Company's financial assets include cash and is classified as Level 1. The carrying value of these instruments approximates their fair values due to the relatively short periods of maturity of these instruments.

10. FINANCIAL INSTRUMENTS AND FINANCIAL RISK (continued)

Assets measured at fair value on a recurring basis were presented on the Company's statement of financial position as at December 31, 2021 are as follows:

	Fair Value Measurements Using			
	Quoted Prices in Active Markets For Identical Instruments (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Total
Cash	$ 393,929	$ –	$ –	$ 393,929

Fair value

The fair value of the Company's financial instruments approximates their carrying value as at December 31, 2021 because of the demand nature or short - term maturity of these instruments.

Financial risk management objectives and policies

The Company's financial instruments include cash and accounts payable. The risks associated with these financial instruments and the policies on how to mitigate these risks are set out below. Management manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner.

(i) *Currency risk*

The Company's expenses are denominated in Canadian dollars. The Company's corporate office is based in Canada and current exposure to exchange rate fluctuations is minimal.

The Company does not have any significant foreign currency denominated monetary liabilities. The principal business of the Company is the identification and evaluation of assets or a business and once identified or evaluated, to negotiate an acquisition or participation in a business subject to receipt of shareholder approval and acceptance by regulatory authorities. The Company is not exposed to significant foreign currency risk.

(ii) *Interest rate risk*

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

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

(iii) *Credit risk*

Credit risk is the risk of loss associated with the counterparty's inability to fulfill its payment obligations. Financial instruments that potentially subject the Company to concentrations of credit risks consist principally of cash and amounts receivable. To minimize the credit risk the Company places these instruments with a high quality financial institution. The majority of cash is deposited in a bank account held with a major bank in Canada. The Company has secondary exposure to credit risk on its amounts receivable. This risk is minimal as receivables consist primarily of refundable goods and services taxes owing from the Government of Canada.

(Expressed in Canadian dollars)

10. FINANCIAL INSTRUMENTS AND FINANCIAL RISK (continued)

(iv) *Liquidity risk*

In the management of liquidity risk of the Company, the Company maintains a balance between continuity of funding and the flexibility through the use of borrowings. Management closely monitors the liquidity position and expects to have adequate sources of funding to finance the Company's projects and operations. The Company's liquidity risk has been assessed as high.

11. INCOME TAXES

The income tax provisions differ from the expected amounts calculated by applying Canadian combined federal and provincial corporate income tax rates to the Company's loss before income taxes. The components of these differences are as follows:

	December 31, 2021	December 31, 2020
Loss for the year before income taxes	$ (108,138)	$ (18,714)
Statutory tax rate	27.00%	27.00%
Expected income tax recovery	(29,197)	(5,053)
Non-deductible items	5,476	-
Impact of share issuance costs not recognized	(29,871)	-
Change in valuation allowance	53,592	5,053
Deferred income tax recovery	$ -	$ -

The Company's tax-affected deferred income tax assets and liabilities are estimated as follows:

	December 31, 2021	December 31, 2020
Deferred income tax assets:		
Non-capital losses carried forward	$ 34,748	$ 5,053
Share issuance costs	23,897	-
Unrecognized deferred tax assets	(58,645)	(5,053)
Net deferred income tax assets	$ -	$ -

As at December 31, 2021, the Company had the following non-capital losses that may be applied against future income for Canadian income tax purposes:

Expiring	Amount
2040	$ 18,714
2041	109,981
	$ 128,695