EMINENT GOLD

Consolidated Financial Statements

December 31, 2021

(Expressed in Canadian Dollars)

DALE MATHESON CARR-HILTON LABONTE LLP
CHARTERED PROFESSIONAL ACCOUNTANTS

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of Eminent Gold Corp.

Opinion

We have audited the consolidated financial statements of Eminent Gold Corp. (the "Company"), which comprise the consolidated statements of financial position as at December 31, 2021 and 2020, and the consolidated statements of comprehensive loss, consolidated changes in shareholders' equity and consolidated statements of cash flows for the years then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies (collectively referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2021 and 2020, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards.

Basis for Opinion

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

Material Uncertainty Related to Going Concern

We draw attention to Note 1 to the financial statements, which describes matters and conditions that indicate the existence of a material uncertainty that may cast significant doubt about the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Other Information

Management is responsible for the other information. The other information comprises the information included in Management's Discussion and Analysis.

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

In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

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

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

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

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

DALE MATHESON CARR-HILTON LABONTE LLP
CHARTERED PROFESSIONAL ACCOUNTANTS
Vancouver, BC

April 29, 2022

EMINENT GOLD CORP.
Consolidated Statements of Financial Position
(Expressed in Canadian dollars)

	December 31, 2021	December 31, 2020
Assets		
Current assets		
Cash	$ 1,163,520	$ 1,564,945
Receivables (Note 3)	29,695	22,265
Prepaid expenses	380,060	43,310
Total current assets	1,573,275	1,630,520
Exploration and evaluation assets (Note 4)	3,352,110	783,567
Total assets	$ 4,925,385	$ 2,414,087
Liabilities and shareholders' equity		
Current liabilities		
Accounts payable and accrued liabilities (Notes 5 and 8)	$ 277,866	$ 133,624
Total liabilities	277,866	133,624
Shareholders' equity		
Share capital (Note 7)	7,519,321	4,179,400
Share-based payment reserve (Note 7)	1,056,473	816,483
Deficit	(3,928,275)	(2,715,420)
Total shareholders' equity	4,647,519	2,280,463
Total liabilities and shareholders' equity	$ 4,925,385	$ 2,414,087

Nature of and continuance of operations (Note 1)
Subsequent events (Note 11)

Approved on behalf of the Board on April 29, 2022:

/s/ "Paul Sun" — Paul Sun, Director

/s/ "Martin Bajic" — Martin Bajic, Director

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

EMINENT GOLD CORP.
Consolidated Statements of Comprehensive Loss
(Expressed in Canadian dollars)

	Year Ended December 31, 2021	Year Ended December 31, 2020
Expenses		
General and administrative (Note 8)	$ 76,289	$ 24,616
Professional fees	121,566	81,887
Insurance	31,853	4,444
Marketing and shareholder communication	108,147	3,455
Consulting fees (Note 8)	294,555	310,408
Transfer agent and filing fees	69,670	30,444
Stock based compensation (Notes 7 and 8)	239,990	680,666
Property investigation and exploration (Note 8)	270,785	136,668
Net and comprehensive loss	$ 1,212,855	$ 1,272,588
Basic and diluted loss per share	$ (0.03)	$ (0.04)
Weighted average number of shares outstanding – basic and diluted	38,800,239	28,296,412

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

EMINENT GOLD CORP.
Consolidated Statement of Changes in Shareholders' Equity
(Expressed in Canadian dollars)

	Share capital				
	Number	Amount	Share-based payment reserve	Deficit	Total shareholders' equity
Balance, December 31, 2019	25,030,800	$ 1,983,063	$ 135,817	$ (1,442,832)	$ 676,048
Shares issued for cash (Note 7)	11,000,080	2,146,687	-	-	2,146,687
Shares issued for properties (Notes 4 and 7)	155,000	49,650	-	-	49,650
Stock based compensation (Note 7)	-		680,666	-	680,666
Net and comprehensive loss	-	-	-	(1,272,588)	(1,272,588)
Balance, December 31, 2020	36,185,880	4,179,400	816,483	(2,715,420)	2,280,463
Shares issued for cash (Note 7)	4,386,858	2,981,921	-	-	2,981,921
Shares issued for properties (Notes 4 and 7)	500,000	358,000	-	-	358,000
Stock based compensation (Note 7)	-	-	239,990	-	239,990
Net and comprehensive loss	-	-	-	(1,212,855)	(1,212,855)
Balance, December 31, 2021	41,072,738	$ 7,519,321	$ 1,056,473	$ (3,928,275)	$ 4,647,519

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

EMINENT GOLD CORP.
Consolidated Statements of Cash Flows
(Expressed in Canadian dollars)

	Year Ended December 31, 2021	Year Ended December 31, 2020
Cash provided by (used in):		
Operating activities		
Net loss	$ (1,212,855)	$ (1,272,588)
Adjustment for:		
Stock based compensation	239,990	680,666
Changes in non-cash working capital items:		
Receivable	(7,430)	(20,194)
Prepaid expenses	(336,750)	(43,310)
Accounts payable and accrued liabilities	(42,574)	82,552
Net cash used in operating activities	(1,359,619)	(627,714)
Investing activities		
Exploration and evaluation activities	(2,023,727)	(706,637)
Net cash used in investing activities	(2,023,727)	(706,637)
Financing activities		
Proceeds from issuance of common shares, net of costs	2,981,921	2,146,687
Net cash from financing activities	2,981,921	2,146,687
Increase (decrease) in cash	(401,425)	867,176
Cash, beginning	1,564,945	697,769
Cash, ending	$ 1,163,520	$ 1,564,945
Non-cash investing activity:		
Value of shares issued to acquire properties	$ 358,000	$ 49,650
Exploration and evaluation expenditures	$ 186,816	$ 27,280

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

1. Nature and continuance of operations

Eminent Gold Corp. (formerly Navy Resources Corp.) (the "Company") was incorporated in the province of British Columbia on May 5, 2011. The Company changed its name to Eminent Gold Corp. on February 10, 2021. The Company is engaged in the exploration and evaluation of resource properties. The Company's registered office is 1740-1177 West Hastings Street, Vancouver, British Columbia, V6E 2K3. The Company's shares are traded on the TSX Venture Exchange (the "Exchange") under the symbol "EMNT".

These financial statements have been prepared on the assumption that the Company will continue as a going concern, meaning it will continue in operation for the foreseeable future and will be able to realize assets and discharge liabilities in the ordinary course of operations. Different bases of measurement may be appropriate if the Company is not expected to continue operations for the foreseeable future. As at December 31, 2021, the Company has not generated any revenue and incurred a loss of $1,212,855. The Company's continuation as a going concern is dependent on its ability to generate future cash flows and/or obtain additional financing. These factors indicate the existence of a material uncertainty that may cast significant doubt about the Company's ability to continue as a going concern. Management intends to finance operating costs over the next twelve months with cash on hand, loans from directors and companies controlled by directors and/or private placements of common stock. There is a risk that additional financing will not be available on a timely basis or on terms acceptable to the Company. These financial statements do not reflect any adjustments that may be necessary if the Company is unable to continue as a going concern.

2. Significant accounting policies

(a) Basis of preparation

The financial statements of the Company have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and interpretations of the International Financial Reporting Interpretations Committee ("IFRIC"). The financial statements have been prepared on an accrual basis and are based on historical costs modified where applicable. The financial statements are presented in Canadian dollars, which is the Company's functional currency.

The consolidated financial statements include the financial statements of the Company and its wholly owned inactive subsidiary Hot Springs Resources Corp. Intercompany balances and transactions are eliminated on consolidation.

(b) Use of estimates and assumptions

The preparation of financial statements in accordance with IFRS requires the Company to make estimates and assumptions concerning the future. The Company's management reviews these estimates and underlying assumptions on an ongoing basis, based on experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Revisions to estimates are adjusted for prospectively in the period in which the estimates are revised.

Estimates and assumptions where there is significant risk of material adjustments to assets and liabilities in future accounting periods include the carrying value of exploration and evaluation assets, fair value measurements for financial instruments, the recoverability and measurement of deferred tax assets, provisions for restoration and environmental obligations and contingent liabilities.

2. Significant accounting policies (continued)

(c) Significant judgments

The preparation of financial statements in accordance with IFRS requires the Company to make judgments, apart from those involving estimates, in applying accounting policies. The most significant judgments applying to the Company's financial statements include:

- The assessment of the Company's ability to continue as a going concern and whether there are events or conditions that may give rise to significant uncertainty; and
- The classification / allocation of expenditures as exploration and evaluation expenditures or operating expenses.

(d) Cash

Cash includes cash on hand deposits held on call with banks.

(e) Restoration, rehabilitation, and environmental obligations

The Company recognizes liabilities for statutory, contractual, constructive or legal obligations associated with the retirement of long-term assets, when those obligations result from the acquisition, construction, development or normal operation of the assets. The net present value of future restoration cost estimates arising from the decommissioning of plant and other site preparation work is capitalized to exploration and evaluation assets along with a corresponding increase in the restoration 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 restoration asset will be depreciated on the same basis as other assets.

The increase in the restoration provision due to the passage of time is recognized as interest expense.

The net present value of restoration costs arising from subsequent site damage that is incurred on an ongoing basis during production are charged to the statement of comprehensive loss in the period incurred.

The costs of restoration projects that were included in the provision are recorded against the provision as incurred. The costs to prevent and control environmental impacts at specific properties are capitalized in accordance with the Company's accounting policy for exploration and evaluation assets.

(f) Exploration and evaluation expenditures

Exploration and evaluation expenditures include the costs of acquiring licenses, costs associated with exploration and evaluation activity, and the fair value (at acquisition date) of exploration and evaluation assets acquired in a business combination. Exploration and evaluation expenditures are capitalized. Costs incurred before the Company has obtained the legal rights to explore an area are recognized in profit or loss.

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

Exploration and evaluation assets are assessed for impairment if (i) sufficient data exists to determine technical feasibility and commercial viability, and (ii) facts and circumstances suggest that the carrying amount exceeds the recoverable amount.

2. Significant accounting policies (continued)

(f) Exploration and evaluation expenditures (continued)

Once the technical feasibility and commercial viability of the extraction of resources in an area of interest are demonstrable, exploration and evaluation assets attributable to that area of interest are first tested for impairment and then reclassified to mining property and development assets within property, plant and equipment.

Recoverability of the carrying amount of any exploration and evaluation assets is dependent on successful development and commercial exploitation, or alternatively, sale of the respective areas of interest.

(g) Farm outs

The Company does not record any expenditure made by the farmee on its account. It also does not recognize any gain or loss on its exploration and evaluation farm out arrangements but reallocates any costs previously capitalized in relation to the whole interest as relating to the partial interest retained and any consideration received directly from the farmee is credited against costs previously capitalized. If the consideration exceeds amounts previously capitalized, any excess is recorded in the statement of comprehensive loss.

(h) Income taxes

Current income tax

Current income tax assets and liabilities for the current period are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date. Current income tax relating to items recognized directly in other comprehensive income or equity is recognized in other comprehensive income or equity and not in profit or loss. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

Deferred income tax

Deferred income tax is provided using the asset and liability sheet method on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes. The carrying amount of deferred income tax assets is reviewed at the end of each reporting period and recognized only to the extent that it is probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilized. Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. Deferred income tax assets and deferred income tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current income tax liabilities and the deferred income taxes relate to the same taxable entity and the same taxation authority.

2. Significant accounting policies (continued)

(i) Flow-through shares

The resource expenditure deductions for income tax purposes related to exploration and development activities funded by flow-through share arrangements are renounced to investors in accordance with Canadian tax legislation. On issuance, any premium recorded on the flow-through share, being the difference in price over a common share with no tax attributes, is recognized as a liability. As expenditures are incurred, the deferred income tax liability associated with the renounced tax deductions is recognized through profit or loss with a pro-rata portion of the deferred premium.

(j) Financial instruments

(i) Financial assets

(i) Classification

The Company classifies its financial instruments in the following categories: at fair value through profit and loss ("FVTPL"), at fair value through other comprehensive income (loss) ("FVTOCI") or at amortized cost. The Company determines the classification of financial assets at initial recognition. The classification of debt instruments is driven by the Company's business model for managing the financial assets and their contractual cash flow characteristics. Equity instruments that are held for trading are classified as FVTPL. For other equity instruments, on the day of acquisition the Company can make an irrevocable election (on an instrument-by-instrument basis) to designate them 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 if the Company has opted to measure them at FVTPL.

The following table shows the classification of financial instruments under IFRS 9:

Financial assets/liabilities	**Classification**
Cash	FVTPL
Receivables	Amortized cost
Accounts payable	Amortized cost

(ii) Measurement

Financial assets and liabilities at amortized cost

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

Financial assets and liabilities at FVTPL

Financial assets and liabilities carried at FVTPL are initially recorded at fair value and transaction costs are expensed in the statements of net (loss) income. 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 net (loss) income in the period in which they arise.

Debt investments at FVOCI

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

2. Significant accounting policies (continued)

(j) Financial instruments (continued)

(i) Financial assets (continued)

Equity investments at FVOCI

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

(iii) Impairment of financial assets at amortized cost

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

(iv) Derecognition

Financial assets

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

Financial liabilities

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

(k) Share capital

Common shares are classified as equity. Transaction costs directly attributable to the issue of common shares and stock options are recognized as a deduction from equity, net of any tax effects.

(Expressed in Canadian dollars)

2. Significant accounting policies (continued)

(l) Loss per share

Basic loss per share is calculated by dividing net loss attributable to common shareholders of the Company by the weighted average number of common shares outstanding during the reporting period. Diluted loss per share is determined by adjusting the net loss attributable to common shares and the weighted average number of common shares outstanding, for the effects of all dilutive potential common shares.

(m) Share-based payments

Share-based payments to employees are measured at the fair value of the instruments issued and amortized over the vesting periods. Share-based payments to non-employees are measured at the fair value of goods or services received or the fair value of the equity instrument issued, if it is determined the fair value of the goods or services cannot be reliably measured, and are recorded at the date the goods or services are received. The corresponding amount is credited to the share-based payment reserve. The fair value of options is determined using the Black-Scholes Option Pricing Model. The number of shares and options expected to vest is reviewed and adjusted at the end of each reporting period such that the amount recognized for services received as consideration for the equity instruments granted, shall be based on the number of equity instruments that eventually vest.

(n) Accounting standards issued but not yet effective

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

3. Receivable

	December 31, 2021	December 31, 2020
GST receivable	$ 29,695	$ 22,265

4. Exploration and evaluation assets

Hot Springs Property

On April 20, 2020, the Company entered into an option agreement to acquire a 100% interest in the Hot Springs Property in the Humboldt County of Nevada, USA. In order to acquire the option, the Company is required to make payments of USD $136,140, issue 1,650,000 common shares and make a final balloon payment of USD$1,500,000 on the fifth anniversary. The balloon payment may be made in cash or stock, at the Company discretion. The optionor maintain a 2% net smelter royalty which may be purchased by the Company in 0.1% increments for USD$100,000 per each 0.1% increment to a maximum of 1% for USD$1,000,000.

During the year ended December 31, 2020, the Company staked additional claims adjacent to the property subject to the option terms at a cost of $51,639.

During the year ended December 31, 2021, the Company capitalized $146,897 (2020 – $39,140) of other costs as acquisition costs.

(Expressed in Canadian dollars)

4. Exploration and evaluation assets (continued)

Hot Springs Property (continued)

A summary of payments is outlined below:

Latest Payment Date	Cash	Shares	Balloon payment
Effective Date	USD $36,140 (paid)	100,000 (issued)	-
First Anniversary	USD $25,000 (paid)	150,000 (issued)	-
Second Anniversary	USD $25,000 *	300,000 *	-
Third Anniversary	USD $25,000	300,000	-
Fourth Anniversary	USD $25,000	300,000	-
Fifth Anniversary	-	500,000	USD $1,500,000
Total	USD$136,140	1,650,000	USD $1,500,000

*paid/issued subsequent to the year end (Note 11).

Weepah

On December 14, 2020 the Company entered into an option agreement to acquire a 100% interest in the Weepah claims in Esmeralda County, Nevada, USA. In order to acquire the option, the Company is required to make payments of US $1,000,000, and issue 500,000 common shares. The Company issued to a finder 5,000 common shares with a fair value of $3,150 and will pay US$5,000 in cash. The optionor maintain a 3% net smelter royalty on the Nevada. The Company may make cumulative payments of US$2,500,000 to reduce the royalties payable on the entirety of the property to 2%. During the year ended December 31, 2020, the Company paid one optionor US$12,540 for the claims and paid US$10,000 for the royalty. During the year ended December 31, 2021, the Company paid an annual royalty of US$25,000 for both optionors.

During the year ended December 31, 2021, the Company capitalized $122,489 of other costs as acquisition costs.

A summary of payments is outlined below:

Latest Payment Date	Cash	Shares
Effective Date	USD $50,000 (paid)	-
5 days of exchange approval	-	50,000 (issued)
First Anniversary	USD $100,000 (paid)	100,000 (issued)
Second Anniversary	USD $200,000	150,000
Third Anniversary	USD $250,000	200,000
Fourth Anniversary	USD $400,000	-
Total	USD$1,000,000	500,000

(Expressed in Canadian dollars)

4. Exploration and evaluation assets (continued)

Spanish Moon District

On January 27, 2021, the Company entered into option agreements to acquire 100% of the Spanish Moon Property and 87.5% of the Barcelona Property, collectively known as the Spanish Moon District, by making cumulative cash payments of USD$1,395,000 and issuing 1,250,000 common shares. There optionors maintain a net smelter royalty of 3% on the property which may be reduced to 2% by making cumulative payments of US$1.0 million. The Company is responsible for Property holding costs during the duration of the option agreement.

During the year ended December 31, 2021, the Company capitalized $59,414 of other costs as acquisition costs.

A summary of payments on the Spanish Moon property is outlined below:

Latest Payment Date	Cash (USD)		Shares	
Effective Date	$50,000	(paid)	-	
5 days of exchange approval	-		150,000	(issued)
First Anniversary	$75,000	*	150,000	*
Second Anniversary	$125,000		200,000	
Third Anniversary	$250,000		250,000	
Fourth Anniversary	$250,000		-	
Total	$750,000		750,000	

*paid/issued subsequent to the year end (Note 11).

A summary of payments on the Barcelona property is outlined below:

Latest Payment Date	Cash (USD)		Shares	
Effective Date	$20,000	(paid)	-	
5 days of exchange approval	-		50,000	(issued)
First Anniversary	$25,000	*	50,000	*
Second Anniversary	$25,000		100,000	
Third Anniversary	$25,000		100,000	
Fourth Anniversary	$25,000		200,000	
Firth Anniversary	$525,000		-	
Total	$645,000		500,000	

*paid/issued subsequent to the year end (Note 11).

Gilbert South

On June 24, 2021 the Company entered into an option agreement to acquire a 100% interest in the Gilbert South Project in Nevada, USA. In order to acquire the option, the Company is required to make payments of US $875,000, issue 500,000 common shares and incur US $100,000 in expenditures.

During the year ended December 31, 2021, the Company capitalized $58,399 of other costs as acquisition costs.

A summary of payments is outlined below:

Latest Payment Date	Cash			Shares	
Effective Date	USD	$25,000	(paid)	50,000	(issued)
First Anniversary	USD	$50,000		100,000	
Second Anniversary	USD	$100,000		150,000	
Third Anniversary	USD	$100,000		200,000	
Fourth Anniversary	USD	$100,000		-	
Firth Anniversary	USD	$500,000		-	
Total	USD	$875,000		500,000	

(Expressed in Canadian dollars)

4. Exploration and evaluation assets (continued)

Costs incurred with respect to the properties are summarized below:

	Hot Springs	Weepah	Spanish Moon District	Gilbert South	Total
Acquisition Costs					
Balance, December 31, 2019	$ -	$ -	$ -	$ -	$ -
Additions	157,908	127,410	49,139	-	334,457
Balance, December 31, 2020	157,908	127,410	49,139	-	334,457
Additions	298,540	310,809	282,929	132,407	1,024,685
Balance, December 31, 2021	456,448	438,219	332,068	132,407	1,359,142
Deferred Exploration Costs					
Balance, December 31, 2019	-	-	-	-	-
Consulting (Note 8)	167,213	6,255	-	-	173,468
Claim maintenance	76,022	-	-	-	76,022
Rock Sampling	77,789	-	-	-	77,789
Assays	106,462	-	-	-	106,462
Other	15,369	-	-	-	15,369
Balance, December 31, 2020	442,855	6,255	-	-	449,110
Consulting (Note 8)	45,550	181,858	194,886	123,642	545,936
Analytics	11,780	25,000	6,061	165,348	208,189
Drilling preparation	43,868	-	-	-	43,868
Rock Sampling	-	114,535	-	-	114,535
Geophysics	124,162	-	-	-	124,162
Assays	-	208,892	76,083	111,187	396,162
Other	16,518	28,023	43,094	23,371	111,006
Balance, December 31, 2021	684,733	564,563	320,124	423,548	1,992,968
Total					
Balance, December 31, 2020	$ 600,763	$ 133,665	$ 49,139	$ -	$ 783,567
Balance, December 31, 2021	$ 1,141,181	$ 1,002,782	$ 652,192	$ 555,955	$ 3,352,110

5. Accounts payable and accrued liabilities

	December 31, 2021	December 31, 2020
Accounts payable (Note 8)	$ 259,866	$ 94,754
Accrued liabilities	18,000	38,870
	$ 277,866	$ 133,624

(Expressed in Canadian dollars)

6. Income taxes

A reconciliation of the expected income tax recovery to the actual income tax recovery is as follows:

	Year Ended December 31, 2021	Year Ended December 31, 2020
Net loss before income taxes	$ (1,212,855)	$ (1,272,588)
Statutory tax rate	27.0%	27.0%
Expected income tax recovery at the statutory tax rate	$ (327,471)	$ (343,599)
Non-deductible items	64,798	223,196
Share Issue cost	(23,998)	(14,399)
Deferred tax assets not recognized	286,671	134,802
Income tax recovery	$ -	$ -

Details of deferred tax assets and liabilities are as follows:

	December 31, 2021	December 31, 2020
Exploration and evaluation assets	$ 154,305	$ 82,565
Share issuance costs	31,459	15,512
Loss carry-forwards	583,585	384,602
Total	769,349	482,679
Valuation allowance	(769,349)	(482,679)
Net deferred tax asset	$ -	$ -

Management has determined that there is insufficient likelihood of recovery to record a benefit arising from potential tax assets. Accordingly, a 100% valuation allowance has been applied.

The tax pools relating to these deductible temporary differences expire as follows:

	Canadian non-capital losses	Canadian resource pools
2031	$ 28,616	$ -
2032	183,287	-
2033	178,157	-
2034	163,344	-
2035	149,460	-
2036	158,445	-
2037	100,529	-
2038	68,590	-
2039	83,382	-
2040	310,644	-
2041	736,972	-
No expiry	-	305,795
	$ 2,161,426	$ 305,795

7. Share capital

Authorized share capital:

Unlimited common shares without par value.

Issued and outstanding:

At December 31, 2021, there were 41,072,738 common shares issued and fully paid common shares outstanding (December 31, 2020 – 36,185,880).

Shares issued during the year ended December 31, 2021

On February 23, 2021, the Company issued 150,000 common shares with a fair value of $102,000 in relation to the Spanish Moon District property acquisition (Note 4).

On April 14, 2021, the Company issued 50,000 common shares with a fair value of $32,500 in relation to the Spanish Moon District (Note 4).

On April 16, 2021, the Company issued 150,000 common shares with a fair value of $120,000 in relation to the Hot Springs Range property (Note 4).

On June 3, 2021, the Company issued 4,386,858 common shares for proceeds of $3,070,801. The Company incurred share issuance costs of $88,880 related to these share issuances.

On July 12, 2021, the Company issued 50,000 common shares with a fair value of $42,500 in relation to the Gilbert South Property (Note 4).

On December 9, 2021, the Company issued 100,000 common shares with a fair value of $61,000 in relation to the Weepah property acquisition (Note 4).

Shares issued during the year-end December 31, 2020

On April 20, 2020, the Company issued 100,000 common shares with a fair value of $15,000 in relation to the Hot Springs property acquisition (Note 4).

On September 17, 2020, the Company issued 11,000,080 common shares for proceeds of $2,200,016. The Company incurred share issuance costs of $53,329 related to these share issuances.

On December 23, 2020, the Company issued 55,000 common shares with a fair value of $34,650 in relation to the Weepah property acquisition (Note 4).

Options:

On April 12, 2012, the directors of the Company adopted a Stock Option Plan (the "Plan"). The plan provides that, subject to the requirements of the Exchange, the aggregate number of securities reserved for issuance, set aside and made available for issuance under the 2013 Plan may not exceed 10% of the issued and outstanding shares of the Company at the time of granting of options. The number of common shares which may be reserved in any 12 month period for issuance to any one individual upon exercise of all stock options held by that individual may not exceed 5% of the issued and outstanding common shares of the Company at the time of grant. The number of common shares which may be reserved in any 12 months period for issuance to any one consultant may not exceed 2% of the issued and outstanding common shares and the maximum number of common shares which may be reserved in any 12 month period for the issuance to all persons engaged in investor relation activities may not exceed 2% of the issued and outstanding common shares of the Company. The 2013 Plan provides that options granted to any person engaged in investor relations activities will vest in stages over 12 months with no more than ¼ of the stock options vesting in any three month period.

(Expressed in Canadian dollars)

7. Share capital (continued)

Options (continued)

During the year ended December 31, 2021, the Company granted 1,350,000 stock options to directors of the Company. Of the options that were granted, 300,000 vest immediately and 1,050,000 vest 1/3 every six months from the grant date. The Black-Scholes option pricing model inputs for the options granted are as follows:

Grant Date	Expiry Date	Options Granted	Exercise Price	Risk-Free Interest Rate	Expected Life	Volatility Factor	Dividend Yield	Fair Value
March 18, 2021	March 18, 2026	150,000	$0.79	0.99%	5 years	79%	0	$0.50
June 30, 2021	June 30, 2026	150,000	$0.95	0.97%	5 years	73%	0	$0.57
November 11, 2021	November 11, 2026	1,050,000	$0.75	1.47%	5 years	74%	0	$0.45

During the year-ended December 31, 2020, the Company granted 2,300,000 stock options to officers, directors and consultants of the Company. The options vest immediately. The Black-Scholes option pricing model inputs for the options granted are as follows:

Grant Date	Expiry Date	Options Granted	Exercise Price	Risk-Free Interest Rate	Expected Life	Volatility Factor	Dividend Yield	Fair Value
September 17, 2020	Sept 17, 2025	2,200,000	$0.25	0.36%	5 years	134%	0	$0.29
October 26, 2020	Oct 26, 2025	100,000	$0.45	0.38%	5 Years	135%	0	$0.39

The risk-free interest rate is based on the Canadian government bond rate for a similar term as the expected life of the stock options. The forfeiture rate assumption is based on historical results and the annualized volatility is based on comparable companies' historical share prices.

Total expenses arising from stock-based compensation recognized during the years ended December 31, 2021 and 2020 were $239,990 and $680,666, respectively, using the Black-Scholes option pricing model.

A continuity schedule of the Company's outstanding stock options for the years ended December 31, 2021 and 2020 is as follows:

	December 31, 2021		December 31, 2020	
	Number outstanding	Weighted average exercise price	Number outstanding	Weighted average exercise price
Outstanding, beginning of year	2,300,000	$ 0.26	-	$ 0.00
Granted	1,350,000	0.78	2,300,000	0.26
Outstanding, end of period	3,650,000	$ 0.45	2,300,000	$ 0.26
Exercisable, end of period	2,600,000	$ 0.33	2,300,000	$ 0.26

(Expressed in Canadian dollars)

7. Share capital (continued)

Options (continued)

At December 31, 2021, the Company had outstanding stock options exercisable to acquire common shares of the Company as follows:

Expiry Date	Options Outstanding	Exercise Price	Remaining Contractual Life (in years)	Options Exercisable
September 17, 2025	2,200,000	$ 0.25	3.72	2,200,000
October 26, 2025	100,000	0.45	3.82	100,000
March 18, 2026	150,000	0.79	4.21	150,000
June 30, 2026	150,000	0.95	4.50	150,000
November 11, 2026	1,050,000	0.75	4.87	-

Share-based payment reserve:

The share-based payment reserve records items recognized as stock-based compensation expense and other share-based payments until such time that the stock options or warrants are exercised, at which time the corresponding amount will be transferred to share capital.

8. Related party transactions

During the year ended December 31, 2021, the Company paid an officer and director $90,000 (2020 - $75,000) for consulting services and $Nil (2020 - $5,250) for rent, which are included in the statement of comprehensive loss.

During the year ended December 31, 2021, the Company paid an officer and director $180,000 (2020 - $215,000) for consulting services.

During the year ended December 31, 2021, the Company paid a director $10,125 (2020 - $Nil) for consulting services and $17,707 (2020 - $Nil) for exploration services, which are included in the statement of comprehensive loss.

During the year ended December 31, 2021, the Company paid a director $103,050 which has been included in exploration and evaluation assets (2020 – $Nil).

Included in stock-based compensation is $184,748 (2020 - $349,913) related to stock options granted to officers and directors.

Included in accounts payable is $8,080 (2020 - $30,866) owing to a director and an officer of the Company (Note 5).

9. Financial instruments and risks

(a) Fair values

The fair values of cash and accounts payable approximate their carrying values due to the short-term to maturities of these financial instruments.

Financial instruments measured at fair value are classified into one of three levels in the fair value hierarchy according to the relative reliability of the inputs used to estimate the fair values. The three levels of the fair value hierarchy are:

- Level 1 – Unadjusted quoted prices in active markets for identical assets or liabilities;
- Level 2 – Inputs other than quoted prices that are observable for the asset or liability either directly or indirectly; and
- Level 3 – Inputs that are not based on observable market data.

The Company's cash is measured at level 1.

(b) Interest rate risk

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company is not exposed to interest rate risk.

(c) Credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. The Company's primary exposure to credit risk is in its cash. The risk in cash is managed through the use of a major financial institution which has a high credit quality as determined by rating agencies. Credit risk is assessed as low.

(d) Foreign exchange rate risk

Foreign exchange risk is the risk that the fair values of future cash flows of a financial instrument will fluctuate because they are denominated in currencies that differ from the respective functional currency. The Company has operations in the USA and Canada; however its net monetary position in US dollars is minimal and therefore is not exposed to significant foreign exchange risk.

(e) Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they become due. The Company requires funds to finance its business development activities. In addition, the Company needs to raise equity financing to carry out its exploration programs. There is no assurance that financing will be available or, if available, that such financings will be on terms acceptable to the Company. Liquidity risk is assessed as high.

(f) Price risk

The Company is exposed to price risk with respect to commodity prices. The Company's ability to raise capital to fund exploration and development activities is subject to risks associated with fluctuations in the market price of commodities.

10. Capital management

The Company's capital structure consists of cash and share capital. The Company manages its capital structure and makes adjustments to it, based on the funds available to the Company, in order to support acquisition and exploration of resource properties. The Board of Directors does not establish quantitative return on capital criteria for management, but rather relies on the expertise of the Company's management to sustain future development of the business. The Company is dependent on external financing to fund its activities. In order to carry out exploration and pay for administrative costs, the Company will spend its existing working capital and raise additional amounts as needed. The Company will continue to assess new exploration and evaluation assets and seek to acquire interests in 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 since inception. The Company is not subject to externally imposed capital requirements.

11. Subsequent events

Subsequent to the year end, the Company paid USD $25,000 and issued 150,000 shares for the Hot Springs option agreement (Note 4).

Subsequent to the year end, the Company paid USD $100,000 and issued 200,000 shares for the Spanish Moon District option agreement (Note 4).