MELIUS METALS CORP.

Condensed Interim Financial Statements

For the three-month period ended January 31, 2022

and for the initial 206-day period ended October 31, 2021

(Unaudited)

(Expressed in Canadian dollars)

MELIUS METALS CORP.
Condensed interim Statements of Financial Position
(Unaudited – Expressed in Canadian Dollars)

As at,	**January 31, 2022 $**	**October 31, 2021 $**
ASSETS		
Current		
Cash	2,278,256	1,445,005
Subscription's receivable	55,000	5,000
Sales tax receivable	41,504	-
Prepaid expenses	8,548	7,703
	2,383,308	1,457,708
Exploration and evaluation assets (Note 4)	400,000	300,000
Total assets	2,783,308	1,757,708
LIABILITIES		
Current		
Accounts payable and accrued liabilities	576,093	129,522
Total liabilities	576,093	129,522
SHAREHOLDERS' EQUITY		
Share capital (Note 6)	3,579,123	2,300,000
Contributed surplus	182,043	27,073
Deficit	(1,553,951)	(698,887)
Total shareholders' equity	2,207,215	1,628,186
Total liabilities and shareholders' equity	2,783,308	1,757,708

Nature and Going concern (Note 1)

Approved and authorized for issuance on behalf of the Board on April 30, 2022:

/s/ "Simon Quick" Director

/s/ "Andrew Elinesky" Director

MELIUS METALS CORP.
Condensed Interim Statement of Loss and Comprehensive Loss
(Unaudited – Expressed in Canadian Dollars)

	Three months ended January 31, 2022 $
Expenses	
Consulting fees (Note 5)	128,923
Exploration and evaluation expenditure	624,543
Office expenses	6,471
Professional fees	33,259
Salaries and benefits	37,389
Share-based payments (Note 6)	17,793
Regulatory fees	3,669
Travel expenditure	3,017
Net loss and comprehensive loss	(855,064)
Loss per share (basic and diluted)	(0.02)
Weighted average number of common shares outstanding	53,784,783

IELIUS METALS CORP.
ondensed Interim Statement of Changes in Shareholders' Equity
Jnaudited – Expressed in Canadian Dollars)

	Common Shares				
	Number of Shares	Amount	Contributed Surplus	Deficit	Total
		$	$	$	$
Balance, April 8, 2021 - Inception	**-**	**-**	**-**	**-**	**-**
Issuance of shares in cash (Note 6)	26,500,000	1,520,000	-	-	1,520,000
Shares issued for services	20,000,000	480,000	-	-	480,000
Shares issued for exploration and evaluation assets	6,000,000	300,000	-	-	300,000
Share-based payments	-	-	27,073	-	27,073
Net loss for the period	-	-	-	(698,887)	(698,887)
Balance, October 31, 2021	**52,500,000**	**2,300,000**	**27,073**	**(698,887)**	**1,628,186**
				-	
Issuance of shares during the period (Note 6) – private placement	5,475,000	1,204,250	164,250	-	1,368,750
Shares issued for performance warrants exercised	2,500,000	77,073	(27,073)	-	50,000
Share issuance costs – Cash	-	(2,450)	-	-	(2,450)
Share-based payments	-	-	17,793	-	17,793
Net loss for the period	-	-	-	(855,064)	(855,064)
Balance, January 31, 2022	**60,475,000**	**3,579,123**	**182,043**	**(1,553,951)**	**2,207,215**

MELIUS METALS CORP.
Condensed Interim Statements of Cash Flow
For the three months period ended January 31, 2022
(Unaudited – Expressed in Canadian Dollars)

	January 31, 2022 $
OPERATING ACTIVITIES	
Net loss for the period	(855,064)
Items not involving cash	
Share-based compensation	17,793
Changes in working capital items	
Sales tax receivable	(41,504)
Prepaid expenses	(845)
Accounts payable and accrued liabilities	446,571
Net cash used in operating activities	(433,049)
INVESTING ACTIVITIES	
Option payments made on exploration and evaluation assets	(100,000)
Net cash used in investing activities	(100,000)
FINANCING ACTIVITIES	
Issuance of capital – net of issuance costs	1,366,300
Net cash provided by financing activities	1,366,300
Net Change in cash	833,251
Cash, Beginning of the period	1,445,005
Cash, end of the period	2,278,256

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

1. NATURE AND GOING CONCERN

Melius Metals Corp. (the "Company") was incorporated pursuant to the Ontario Business Corporations Act on April 8, 2021.

The address of the Company's corporate office and its principal place of business is 409 Leader Lane, Suite 409, Toronto, Ontario, M5E 0B2.

The principal business of the Company is the identification, evaluation and acquisition of mineral properties in Canada. During the first three-months ending January 31 2022 and the initial 206-day period ended October 31, 2021, the Company has been active in investigating the viability of the Company's mineral properties (the "Properties"). The Company has not yet determined whether any of the properties it owns may contain a mineral resource that may eventually be economically recoverable. The economic viability of the Properties will depend on the establishment of ore reserves, the confirmation of the Company's interest in the mineral claims and the ability of the Company to obtain the necessary financing to complete its development and place it into commercial production.

These condensed interim financial statements are prepared on a going concern basis, which assumes that the Company will continue its operations for the foreseeable future. The Company has incurred losses of $855,064 and has an accumulated deficit of $1,553,951 and working capital of $1,807,215 as at January 31, 2022. The Company's ability to continue its operations and to realize assets at their carrying values is dependent upon obtaining additional financing or maintaining continued support from its shareholders and creditors and generating profitable operations in the future.

These factors give rise to a material uncertainty which casts significant doubt about the Company's ability to continue as a going concern. These condensed interim financial statements do not include any adjustments to the amounts and classification of assets and liabilities that might be necessary should the Company be unable to continue in business. Such adjustments could be material.

In March 2020, the World Health Organization declared coronavirus COVID-19 a global pandemic. This contagious disease outbreak, which has continued to spread, and any related adverse public health developments, has adversely affected workforces, economies, and financial markets globally, potentially leading to an economic downturn. The pandemic could result in delays in the course of business, including potential delays to its exploration efforts/activities/programs, and continue to have a negative impact on the stock market, including trading prices of the Company's shares and its ability to raise new capital.

2. BASIS OF PREPARATION

The unaudited condensed interim financial statements were approved and authorized for issue on April 30, 2022 by the Board of Directors of the Company.

a) Statement of compliance

These condensed interim consolidated financial statements, including comparatives, have been prepared in accordance with International Accounting Standards ("IAS") 34, "Interim Financial Reporting" using accounting policies consistent with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and Interpretations issued by the International Financial Reporting Interpretations Committee ("IFRIC").

The condensed interim consolidated financial statements do not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Company's annual financial statements as at and for the 206-day period ended October 31, 2021.

2. BASIS OF PREPARATION (CONTINUED)

b) Functional and presentation currency

The functional and presentation currency of the Company is the Canadian dollar.

c) Measurement basis

The condensed interim financial statements have been prepared on the historical cost basis except for where IFRS requires recognition at fair value.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a) Significant accounting estimates and judgments

The preparation of the condensed interim financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results could differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis and may change if new information becomes available. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in future periods if the revision affects both the current and future periods.

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:

Critical accounting estimates

i. Share-based payments
To estimate expenses for share-based payments, it is necessary to select an appropriate valuation model and obtain the inputs necessary for the valuation model chosen. The Company estimated the volatility of shares of similar companies and the expected life and the exercise period of warrants granted. The model used by the Company is the Black-Scholes valuation model (see note 6).

ii. Provisions and contingent liabilities
The judgment is used to determine whether a past event has created a liability that should be recorded in the condensed interim financial statements or whether it should be presented as a contingent liability. Quantify these liabilities involves judgments and estimates.

These judgments and estimates are based on several factors, such as the nature of the claim or dispute, legal procedures and the potential amount to be paid, legal advice obtained and the likelihood of the realization of a loss.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Critical accounting judgments

i. Going concern
The assessment of the Company's ability to continue as a going concern and to raise sufficient funds to pay for its ongoing operating expenditures, meets its liabilities for the ensuing year and to fund planned and contractual exploration and evaluation programs, involves judgments including expectation of future events that are believed to be reasonable under the circumstances.

ii. Impairment of Exploration and evaluation Assets

Exploration and evaluation assets shall be assessed for an impairment test when facts and circumstances suggest that their carrying amount may exceed recoverable amount. To determine Indications of impairment of exploration and evaluation assets require significant judgment. Management considers various factors including, but are not limited to, financial and human resources available, exploration budgets planned, importance and results of exploration work done previously, industry and economic trends and price of minerals.

iii. the determination of whether it is likely that future taxable profits will be available to utilize against any deferred tax assets

b) Mining Properties Options Agreements

Options on interests in mining properties acquired by the Company are recorded at the value of the consideration paid but excluding the commitment for future expenditures. Commitment for future expenditures does not meet the definition of a liability and thus are not accounted for immediately. Expenditures are accounted for only when incurred by the Company.

When the Company sells interest in a mining property, if any, it uses the carrying amount of the interest before the sale of the option as the carrying amount for the portion of the property retained and credits any cash consideration received against the carrying of this portion (any excess is recognized as a gain in profit or loss).

c) Exploration and evaluation assets

Exploration and evaluation expenditures are costs incurred in the course of initial search for mineral deposits with economic potential. Costs incurred before the legal right to undertake exploration and evaluation activities has been obtained are recognized in profit or loss as incurred, if any. The cost of acquiring licenses and other expenditures associated with the acquisition of exploration and evaluation assets (including option payments) are capitalized on a property-by-property basis and are carried at cost less accumulated impairment losses, if any. No amortization expense is recognized on these assets during the exploration and evaluation period. Other exploration and evaluation expenditures are expensed as incurred. Once a project has been established as commercially viable and technically feasible, the related accumulated capitalized costs are reclassified as tangible assets and subsequent development expenditures are capitalized. An impairment test is performed before reclassification and any impairment loss is then recognized in profit or loss. Whenever a mining property is no longer viable or is abandoned, the capitalized amounts are written-down to their net recoverable amounts with the related charge recognized in profit or loss.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

c) Exploration and evaluation assets (continued)

When technical feasibility and commercial viability of extracting a mineral resource are demonstrable, exploration and evaluation assets related to the mining property are transferred to property and equipment in Mining assets under construction. Before the reclassification, exploration and evaluation assets are tested for impairment and any impairment loss is recognized in profit or loss before reclassification.

To date, neither the technical feasibility nor the commercial viability of extracting a mineral resource has been demonstrated.

d) Impairment of exploration and evaluation assets

For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are largely independent cash inflows (cash-generating units). As a result, some assets are tested individually for impairment and some are tested at a cash-generating unit level.

Whenever events or changes in circumstances indicate that the carrying amount may not be recoverable, an asset or cash-generating unit is reviewed for impairment.

Impairment reviews for exploration and evaluation assets are carried out on a project-by-project basis, with each project representing a potential single cash-generating unit. An impairment review is undertaken when indicators of impairment arise, but typically when one of the following circumstances apply:

- the right to explore the areas has expired or will expire in the near future with no expectation of renewal.
- no further exploration or evaluation expenditures in the area are planned or budgeted;
- no commercially viable deposits have been discovered, and the decision has been made to discontinue exploration in the area;
- sufficient work has been performed to indicate that the carrying amount of the expenditure carried as an asset will not be fully recovered.

Additionally, when technical feasibility and commercial viability of extracting a mineral resource are demonstrable, the exploration and evaluation assets of the related mining property are tested for impairment before these items are transferred to property and equipment.

An impairment loss is recognized in profit or loss for the amount by which the assets or cash-generating unit's carrying amount exceeds its recoverable amount. The recoverable amount of an asset or a cash-generating unit is the higher of its fair value less cost to sell and its value in use.

An impairment charge is reversed if the assets or cash-generating unit's recoverable amount exceeds its carrying amount.

e) Provisions, contingent liabilities and contingent assets

Provisions are recognized when present legal or constructive obligations as a result of a past event will probably lead to an outflow of economic resources from the Company and amounts can be estimated reliably. Timing or amount of the outflow may still be uncertain. A present obligation arises from the presence of a legal or constructive commitment that has resulted from past events, for example, legal disputes, decommissioning, restoration and similar liabilities, or onerous contracts.

Provisions are measured at the estimated expenditure required to settle the present obligation, based on the most reliable evidence available at the reporting date, including the risks and uncertainties associated with the present obligation. Provisions are discounted when the time value of money is significant.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

e) Provisions, contingent liabilities and contingent assets (continued)

The Company's operations are governed by government environment protection legislation. Environmental consequences are difficult to identify in terms of amounts, timetable and impact. As of the reporting date, management believes that the Company's operations are in compliance with current laws and regulations. Site restoration costs currently incurred are negligible, given that the Company's operations are still in the exploration and evaluation stage. When the technical feasibility and commercial viability of extracting a mineral resource have been demonstrated, a restoration provision will be recognized in the cost of the mining property when there is constructive commitment that has resulted from past events, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and the amount of the obligation can be measured with sufficient reliability.

In those cases where the possible outflow of economic resources as a result of present obligations is considered improbable or remote, no liability is recognized, unless it was assumed in the course of a business combination.

As at January 31, 2022, the Company had no contingent liabilities and therefore no provision was recorded in the condensed interim financial statements. All provisions are reviewed at each reporting date and adjusted to reflect the current best estimate.

f) Basic and diluted loss per share

Basic loss per share is calculated by dividing the loss attributable to common shareholders of the Company by the weighted average number of common shares outstanding during the period. Diluted loss per share is calculated by adjusting loss attributable to common shareholders of the Company, and the weighted average number of common shares outstanding, for the effects of all dilutive potential common shares which include performance warrants. Dilutive potential common shares are deemed to have been converted into common shares at the average market price at the beginning of the period or, if later, at the date of issue of the potential common shares.

The diluted loss per share is equal to the basic loss per share given the anti-dilutive effect of the outstanding performance warrants.

g) Income taxes

Current tax is the expected tax payable or receivable on the taxable income or loss for the period, 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 reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

h) Financial instruments

(i) Recognition and de recognition

Financial assets and financial liabilities are recognized when the Company becomes a party to the contractual provisions of the financial instrument.

Financial assets are derecognized when the contractual rights to the cash flows from the financial asset expire, or when the financial asset and substantially all the risks and rewards are transferred. A financial liability is derecognized when it is extinguished, discharged, cancelled or expired.

(ii) Classification

The Company classifies its financial instruments in the following categories: at fair value through profit or 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 as 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 the Company has opted to measure them at FVTPL.

(*iii) Measurement*

<u>Financial assets at FVTOCI</u>
Financial assets at FVTOCI are initially recognized at fair value plus transaction costs. Subsequently they are measured at fair value, with gains and losses recognized in other comprehensive income (loss). There are no financial assets classified in this category.

<u>Financial assets and liabilities at amortized cost</u>
Financial assets and liabilities at amortized cost are initially recognized at fair value adjusted for transaction costs, and subsequently carried at amortized cost less any impairment. The Company’s cash, subscription receivable and accounts payable and accrued liabilities fall into this category of financial instruments.

<u>Financial assets and liabilities at FVTPL</u>
Financial assets and liabilities carried at FVTPL are initially recorded at fair value and transaction costs expensed in the statements of income (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 income (loss) in the period in which they arise. The Company has no financial assets and has no financial liabilities classified in this category.

(iii) Impairment of financial assets at amortized cost

IFRS 9’s impairment requirements use more forward-looking information to recognize expected credit losses – the expected credit loss (ECL) model’. Instruments within the scope of the requirements included subscription receivables.

Recognition of credit losses is no longer dependent on the Company first identifying a credit loss event. Instead, the Company considers a broader range of information when assessing credit risk and measuring expected credit losses, including past events, current conditions, reasonable and supportable forecasts that affect the expected collectability of the future cash flows of the instrument.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

i) Share capital

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

If shares are issued following the exercise of warrants, this account also includes the charge previously accounted to the warrants. Furthermore, if shares are issued following the acquisition of mining property or other non-financial assets, shares are valued at fair value of mining property on the day the agreement was concluded.

j) Other elements of equity

Contributed surplus includes compensation expense related to warrants not exercised and expired.
Deficit includes all current retained losses.

k) Segment reporting

The Company presents and discloses segment information based on information that is regularly reviewed by the chief operating decision-maker, i.e., the President and the Board of Directors.

The Company has only one operating segment which consist in the mining activities. All non-current assets are in Canada.

l) New standards, interpretations and amendments

There are no IFRS or IFRIC interpretations that are not yet effective that would be expected to have a material impact on the Company's financial statements.

(Unaudited – Expressed in Canadian Dollars)

4. EXPLORATION AND EVALUATION ASSETS

On June 30, 2021, the Company entered into an Option Agreement ("Option Agreement") with Puma Exploration Inc. ("Puma"), a Company listed on the TSX-V under the ticker PUMA. The Company is granted an option to acquire 100% of the following exploration projects (Collectively, the "Puma Projects"):

Mineral interests – acquisition costs:

	January 31, 2022 $	**October 31, 2021 $**
Turgeon project		
Turgeon property 1813	102,868	102,868
Turgeon Sud property 5594	29,748	29,748
Murray Brook Project		
Murray Brook West project 7846	23,447	23,447
Chester Project		
Chester property 1571	87,289	53,955
Chester EAB property 6003	52,104	18,771
Big Sveogle River property 9026	270	270
Chester West property 9036	1,045	1,045
South Big Sevogle River property 9886	-	-
Big Sevvogle River property 7045	647	647
Legacy Project		
Legacy Group property 5443	39,920	39,920
McKenzie Gulch property 6202	14,768	14,768
Brunswick Cards Project		
Little North Sevogle property or Brunswick Cards West 9300	2,965	2,965
North Sevogle property or Brunswick Cards East 9302	11,596	11,596
Total	**400,000**	300,000

Mineral Interests

Under the terms of the Option Agreement dated on June 30, 2021, as amended on November 19, 2021, the Company can acquire 100% interest in the Puma Projects located in New Brunswick and are subject to and conditional upon all of the following conditions being satisfied:

- Issue 6,000,000 common shares on the execution date (issued on June 30, 2021 for a fair value of $300,000);
- the Company will cover all the legal fees and disbursements required for Puma to complete a virtual extraordinary meeting of its shareholders to approve a capital reduction of up to $2,100,000.
- The successful completion by the Company of one of more equity offerings by way of private placements for aggregate gross proceeds of at least $2,250,000, following which at least 58,000,000 Company Shares will be issued and outstanding;
- $100,000 in cash (paid November 22, 2021) and incur $500,000 (Incurred) in exploration and evaluation work on Chester Optioned Project no later than January 17, 2022;
- Issue 6,000,000 common shares on the day the Company is listed on the CSE, no later than April 30, 2022 (1);
- $300,000 in cash or common shares, on or before June 30, 2022*;
- $1,000,000 in cash or common shares on or before June 30, 2023*; and,
- $1,000,000 in cash or common shares on or before June 30, 2024*.

* These installments are payable in common stock or cash, at the option of the Company.
(1) In the event that the Company is not listed by April 30, 2022, the option and the option agreement will be automatically terminated.

(Unaudited – Expressed in Canadian Dollars)

4. EXPLORATION AND EVALUATION ASSETS (CONTINUED)

Royalties:

The Puma Projects are subject to the following NSR Royalties:

Title	Royalty
Brunswick Card West	The Brunswick Card West Project is subject to a 2% NSR royalty, half of which can be bought back by the Company for $1,000,000, with the Company retaining a right of first refusal on the remaining royalty
Brunswick Card East	The Brunswick Card East Project is subject to a 2% NSR royalty, half of which can be bought back by the Company for $1,000,000, with the Company retaining a right of first refusal on the remaining royalty.
Murray Brook	The Murray Brook Project is subject to a 2% NSR royalty, half of which can be bought back by the Company for $1,000,000, with the Company retaining a right of first refusal on the remaining royalty.
Legacy Project	The Legacy Project is subject to a 2% NSR, half of which can be bought back by the Company for $500,000. (“Legacy Royalties”)
Turgeon Project	The Turgeon Project is subject to a 2% NSR royalty on gold and silver and 1% NSR on any other saleable production, half of which can be bought back by the Company for $1,000,000.

The Chester Project is subject to the following royalty:

Title	Royalty
Chester Royalty	The Chester Royalty is subject to a 2% NSR royalty, half of which can be bought back by the Company for $1,000,000.
Chester EAB Royalty	The Chester EAB Royalty is subject to a 2% NSR royalty, half of which can be bought back by the Company for $1,000,000.
Big Sevogle Royalty	The Big Sevogle Royalty (7045) is subject to a 2% NSR royalty, half of which can be bought back by the Company for $1,000,000. The Big Sevogle Royalty (9026) is subject to a 2% NSR royalty, half of which can be bought back by the Company for $1,000,000.
Ross Royalty	The Ross Royalty is subject to a 2% NSR royalty, half of which can be bought back by the Company for $900,000, with a right of first refusal on the remaining royalty.
Brook Royalty	The Brook Royalty is subject to a 1% NSR royalty, which can be bought back for $1,000,000.
Northeast Royalty	The Northeast Royalty is subject to a 1% NSR royalty, which half can be bought back for $500,000.
Granges Royalty	The Granges Royalty is subject to a 1% NSR royalty, which half can be bought back for $500,000.

(Unaudited – Expressed in Canadian Dollars)

5. RELATED PARTY TRANSACTIONS AND KEY MANAGEMENT COMPENSATION

Key management includes current directors, CEO and President of the Company, the remuneration of key management personnel during the three-months period ended January 31, 2022 is summarized below:

	January 31 2022 $	**Business started April 08, 2021 $**
Salary paid to the CEO	32,917	$ -
Consulting fees paid to consultants	70,063	-
Consulting fee paid to the CFO of the Company	3,090	-
Share-based compensation	17,793	-
Total	$123,863	$ -

As at January 31, 2022, the Company owed to previous directors or their companies $14,126 (October 31, 2021 - $16,000) recorded in accounts payable and accrued liabilities, to related parties. These transactions took place in the normal course of business.

On January 10, 2022 - 2,500,000 shares were issued by the Company, as the performance warrants were exercised at $0.02 per performance warrant for gross proceeds of $50,000.

During the three-month period ended January 31, 2022 the Company issued 1,600,000 Options to directors, vesting in 18 months. The fair value of $137,505 was determined using the Black-Scholes model – see Note 6. As at January 31, 2022 $17,793 stock-based compensation was recorded for the three-month period ended January 31, 2021.

On November 1, 2021, the Company entered into a consulting arrangement with CXL Capital Inc. (“CXL”), a Company controlled by Mr. Lavoie, a former director. CXL is entitled to a consulting fee of $75,000 per year for an initial term from November 1, 2021 to November 1, 2022 and is renewable based on mutually acceptable terms to the Company and CXL.

On November 1, 2021, the Company entered into a consulting arrangement with Terrella Capital Ltd. (“Terrella”), a Company controlled by Mr. Krasic, a former director. Terrella is entitled to a management fee of $75,000 per year for an initial term from November 1, 2021 to October 31, 2022 and is renewable based on mutually acceptable terms to the Company and Terrella.

On November 1, 2021, the Company entered into a consulting arrangement with Hypercap Ltd. (“Hypercap”), a Company controlled by Mr. Perras, a former director. Hyper is entitled to consulting fees of $75,000 per year for an initial term from November 1, 2021 to November 1, 2022 and is renewable based on mutually acceptable terms to the Company and Hypercap.

6. SHARE CAPITAL

Authorized:

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

Issued and outstanding:

As at January 31, 2022, the issued share capital is comprised of 60,475,000 (October 31, 2021 - 52,500,000) common shares.

i) Shares issued during the three-month period ended January 31, 2022

(Unaudited – Expressed in Canadian Dollars)

6. SHARE CAPITAL (CONTINUED)

On January 19, 2022 the Company completed a private placement and issued 5,475,000 units at a price of $0.25 per unit for gross proceeds of $1,368,750. Each unit was comprised of one common share and one half of a common share purchase warrants. Each whole warrant can purchase one common share at a price of $0.40 per warrant until January 19, 2025. In connection with the private placement, the Company paid $2,450 cash finders' fee.

On January 10, 2022 the Company issued 2,500,000 shares as performance warrants were exercised at $0.02 per performance warrant for gross proceeds of $50,000.

ii) Shares issued during the initial 206-day period ended October 31, 2021

On May 3, 2021, the Company issued 4,000,000 common shares at a price of $0.005 per share for gross proceeds of $20,000.

On May 13, 2021, the Company issued 20,000,000 common shares at $0.024 per share in settlement of accounts payable to the directors, President and a consultant of the Company. The settlement of those accounts payable have been recorded at the fair value of the common shares issued on the day of settlements, i.e. $0.024 per share for a total consideration of $480,000 and the difference between the fair value of the shares issued and the amount of accounts payable of $400,000 was recorded at the date of settlement in the statements of loss as loss on accounts payable settlement to Mr. Perras, Mr. Lavois, Mr. Krasic, and a consultant.

On June 30, 2021, the Company issued 6,000,000 common shares at a price of $0.05 per share pursuant to the terms of an option agreement (Note 4) with a fair value of 300,000.

On September 8, 2021, the Company issued 15,000,000 common shares at a price of $0.05 per share for gross proceeds of $750,000.

On October 28, 2021, the Company issued 7,500,000 common shares at a price of $0.10 per share for gross proceeds of $750,000.

No issuance cost has been incurred in those common shares.

<u>Performance Warrants</u>

A summary of the Company's warrants are as follows:

	Number of performance warrants issued and exercisable	Weighted Average Exercise Price ($)
Balance, April 8, 2021	-	-
Issued	2,500,000	0.02
Outstanding and exercisable, October 31, 2021	2,500,000	0.02
Exercised	(2,500,000)	0.02
Outstanding and exercisable, January 31, 2022	-	-

On May 13, 2021, the Company issued 2,500,000 performance warrants that vested upon the successful completion of a private placement raising gross proceeds of $750,000. The performance warrants expire five years from the date of issuance and is exercisable at $0.02 per performance warrant.

(Unaudited – Expressed in Canadian Dollars)

6. SHARE CAPITAL (CONTINUED)

On January 10, 2022, the Company issued 2,500,000 shares of the Company, pursuant to 2,500,000 performance warrant exercised for gross proceeds of $50,000.

Upon initial recognition, the fair value of the performance warrants was $27,073. The fair value of the performance warrants granted was estimated using the Black Scholes Option Pricing Model and based on the following assumptions: Share price - $0.02; Exercise price - $0.02; expected life – 5 years, volatility – 65% and risk-free rate of $0.76%.

The Company estimated the volatility of shares of similar companies and the expected life and the exercise period of warrants granted.

Warrants

	three months ended January 31, 2022		For the initial 206-day period ended October 31, 2021	
	Number of Warrants	Weighted Average Exercise Price	Number of Warrants	Weighted Average Exercise Price
Opening	**-**	**$ -**	-	$ -
Issued	**2,737,500**	**0.40**	-	-
Ending	**2,737,500**	**$ 0.40**	-	$ -

As at January 31, 2022, the Company had the following warrants outstanding:

Number of warrants	Exercise price	Expiry date
2,737,500	$ 0.40	January 19, 2025
2,737,500	$ 0.40	

The weighted average grant date fair value of warrants granted during the three months period ended January 31, 2022 was $0.03 (October 31, 2021 – $Nil). The weighted average remaining life of outstanding warrants as at January 31, 2022 is 2.97 years (October 31, 2021 – Nil).

The fair value of warrants granted during the three-month period ended January 31, 2022 of $164,250 was estimated using the Black-Scholes option pricing model using the following assumptions at grant date:

	2022
Share price	$ 0.22
Risk free interest rate	1.36%
Expected life (in years)	3.00
Expected volatility	64%
Dividend yield	-
Forfeiture rate	0%
Exercise price	$ 0.40

The expected volatility assumption is based on the volatility of companies comparable in size and operations to the Company. The risk-free interest rate assumption is based on yield curves on Canadian government zero-coupon bonds with a remaining term equal to the warrants' expected life. The Company uses historical data to estimate warrant exercise and forfeiture. The Company has not paid and does not anticipate paying dividends on its share capital.

(Unaudited – Expressed in Canadian Dollars)

6. SHARE CAPITAL (CONTINUED)

Stock Options

On December 1, 2021, the Shareholders of the Company approved the Stock Option Plan, the "SOP". The purpose of the SOP is to provide the Company with a share-related mechanism to attract, retain and motivate qualified directors, officers, employees and consultants, to reward those individuals from time to time for their contributions toward the long-term goals of the Company and to enable and encourage those individuals to acquire Common Shares as long-term investments. Upon becoming a reporting issuer, the Company will be required to obtain Shareholder approval of the SOP on a yearly basis in accordance with the policies of the CSE.

The Company grants stock options to directors, officers, employees and consultants and affiliate or any person deemed suitable by the board of directors, pursuant to its Incentive Share Option Plan, the "Plan". The number of options that may be issued under the Plan is limited to no more than 10% of the Company's issued and outstanding shares on the grant date. Options issued under the Plan vest in six equal quarterly releases over a period of 18 months from award date and must have a term equal to or less than 10 years after the shares have been listed on the CSE.

	three months ended January 31, 2022		For the initial 206-day period ended October 31, 2021	
	Number of Warrants	Weighted Average Exercise Price	Number of Warrants	Weighted Average Exercise Price
Opening	**-**	**$ -**	-	$ -
Issued	**1,600,000**	**0.156**	-	-
Ending	**1,600,000**	**$ 0.156**	-	$ -

As at January 31, 2022, the Company had the following stock options outstanding:

Number of stock options – outstanding	Number of stock options exercisable	Exercise price	Expiry date
1,000,000	-	$ 0.100	December 01, 2026
600,000	-	$ 0.250	January 24, 2027
1,600,000	-	$ 0.156	

The weighted average grant date fair value of options granted during the three months period ended January 31, 2022 was $0.156 (October 31, 2021 – $Nil). The weighted average remaining life of outstanding warrants as at January 31, 2022 is 4.95 years (October 31, 2021 – Nil).

The fair value of stock options granted during the three-month period ended January 31, 2022 of $137,505 was estimated using the Black-Scholes option pricing model using the following assumptions at grant date:

	2022
Weighted average share price	$ 0.14
Risk free interest rate	1.32% to 1.62%
Expected life (in years)	5.00
Expected volatility	65%
Dividend yield	-
Forfeiture rate	0%

6. SHARE CAPITAL (CONTINUED)

Stock Options (continued)

The expected volatility assumption is based on the volatility of companies comparable in size and operations to the Company. The risk-free interest rate assumption is based on yield curves on Canadian government zero-coupon bonds with a remaining term equal to the stock options' expected life. The Company uses historical data to estimate option exercise and forfeiture. The Company has not paid and does not anticipate paying dividends on its share capital.

On December 1, 2021 the Company issued 1,000,000 stock options at $0.10 expiring in five years and vesting in 18 months to the CEO of the Company.

On January 24, 2022 the Company issued 600,000 stock options at $0.25 expiring in five years and vesting in 18 months to various directors of the Company.

As at January 31, 2022 an amount of $17,793 was recorded, as none of the options vested yet.

7. MANAGEMENT OF CAPITAL

The Company defines capital as all accounts in equity. The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern.

As at January 31, 2022, the Company had capital resources consisting of cash. 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 will continue to rely on capital markets to support continued growth. The Company is not subject to any externally imposed capital requirement.

8. FINANCIAL INSTRUMENT AND FINANCIAL RISK

The Company's financial instruments include cash, subscription receivable, accounts payable and accrued liabilities. The carrying value of these instruments approximates their fair values due to the relatively short periods of maturity of these instruments.

Fair value of financial instruments

IFRS 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).

As at January 31, 2022, there are no Company's financial assets measured at fair value.

Financial risk management objectives and policies:

The Company's financial instruments include cash, amounts receivable and accounts payable and accrued liabilities. 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 in a timely and effective manner.

8. FINANCIAL INSTRUMENT AND FINANCIAL RISK (continued)

(i) *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. Financial instruments that potentially subject the Company to concentrations of credit risks consist principally of cash. To minimize the credit risk on cash, the Company places the instrument with a high credit quality financial institution.

(ii) *Liquidity risk*

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

Liquidity risk management serves to maintain a sufficient amount of cash and to ensure that the Company has financing sources such as private placements for a sufficient amount.

Contractual maturities of accounts payable and accrued liabilities are less than one year.

In the current period, the Company has financed its acquisitions of exploration and evaluation assets and working capital needs through private financings consisting of issuance of common shares. Management estimates that the cash as at January 31, 2022 will be sufficient to meet the Company's needs for cash during the coming year (see Note 1).

9. CAPITAL MANAGEMENT

The Company operates in one reportable operating segment, being the acquisition and exploration of mineral properties in Canada. As the operations comprise a single reporting segment, amounts disclosed also represent segment amounts. All long-term assets of the Company are located in Canada.