Northern Superior Resources Inc.

Annual Financial Statements

(Expressed in Canadian dollars)

For the years ended December 31, 2021 and 2020

Independent auditor's report

To the Shareholders of Northern Superior Resources Inc.

Our opinion

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of Northern Superior Resources Inc. (the Company) as at December 31, 2021 and 2020, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board (IFRS).

What we have audited
The Company's financial statements comprise:

- the statements of financial position as at December 31, 2021 and 2020;
- the statements of loss and comprehensive loss for the years then ended;
- the statements of changes in equity for the years then ended;
- the statements of cash flows for the years then ended; and
- the notes to the financial statements, which include significant accounting policies and other explanatory information.

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 believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence
We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada. We have fulfilled our other ethical responsibilities in accordance with these requirements.

Other information

Management is responsible for the other information. The other information comprises the 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.

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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.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of management and those charged with governance for the financial statements

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

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

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

Auditor's responsibilities for the audit of the financial statements

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

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

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

/s/PricewaterhouseCoopers LLP

Chartered Professional Accountants

Vancouver, British Columbia
April 12, 2022

Northern Superior Resources Inc.
Financial Statements
(Expressed in Canadian dollars)
Statements of Financial Position

As at	*Notes*	December 31, 2021 ($)	December 31, 2020 ($)
Assets			
Current assets			
Cash and cash equivalents	*4*	**11,959,293**	**9,730,459**
Prepaids and receivables		**88,547**	**146,447**
Marketable securities		**3,600**	**5,400**
		12,051,440	**9,882,306**
Non-current assets			
Exploration and evaluation assets	*5*	**12,795,113**	**9,255,254**
		24,846,553	**19,137,560**
Liabilities			
Current liabilities			
Accounts payable and accrued liabilities	*6*	**293,501**	**394,845**
Flow-through share premium liability	*7*	**3,250,486**	**1,716,479**
		3,543,987	**2,111,324**
Shareholders' Equity			
Share Capital	*7*	**77,684,813**	**73,088,625**
Reserves	*7*	**12,772,592**	**11,784,519**
Accumulated other comprehensive loss		**(6,650)**	**(4,850)**
Deficit		**(69,148,189)**	**(67,842,058)**
		21,302,566	**17,026,236**
		24,846,553	**19,137,560**

Commitments and contingencies – Note 12

APPROVED AND AUTHORIZED FOR ISSUE BY THE BOARD OF DIRECTORS ON APRIL12, 2022

“François Perron” Director

“Andrew Farncomb” Director

See accompanying notes to financial statements

Northern Superior Resources Inc.
Financial Statements
(Expressed in Canadian dollars)
Statements of Loss and Comprehensive Loss

	Notes	Years ended December 31, 2021 ($)	2020 ($)
Expenses			
Consulting fees	*8*	**86,697**	86,316
Legal and accounting		**106,512**	197,248
Office expenses and salaries	*8*	**597,568**	526,999
Share-based payments	*8*	**854,151**	484,024
Shareholder information		**112,105**	178,156
Travel		**2,587**	-
Foreign exchange		**953**	566
Taxes		**-**	10,082
Loss before the undernoted		**(1,760,573)**	(1,483,391)
Interest income		**23,248**	20,820
Other income	*8*	**-**	10,000
Flow-through share premium recovery	*7*	**431,194**	452,575
Net loss for the year		**(1,306,131)**	(999,996)
Other comprehensive loss			
Items that will not be reclassified subsequently to loss			
Change in value of marketable securities		**(1,800)**	3,400
Total comprehensive loss		**(1,307,931)**	(996,596)
Basic and diluted loss per share		**(0.02)**	(0.02)
		(#)	(#)
Weighted-average number of common shares outstanding		**63,681,252**	53,249,564

See accompanying notes to financial statements

Northern Superior Resources Inc.
Financial Statements
(Expressed in Canadian dollars)
Statements of Changes in Equity

	Share Capital		Reserves					
	Number of Shares (#)	Amount ($)	Stock options ($)	Restricted share units ($)	Warrants ($)	Accumulated other comprehensive loss ($)	Deficit ($)	Equity ($)
Balance, December 31, 2019	**35,126,689**	**64,525,038**	**5,797,049**	**-**	**5,005,493**	**(8,250)**	**(66,842,062)**	**8,477,268**
Shares issued for cash	27,256,216	10,498,611	-	-	612,389	-	-	11,111,000
Share issuance costs - cash	-	(157,271)	-	-	-	-	-	(157,271)
Share issuance costs - warrants	-	(53,974)	-	-	53,974	-	-	-
Flow-through share premium liability	-	(2,169,054)	-	-	-	-	-	(2,169,054)
Share based payments	-	-	484,024	-	-	-	-	484,024
Shares issued for debt	389,365	81,766	-	-	-	-	-	81,766
Shares issued on exercise of stock options	530,000	363,509	(168,410)	-	-	-	-	195,099
Unrealized loss on marketable securities	-	-	-	-	-	3,400	-	3,400
Net loss	-	-	-	-	-	-	(999,996)	(999,996)
Balance, December 31, 2020	**63,302,270**	**73,088,625**	**6,112,663**	**-**	**5,671,856**	**(4,850)**	**(67,842,058)**	**17,026,236**
Shares issued for cash	7,392,354	6,650,351	-	-	-	-	-	6,650,351
Share issuance costs - cash	-	(198,262)	-	-	-	-	-	(198,262)
Share issuance costs - warrants	-	(49,093)	-	-	49,093	-	-	-
Flow-through share premium liability	-	(1,965,200)	-	-	-	-	-	(1,965,200)
Share based payments	-	-	945,148	42,474	-	-	-	987,622
Shares issued on exercise of stock options	170,000	98,042	(48,642)	-	-	-	-	49,400
Shares issued for exploration and evaluation assets	85,000	60,350						60,350
Unrealized loss on marketable securities	-	-	-	-	-	(1,800)	-	(1,800)
Net loss	-	-	-	-	-	-	(1,306,131)	(1,306,131)
Balance, December 31, 2021	**70,949,624**	**77,684,813**	**7,009,169**	**42,474**	**5,720,949**	**(6,650)**	**(69,148,189)**	**21,302,566**

See accompanying notes to financial statements

Northern Superior Resources Inc.
Financial Statements
(Expressed in Canadian dollars)
Statements of Cash Flows

	Years ended December 31,	
	2021	2020
	($)	($)
Operating Activities		
Net loss for the year	**(1,306,131)**	(999,996)
Items not involving cash:		
Flow-through shares premium recovery	**(431,194)**	(452,575)
Share based payments	**854,151**	484,024
Change in non-cash operating working capital items:		
Prepaids and receivables	**57,900**	(20,860)
Accounts payables and accrued liabilities	**(175,886)**	260,081
Cash used in operating activities	**(1,001,160)**	(729,326)
Investing Activities		
Exploration and evaluation expenditures (net)	**(3,271,495)**	(1,118,203)
Cash used in investing activities	**(3,271,495)**	(1,118,203)
Financing Activities		
Proceeds from private placements	**6,650,351**	11,111,000
Share issuance costs	**(198,262)**	(157,271)
Proceeds from exercise of stock options	**49,400**	195,100
Cash provided by financing activities	**6,501,489**	11,148,829
Increase in cash during the year	**2,228,834**	9,301,300
Cash and cash equivalents, beginning of year	**9,730,459**	429,159
Cash and cash equivalents, end of year	**11,959,293**	9,730,459

See accompanying notes to financial statements

1. NATURE OF OPERATIONS

Northern Superior Resources Inc. ("Northern Superior" or the "Company") is an exploration stage junior mining company engaged in the identification, acquisition, evaluation and exploration of gold properties in Ontario and Québec. The head office, principal address and registered and records office of the Company is 1351C Kelly Lake Road, Unit 7, Sudbury, Ontario, Canada, P3E 5P5.

The Company presently has no proven or probable reserves and on the basis of information to date, it has not yet determined whether its properties contain economically recoverable ore reserves. The Company has not generated any revenues from its operations to date and consequently is considered to be in the exploration stage. The amounts shown as exploration and evaluation assets represent deferred acquisition costs incurred to date, less amounts written off or written down, and do not necessarily represent present or future values. The recoverability of the carrying amounts for exploration and evaluation assets is dependent upon the Company raising capital, the sale or entering into a joint venture of the Company's exploration and evaluation assets, and/or the attainment of profitable operations.

The outbreak of the coronavirus (COVID-19) global pandemic has adversely affected workforces, economies, and financial markets globally. Since March 2020, governmental measures have been implemented and amended in Canada and the rest of the world in response to the pandemic. The Company continues to operate its business and adheres to Canadian Federal and Provincial emergency measures as those are developed. COVID-19 and the various measures, which could include government mandated temporary closures of borders, restrictions on travel, or local community mandated travel restrictions, could impact the Company's ability to conduct its exploration programs in a timely manner. The Company continues to adapt to these changing circumstances and to evaluate the best way to move its exploration activities forward during current conditions and when emergency measures are lifted.

2. BASIS OF PREPARATION

a) Statement of Compliance

These financial statements have been prepared in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board ("IFRS"). They have been prepared on a historical cost basis, except for financial instruments classified as financial instruments at fair value through other comprehensive income. The significant accounting policies, as disclosed, have been applied consistently to all periods presented in these financial statements. The financial statements are presented in Canadian dollars. Amounts disclosed are in Canadian dollars unless otherwise noted.

These financial statements were reviewed by the Audit Committee, and the Board of Directors approved and authorized them for issuance on April 12, 2022.

b) Estimation uncertainty and accounting policy judgments

The Company's management makes judgments in its process of applying the Company's accounting policies in the preparation of its financial statements. In addition, the preparation of the financial data requires the Company's management to make estimates of the impacts of uncertain future events on the carrying amounts of the Company's assets and liabilities at the end of the reporting period, and the reported amounts of expenses during the reporting period. Actual results may differ from those estimates as the estimation process is inherently uncertain. Estimates are reviewed on an ongoing basis based on historical experience and other factors that are considered relevant under the circumstances. Revisions to estimates and the resulting impacts on the carrying amounts of the Company's assets and liabilities are accounted for prospectively. There are no material areas of estimation uncertainty as at December 31, 2021.

Accounting policy judgments

(i) The assessment by management of the Company's liquidity position and whether going concern disclosure is required in the financial statements is an area of judgment.

As part of this process, management prepares cash flow budgets detailing expected expenditures for at least the next twelve months. The assessment of the Company's liquidity position takes into account the Company's working capital position, the timing of discretionary and non-discretionary expenditures and also the status of any potential equity financings.

(ii) The assessment for impairment of exploration and evaluation assets requires judgment to determine whether indicators of impairment exist, including factors such as: whether the period for which the Company has the right to explore has expired or will expire in the future, and is not expected to be renewed; substantive expenditures on exploration activities and evaluation of mineral resources in the specific area is neither budgeted or planned; exploration for and evaluation of mineral resources in the specific area have not led to the discovery of commercially viable quantities of mineral resources; or sufficient data exists to indicate that the carrying amount of the exploration and evaluation asset is unlikely to be recovered in full from successful development or by sale.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a) Cash and Cash Equivalents

Cash and cash equivalents include cash on hand and deposits held at call with financial institutions with original terms of three months or less. Interest income is recorded as earned on the accrual basis at the stated rate of interest over the term of the investment.

b) Financial instruments

Classification

The Company classifies its financial assets in the following measurement categories:

(i) those to be measured subsequently at fair value (either through other comprehensive income ("OCI") or through profit or loss), and
(ii) those to be measured at amortized cost.

The classification depends on the entity's business model for managing the financial assets and the contractual terms of the cash flows. For assets measured at fair value, gains and losses will either be recorded in profit or loss or OCI.

Recognition and derecognition

Regular way purchases and sales of financial assets are recognized on the trade-date, the date on which the Company commits to purchase or sell the asset. Financial assets are derecognized when the rights to receive cash flows from the financial assets have expired or have been transferred and the Company has transferred substantially all the risks and rewards of ownership.

Measurement

At initial recognition, the Company measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss ("FVPL"), transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVPL are expensed in the statement of loss.

Equity instruments

The Company subsequently measures all equity investments at fair value. The Company has elected to present fair value gains and losses on equity investments in OCI, and there is no subsequent reclassification of fair value gains and losses to profit or loss following the derecognition of the investment.

c) Share-based payments

The Company grants stock options to acquire common shares of the Company and RSUs to directors, officers, employees and consultants. An individual is classified as an employee when the individual is an employee for legal or tax purposes or provides services similar to those performed by an employee. The fair value of stock options is measured on the date of grant, using the Black-Scholes option pricing model, and is recognized over the vesting period. The fair value of restricted share units is measured on the date of grant, using the market value of the Company's shares, and is recognized over the vesting period. A corresponding increase in contributed surplus is recorded when the expense is recognized. When stock options are exercised or RSUs are vested and shares are issued, capital stock is credited by the sum of the consideration paid and the related portion of share-based compensation previously recorded in contributed surplus. Consideration paid for the shares on the exercise of stock options is credited to capital stock.

Share-based compensation arrangements in which the Company receives goods or services as consideration for its own equity instruments or stock options granted to non-employees are accounted for as equity settled share based payment transactions and measured at the fair value of goods and services received. If the fair value of the goods or services received cannot be estimated reliably, the share based compensation transaction is measured at the fair value of the equity instruments granted at the date the Company receives the goods or services.

d) Exploration and evaluation assets

Exploration and evaluation expenditures are recorded at cost on a property by property basis once the Company has the legal right to explore the related property. The Company defers all exploration and evaluation costs, including acquisition costs, field exploration and field supervisory costs relating to specific properties, until those properties are brought into production, at which time, they will be amortized on a unit of production basis, or until the properties are abandoned, sold or considered to be impaired in value, at which time, an appropriate charge will be made. Costs incurred for general exploration, including expenditures of a general reconnaissance nature, that are not project specific or do not result in the acquisition of exploration and evaluation properties are charged to net loss.

At the end of each reporting period, the Company's exploration and evaluation assets are reviewed to determine whether there is any indication that those assets may be impaired. If such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment, if any. The recoverable amount is the higher of fair value less costs to sell and value in use. Fair value is determined as the amount that would be obtained from the sale of the asset in an arm's length transaction between knowledgeable and willing parties. In assessing value in use, the estimated future pre-tax cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount and the impairment loss is recognized in the statement of loss. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but to an amount that does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognized immediately in the statement of loss.

Ownership of exploration and evaluation assets involves certain inherent risks due to the difficulties of determining and obtaining clear title to the claims as well as the potential for problems arising from the frequently ambiguous conveyancing history characteristic of many exploration and evaluation assets.

e) Income taxes

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

Deferred tax is recorded using the liability method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The following temporary differences are not provided for: goodwill not deductible for tax purposes; the initial recognition of assets or liabilities that affect neither accounting nor taxable loss; and differences relating to investments in subsidiaries to the extent that they will probably not reverse in the foreseeable future.

The amount of deferred tax provided is based on the expected manner of realization or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the reporting date. A deferred tax asset is recognized only to the extent that it is probable that future taxable profits will be available against which the asset can be utilized. Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Company intends to settle its current tax assets and liabilities on a net basis.

f) Share Capital

Common shares issued by the Company are classified as equity. Incremental costs directly attributable to the issue of new common shares are recognized in equity, net of tax, as a deduction from the share proceeds (share issue costs).

g) Loss per share

Basic loss per share is calculated by dividing the loss attributable to common shareholders by the weighted average number of common shares outstanding in the period.

h) Flow-through shares

Canadian Income Tax Legislation permits an enterprise to issue securities referred to as flow-through shares, whereby the investor can claim the tax deductions arising from the renunciation of the related resource expenditures by the Company. Proceeds from the issuance of flow-through shares need to be allocated between the offering of the flow-through share and the premium paid for the implied tax benefit received by the investors as a result of acquiring the flow-through shares. The calculated tax benefit is recognized as a liability until the Company incurs the expenditures, at which point the liability is reversed and recorded as other income on the statement of loss.

i) Provision for environmental rehabilitation

The Company recognizes liabilities for statutory, contractual, constructive or legal obligations associated with the retirement of exploration and evaluation assets and equipment, when those obligations result from the acquisition, construction, development or normal operation of the assets. The net present value of future rehabilitation cost estimates arising from the decommissioning of plant and other site preparation work is capitalized to the assets along with a corresponding increase in the rehabilitation provision in the period incurred. Discount rates using a pre-tax rate that reflect the time value of money are used to calculate the net present value. The rehabilitation asset is amortized on the same basis as the related mining assets. As at December 31, 2021 and 2020, the Company had no provisions for environmental rehabilitation.

4. CASH AND CASH EQUIVALENTS

During the year ended December 31, 2021, the Company issued flow-through shares for total gross proceeds of $5,285,001 (2020: flow-through shares issued for total gross proceeds of $8,219,000). As at December 31, 2021, the Company has $9,232,398 (2020: $7,100,780) included in cash and cash equivalents remaining to be spent on qualifying Canadian exploration expenditures under the terms of the flow-through share agreements.

(Expressed in Canadian dollars)

5. EXPLORATION AND EVALUATION ASSETS

	Ontario	Quebec			
	Ti-pa-haa-kaa-ning ($)	Croteau Est ($)	Lac Surprise ($)	Wapistan ($)	Total ($)
Balance, December 31, 2020	**2,070,142**	**4,057,367**	**2,903,306**	**224,439**	**9,255,254**
Acquisition, assessment and maintenance	50,830	7,850	85,784	52	**144,516**
Analytical	-	30,349	490,100	-	**520,449**
Camp	14,685	-	-	-	**14,685**
Geophysics	-	-	119,305	-	**119,305**
Geology	6,605	35,056	247,033	667	**289,361**
Drilling	-	339,371	1,925,148	-	**2,264,519**
Project administration	8,814	34,447	144,062	-	**187,323**
Refundable tax credits and adjustments	-	-	(299)	-	**(299)**
Net change	**80,934**	**447,073**	**3,011,133**	**719**	**3,539,859**
Balance, December 31, 2021	**2,151,076**	**4,504,440**	**5,914,439**	**225,158**	**12,795,113**

	Ontario	Quebec			
	Ti-pa-haa-kaa-ning ($)	Croteau Est ($)	Lac Surprise ($)	Wapistan ($)	Total ($)
Balance, December 31, 2019	1,937,506	4,062,717	1,826,147	232,978	8,059,349
Acquisition, assessment and maintenance	41,233	2,671	20,724	123	64,751
Analytical	-	-	178,771	-	178,771
Geophysics	7,675	-	1,250	-	8,925
Geology	74,160	19,710	131,217	-	225,087
Drilling	-	-	750,614	-	750,614
Project administration	9,568	-	3,827	582	13,977
Refundable tax credits and adjustments	-	(27,731)	(9,244)	(9,244)	(46,219)
Net change	132,636	(5,350)	1,077,159	(8,539)	1,195,905
Balance, December 31, 2020	2,070,142	4,057,367	2,903,306	224,439	9,255,254

a) **Ti-pa-haa-kaa-ning ("TPK") property**

The Company owns a 100% interest in the TPK Property. Although claims associated with the Annex area of the property are free of any Net Smelter Royalties ("NSR"), some claims associated with the New Growth and Big Dam areas of the property are subject to a 2% NSR, of which the Company has the right to purchase back 0.5% for $1.0 million. Additionally, certain claims within the Big Dam area are subject to a 2% NSR on diamonds only in favour of Vale S.A.

b) **Croteau Est property**

The Croteau Est property is comprised of claims blocks governed by two separate agreements. As the claims blocks under the agreements are contiguous, they have been aggregated, for geological and exploration reporting purposes, into the Croteau Est property.

Pursuant to agreement #1: The Company holds a 100% interest in this claim block, subject to a 1.0% NSR on any commercial production, of which Company has the right to buy back 0.5% for $1.5 million.

Pursuant to agreement #2: The Company owns a 100% interest in this claim block, subject to a 1% NSR royalty on a majority of the claims. The 1% NSR royalty covers all except 7 claims (comprising approximately 287 hectares) which were already subject to a prior 2% NSR royalty in favor of the prospector who originally staked the claims. The Company has the right to repurchase one half of the 1% NSR royalty (reducing it to a 0.5% NSR royalty) at any time for $1.0 million. Similarly, the Company has the right to repurchase half of the 2% NSR royalty (reducing it to a 1% NSR royalty) at any time, for $1.0 million. In either case, should the Company exercise its buy-back right, it will then have a right of first refusal with respect to the remaining NSR royalty.

(Expressed in Canadian dollars)

c) **Lac Surprise property**

The Lac Surprise property is comprised of two claims blocks. As the claims blocks are contiguous, they have been aggregated, for geological and exploration reporting purposes, into the Lac Surprise property.

Pursuant to staking: The Company owns a 100% interest in the staked claims block.

Pursuant to agreement: On September 14, 2021, the Company entered into an agreement (the "Agreement") with Kintavar Exploration Inc. ("Kintavar") to acquire 100% of the Gaspard Nord mineral property, in consideration for 85,000 common shares of the Company, the granting of a 2% NSR on the property, 1% of which can be bought back for $1,000,000, and a right of first refusal on any proposed transfer of the NSR royalty to a third party. Pursuant to the terms of the Agreement, the Company issued 85,000 common shares of the Company to Kintavar, valued at $60,350, prior to December 31, 2021.

d) **Wapistan property**

The Company owns a 100% interest in the Wapistan property.

e) **Metson Lake, Rapson Bay and Thorne Lake properties (collectively, the "Properties")**

The Properties are owned 100% by the Company.

6. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	December 31, 2021	December 31, 2020
	($)	**($)**
Trade payables	**206,742**	246,491
Amounts due to related parties	**14,868**	105,019
Accrued liabilitites - general	**71,891**	43,335
	293,501	394,845

The fair value of accounts payable and accrued liabilities approximate their carrying amount. Trade payables relate mainly to the acquisition of materials, supplies and services. These payables do not accrue interest.

7. SHARE CAPITAL

a) Authorized

At December 31, 2021, the authorized capital stock of the Company is comprised of an unlimited number of common shares without par value.

(Expressed in Canadian dollars)

b) Common shares

Year Ended December 31, 2021

- The Company closed the following private placements ("Private Placements"):

a. On December 2, 2021, the Company closed a non-brokered private placement ("Private Placement #1") for gross proceeds of $3,321,417, pursuant to which the Company issued 3,690,463 flow-through shares ("Québec FT Shares") at $0.90 per FT Share. The issuance of the Québec FT Shares resulted in a flow-through premium liability of $1,033,330.

b. On December 2, 2021, the Company closed a non-brokered private placement ("Private Placement #2") for total gross proceeds of $1,963,584, pursuant to which the Company issued 1,664,054 charity flow-through common shares of the Company ("Québec Charity FT Shares") at $1.18 per Québec Charity FT Share. The issuance of the Québec Charity FT Shares resulted in a flow-through premium liability of $931,870.

c. On December 2, 2021, the Company closed a non-brokered private placement ("Private Placement #3") for gross proceeds of $1,365,350, pursuant to which the Company issued 2,037,837 shares ("Shares") at $0.67 per Share.

In connection with the Private Placements, the Company paid finders' fees of $147,503 and issued warrants ("Finders' Warrants") allowing for the purchase of up to, in the aggregate, 254,627 shares of the Company at $0.90 per share until June 2, 2023.

The Private Placements are summarized as follows:

	Québec FT	Québec Charitable FT	NFT	Total
Announcement Date	October 18, 2021	October 18, 2021	October 18, 2021	
Closing Date	December 2, 2021	December 2, 2021	December 2, 2021	
Gross Proceeds	$3,321,417	$1,963,584	$1,365,350	**$6,650,351**
FT Shares Issued [(1)]	3,690,463	1,664,054	-	**5,354,517**
NFT Shares Issued [(2)]	-	-	2,037,837	**2,037,837**
Finders' Fees				
Cash	$40,000	$47,503	60000	**$147,503**
Finders' Warrants	120,000	45,075	89,552	**254,627**
Exercise Prices	$0.90	$0.90	$0.90	
Expiry Date	June 2, 2023	June 2, 2023	June 2, 2023	

(1) FT denotes flow-through

(2) NFT denotes non-flow-through

- During the year ended December 31, 2021, the Company issued a total of 170,000 shares on the exercise of stock options, for total gross proceeds of $49,400.
- During the year ended December 31, 2021, the Company issued, in connection with the acquisition of the Gaspard Nord claims, 85,000 common shares valued at $60,350 (Note 6).
- In connection with flow-through expenditures incurred during the year ended December 31, 2021, $431,194 of flow-through premium was recognized in the Statements of Loss (2020: $452,575).

Year Ended December 31, 2020

- The Company closed various private placements ("Offerings") as follows:
  a. On January 20, 2020, the Company closed a non-brokered private placement ("Offering #1") for gross proceeds of $437,000, pursuant to which the Company issued 6,242,858 units ("Unit") at $0.07 per Unit, to a Director of the Company. Each Unit consisted of one common share of the Company and one non-transferable share purchase warrant ("Warrant"), with each Warrant allowing for the purchase of one additional common share of the Company at $0.10 per share until January 21, 2023. The value allocated to the warrants based on the residual value method was $Nil.
  b. On April 3, 2020, the Company closed a non-brokered private placement ("Offering #2") for total gross proceeds of $3,924,000. The Offering #2 comprised charity flow-through common shares of the Company ("Ontario Charity FT Shares") at $0.3625 per Ontario Charity FT Share, and common shares of the Company ("Shares") priced at $0.25 per Share. Pursuant to the closing of the Offering #2, the Company issued 8,880,000 Ontario Charity FT Shares for gross proceeds of $3,219,000 and 2,820,000 Shares for gross proceeds of $705,000. The issuance of the Ontario Charity FT Shares resulted in a flow-through premium liability of $1,176,600. In connection with flow-through expenditures incurred during the year, $26,891 of the flow-through premium was recognized in the Statement of Loss.
  c. On June 2, 2020, the Company closed a non-brokered private placement (the "Offering #3") for total gross proceeds of $2,500,000. The Offering #3 comprised charity flow-through common shares of the Company ("Ontario Charity #2 FT Shares") at $0.4350 per Ontario Charity #2 FT Share, and charity flow-through shares (the "Québec Charity FT Shares") priced at $0.54 per Québec Charity FT Share. Pursuant to the closing of the Offering #3, the Company issued 1,149,426 Ontario Charity FT #2 Shares for gross proceeds of $500,000 and 3,703,704 Québec Charity FT Shares for gross proceeds of $2,000,000. The issuance of the Ontario Charity #2 FT Shares and Québec Charity FT Shares resulted in a flow-through premium liability of $946,999. In connection with flow-through expenditures incurred during the year, $425,684 of the flow-through premium was recognized in the Statement of Loss during the year ended December 31, 2020.
  d. On December 14, 2020, the Company closed a non-brokered private placement ("Offering #4") for total gross proceeds of $4,250,000. The Offering #4 comprised flow-through common shares of the Company ("Québec #2 FT Shares") at $1.10 per Québec #2 FT Share, and units ("Units") of the Company priced at $0.80 per Unit. Each Unit is comprised of one common share of the Company ("Share") and a half warrant, with each whole warrant ("Warrant") allowing for the acquisition of one additional Share at $1.20 per Share until June 14, 2022. Pursuant to the closing of the Offering #4, the Company issued 2,272,728 Québec #2 FT Shares for gross proceeds of $2,500,000 and 2,187,500 Shares for gross proceeds of $1,750,000. The issuance of the Québec #2 FT Shares resulted in a flow-through premium liability of $45,455. In connection with the Offering #4, the Company paid finders' fees ("Finders' Fees") of $157,287 and issued 96,400 finders' warrants ("Finders' Warrants") under the same terms as the Warrants.

(Expressed in Canadian dollars)

The Offerings are summarized as follows:

	Offering #1	Offering #2	Offering #3	Offering #4	Total
Announcement Date	December 30, 2019	March 12, 2020	May 11, 2020	November 9, 2020	
Closing Date	January 20, 2020	April 3, 2020	June 2, 2020	December 14, 2020	
Gross Proceeds	$437,000	$3,924,000	$2,500,000	$4,250,000	**$11,111,000**
FT Shares Issued (1)	-	8,880,000	4,853,130	2,272,728	**16,005,858**
NFT Shares Issued (2)	6,242,858	2,820,000	-	2,187,500	**11,250,358**
NFT Warrants Issued (2)	6,242,858	-	-	1,093,750	**7,336,608**
NFT Warrant Exercise Price (2)	$0.100	-	-	$1.200	
NFT Warrant Expiry Date (2)	January 21, 2023	-	-	June 14, 2022	
Finders' Fees					
Cash	$0	$0	$0	$157,271	**$157,271**
Finders' Warrants	-	-	-	96,400	**96,400**
Exercise Prices	-	-	-	$1.200	
Expiry Date	-	-	-	June 14, 2022	

(1) FT denotes flow-through

(2) NFT denotes non-flow-through

- On March 23, 2020, the Company issued a total of 389,365 common shares (valued in the aggregate at $81,766) to certain current and former Directors in satisfaction of unpaid Directors' fees for the year ended December 31, 2019.
- During the year ended December 31, 2020, the Company issued a total of 530,000 common shares, with a weighted average share price of $0.368) on the exercise of stock options, for total gross proceeds of $195,100.

c) Stock Options

The Company has a stock option plan (the "SO Plan") administered by the Board of Directors, which has the discretion to grant options for up to a maximum of 10% of the issued and outstanding share capital amount at the time of grant. The terms of all options cannot exceed ten years and the minimum exercise price cannot be less than the closing price of the Company's common shares on the TSX-V on the last trading day preceding the grant of the option. All of the outstanding options of the Company were issued with an expiry date of 5 years from the date of issue. Except as may be prescribed by the Exchange, the Board of Directors determines the vesting terms of the options. Share-based payments reserve is included in shareholders' equity and consists of the estimated fair value of stock options.

Year Ended December 31, 2021

During the year ended December 31, 2021, the Company granted incentive stock options allowing for the acquisition of up to, in the aggregate, 400,000 common shares at $0.69 per share until April 22, 2026, 100,000 common shares at $0.69 per share until June 28, 2026 and 1,490,000 common shares at $0.69 per share until December 9, 2026. The share-based payments expense of $945,148 was recognized during the year ended December 31, 2021 in respect of the vested portion of these grants. The fair value for stock options granted during the period was determined using the Black-Scholes Option Pricing Model and the following assumptions:

Risk-free interest rate (%)	1.31 to 1.33
Expected stock price volatility (%)	132 to 147
Expected dividend yield (%)	Nil
Expected life (years)	4.25 to 5.0

(Expressed in Canadian dollars)

At December 31, 2021, the Company had stock options, with a total weighted average remaining contractual life of 3.39 years (December 31, 2020: 3.25 years) outstanding as follows:

Grant date	Expiry date	Number (#)	Exercisable (#)	Exercise price ($)	Average Life (years)
April 23, 2017	April 23, 2022	510,000	510,000	0.650	0.31
November 30, 2017	November 30, 2022	285,000	285,000	0.500	0.92
March 29, 2019	March 29, 2024	530,000	530,000	0.220	2.25
June 16, 2020	June 16, 2025	1,350,000	1,350,000	0.340	3.46
December 9, 2021	April 22, 2026	400,000	400,000	0.690	4.31
December 9, 2021	June 28, 2026	100,000	100,000	0.690	4.50
December 9, 2021	December 9, 2026	1,490,000	990,000	0.690	4.95
		4,665,000	**4,165,000**	**0.519**	**3.39**

A summary of the changes in the Company's stock options follows:

	Number of options (#)	Weighted average exercise price ($)
Outstanding, December 31, 2019	**2,545,000**	**0.433**
Granted	1,450,000	0.340
Exercised	(530,000)	0.368
Expired	(465,000)	0.428
Outstanding, December 31, 2020	**3,000,000**	**0.401**
Exercised	(170,000)	0.291
Expired	(155,000)	0.100
Granted	1,990,000	0.690
Outstanding, December 31, 2021	**4,665,000**	**0.519**

Year Ended December 31, 2020

During the year ended December 31, 2020, the Company granted incentive stock options allowing for the acquisition of up to, in the aggregate, 1,450,000 common shares at $0.34 per share until June 16, 2025. The total amount of share-based payments expense of $484,024 was recognized during the year ended December 31, 2020. The fair value for stock options granted during the period was determined using the Black-Scholes Option Pricing Model and the following assumptions:

Risk-free interest rate (%)	1.75
Expected stock price volatility (%)	210
Expected dividend yield (%)	0
Expected life (years)	5

d) Restricted Share Units ("RSU")

On August 29, 2021, the Company received regulatory approval for the Restricted Share Unit Plan ("RSU Plan") approved by the shareholders at the Company's Annual General Meeting on June 24, 2021. The RSU Plan permits the Company to grant awards of RSUs. Pursuant to the terms of the RSU Plan, the RSUs will be redeemed, upon vesting, within 30 days of the applicable redemption date, for:

(Expressed in Canadian dollars)

(i) the number of common shares equal to the numbers of RSUs vested on the redemption date;
(ii) a cash amount equal to the number of common shares multiplied by the fair market value of the common shares on the redemption date; or
(iii) a combination of (i) and (ii)

as determined by the Company.

The redemption date in respect of any RSU is the date provided for in the agreement granting the RSUs or if no date is set, the third anniversary of the grant date, unless otherwise provided for in the RSU Plan. The Company has the discretion to stipulate the length of time for vesting and to determine various performance objectives based on certain business criteria as a pre-condition to an RSU vesting.

The maximum number of common shares available for issuance upon the vesting of RSUs under the RSU Plan is fixed at 300,000 common shares, and in combination with all security-based compensation arrangements of the Company (including the SO Plan), cannot exceed 10% of the issued and outstanding common shares. Vested RSU Awards are not available for re-grant under the RSU Plan.

During the year ended December 31, 2021, the Company granted RSUs allowing for the acquisition of up to, in the aggregate, 98,900 common shares. The share-based payments expense of $42,474 was recognized during the year ended December 31, 2021 in respect of the vested portion of the grants.

At December 31, 2021, the Company had RSUs, with a total weighted average remaining contractual life of 1.69 years (December 31, 2020: Nil years) outstanding as follows:

Issue date	Vesting date	Number (#)	Weighted Average Life (years)
April 22, 2021	April 22, 2022	24,450	0.31
April 22, 2021	April 22, 2023	24,450	1.31
July 17, 2021	July 17, 2024	50,000	2.55
		98,900	**1.69**

A summary of the changes in the Company's RSUs follows:

	Number of RSUs (#)
Outstanding, December 31, 2020	**-**
Granted	98,900
Outstanding, December 31, 2021	**98,900**

e) Share Based Payments

Share based payments recognized in the period are expensed as directors, management, office consultants, or capitalized to exploration and evaluation assets, as appropriate. The following table summarizes the share based payments recognized on the vesting of stock option for the years ended December 31, 2021 and 2020:

(Expressed in Canadian dollars)

	December 31, 2021	December 31, 2020
	($)	($)
Expensed	**854,151**	484,024
Capitalized	**133,471**	-
	987,622	484,024

f) Warrants

Year ended December 31, 2021

Pursuant to the Private Placements, the Company issued warrants allowing for the purchase of up to, in the aggregate, 254,627 common shares in the capital of the Company. The warrants were valued at $49,093 using the Black-Scholes Option Pricing Model and the following assumptions:

Risk-free interest rate (%)	0.8
Expected stock price volatility (%)	89
Expected dividend yield (%)	Nil
Expected life (years)	1.5

At December 31, 2021, the Company had 7,687,635 warrants (2020: 7,433,008), with a total weighted average remaining contractual life of 0.98 years (2020: 1.96) outstanding as follows:

Issue date	**Expiry date**	**Number**	**Exercise price**	**Weighted Average Life**
		(#)	**($)**	**(years)**
January 20, 2020	January 21, 2023	6,242,858	0.100	1.06
December 14, 2020	June 14, 2022	1,093,750	1.200	0.45
December 14, 2020	June 14, 2022	96,400	1.200	0.45
December 2, 2021	June 2, 2023	254,627	0.900	1.42
		7,687,635		**0.98**

A summary of the changes in the Company's warrants follows:

	Number of warrants	**Weighted average exercise price**
	(#)	**($)**
December 31, 2019	**-**	**-**
Issued	7,433,008	0.276
December 31, 2020	**7,433,008**	**0.276**
Issued	254,627	0.900
December 31, 2021	**7,687,635**	**0.297**

(Expressed in Canadian dollars)

Year ended December 31, 2020

Pursuant to the Offerings, the Company issued warrants allowing for the purchase of up to, in the aggregate, 7,433,008 common shares in the capital of the Company. The warrants were valued in aggregate at $666,363 using the Black-Scholes Option Pricing Model and the following assumptions:

Risk-free interest rate (%)	1.6
Expected stock price volatility (%)	120
Expected dividend yield (%)	0
Expected life (years)	1.5 to 2.0

8. RELATED PARTY TRANSACTIONS

The Company has arrangements pursuant to which parties related to the Company by way of directorship or officership provide certain services, either directly or through companies owned or controlled by the officers and directors. The Company's related party expenses for the years ended December 31, 2021 and 2020 are as follows:

	December 31,	
	2021 ($)	2020 ($)
Management fees	**84,000** (3)	84,000 (1)
Directors' fees	**132,500**	96,250 (2)
Salaries and wages	**341,875** (4)	225,000
Share based payments	**784,440**	484,024
	1,342,815	889,274

(1) At December 31, 2020, $8,655 was owed to an officer of the Company.
(2) At December 31, 2020, a total of $96,305 was owed to Directors.
(3) At December 31, 2021, $4,000 was owed to a company owned by an officer of the Company.
(4) At December 31, 2021, $8,332 was owed to an officer of the Company.

At December 31, 2021, the Company owed $2,536 (2020: $59) to related parties in respect of expenses incurred on behalf of the Company

9. FINANCIAL INSTRUMENTS AND CAPITAL MANAGEMENT

Management of Capital risk

The Company manages its capital structure and makes adjustments to it to effectively support the acquisition, exploration and development of mineral properties. In the definition of capital, the Company includes, as disclosed on its statement of financial position: share capital, deficit, equity reserves.

The properties in which the Company currently has an interest are in the exploration stage; as such the Company is dependent on external financing to fund its activities. In order to carry out the planned exploration and pay for general administrative costs, the Company will be using its existing working capital and will need to raise additional amounts. The Company will continue to assess new properties and seek to acquire an interest in additional properties if it feels there is sufficient geologic or economic potential and if it has adequate financial resources to do so.

Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Company, is reasonable. There were no changes in the Company's approach to capital management during the year ended December 31, 2021.

Financial Instruments and Risk Management

As at December 31, 2021, the Company's financial instruments consist of cash and cash equivalents, marketable securities, receivables and accounts payable and accrued liabilities. IFRS requires disclosures about the inputs to fair value measurements for financial assets and liabilities recorded at fair value, including their classification within a hierarchy that prioritizes the inputs to fair value measurement.

The three levels of hierarchy are:

- Level 1 - Quoted prices 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.

As at December 31, 2021, the Company believes that the carrying values of cash and cash equivalents, receivables and accounts payable and accrued liabilities approximate their fair values because of their nature and relatively short maturity dates or durations.

i. Credit Risk

Credit risk is the risk of an unexpected loss if a party to a financial instrument fails to meet its contractual obligations. The Company's credit risk is primarily attributable to cash and cash equivalents and receivables. The Company has no significant concentration of credit risk arising from operations. The Company's surplus cash at December 31, 2021, is invested in liquid low risk accounts in A rated Canadian Banks. The Company is not exposed to significant credit risk and overall the Company's credit risk has not changed significantly from the prior year.

ii. Liquidity Risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company's approach to managing liquidity risk is to ensure that it will have sufficient liquidity to meet liabilities when due. As at December 31, 2021, the Company had cash and cash equivalents of $11,959,293 (December 31, 2020: $9,730,459) of which $2,726,895 (December 31, 2020: $2,629,679) is available to settle trade payables and accrued liabilities totaling $293,501 (December 31, 2020: $394,845). The remaining balance included in cash and cash equivalents of $9,232,398 (December 31, 2020: $7,100,780) is to be spent on qualifying Canadian exploration expenditures under the terms of the flow-through share agreements.

iii. Interest Rate Risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company is exposed to short term interest rates through the interest earned on cash balances. A 1% change in short term rates would change the interest income and net loss of the Company, assuming that all other variables remained constant, by approximately $119,593 at December 31, 2021.

Unless otherwise noted, it is management's opinion that the Company is not exposed to significant currency or commodity risk arising from financial instruments.

(Expressed in Canadian dollars)

10. SEGMENTED INFORMATION

The Company conducts its business as a single operating segment being the mineral exploration business in Canada. All exploration properties and equipment are situated in Canada.

11. INCOME TAXES

The provision for income taxes in the statement of loss and deficit represents an effective rate different than would be computed by applying the combined Canadian statutory federal and provincial income tax rates to the loss before income taxes due to the following:

As at December 31,	**2021 ($)**	**2020 ($)**
Net loss for the year	1,307,931	999,996
Canadian federal and provincial income tax rates	26.50%	26.50%
Expected income tax recovery	346,602	264,999
Flow through premium recognised in statement of loss	114,266	119,932
Permanent differences	(270,175)	(161,583)
Tax benefits not recognized	(190,693)	(223,348)
Total income tax recovery	-	-

As at December 31,	**2021 ($)**	**2020 ($)**
Unrecognized deferred tax assets		
Non-capital loss carryforwards	5,744,040	5,553,347
Net capital loss	1,092,786	1,092,786
Exploration and evaluation assets	4,429,993	5,265,663
Share issue costs and other	119,714	77,683
	11,386,534	11,989,479

At December 31, 2021, the Company had capital losses for tax purposes in Canada totaling $8,247,440 that may be carried forward indefinitely a non-capital loss carry forward of $21,861,010 available for tax purposes in Canada which expire as follows:

(Expressed in Canadian dollars)

Tax losses ($)	Year of expiry
479,151	2026
872,751	2027
1,263,477	2028
1,518,538	2029
1,512,554	2030
2,457,492	2031
2,277,147	2032
1,670,556	2033
1,605,921	2034
2,009,617	2035
1,512,367	2036
1,229,632	2037
878,278	2038
825,723	2039
1,032,596	2040
715,210	2041
21,861,010	

12. COMMITMENTS AND CONTINGENCIES

At December 31, 2021, the Company has the following commitments in respect of its office lease:

	< 1 year ($)	2-5 years ($)	> 5 years ($)	Total ($)
Lease	26,619	-	-	**26,619**