BARSELE MINERALS CORP.

CONDENSED INTERIM FINANCIAL STATEMENTS
(Expressed in Canadian Dollars - Unaudited)

MARCH 31, 2022

Notice to Reader

Under National Instrument 51-102, Part 4, subsection 4.3(3)(a), if an auditor has not performed a review of the condensed interim financial statements, they must be accompanied by a notice indicating that the condensed interim financial statements have not been reviewed by an auditor.

The accompanying unaudited condensed interim financial statements of the Company have been prepared by and are the responsibility of the Company's management.

The Company's independent auditor has not performed a review of these condensed interim financial statements in accordance with the standards established by the Chartered Professional Accountants of Canada for a review of financial statements by an entity's auditor.

BARSELE MINERALS CORP.
CONDENSED INTERIM STATEMENTS OF FINANCIAL POSITION
(Expressed in Canadian Dollars - Unaudited)
As at

		March 31, 2022		December 31, 2021
ASSETS				
Current				
Cash	$	602,431	$	284,202
Receivables		16,565		68,831
Prepaid expenses		46,478		42,693
		665,474		395,726
Equity investment - exploration and evaluation assets (Note 4)		1		1
	$	665,475	$	395,727
LIABILITIES				
Current				
Accounts payable and accrued liabilities (Note 8)	$	36,989	$	35,302
Shareholders' equity				
Share capital (Note 5)		9,502,853		8,874,338
Reserves (Note 5)		6,469,881		6,442,381
Deficit		(15,344,248)		(14,956,294)
		628,486		360,425
	$	665,475	$	395,727

Nature and continuance of operations (Note 1)
Subsequent event (Note 5)

Approved and authorized by the board on May 24, 2022

/s/ Gary Cope	Director	*/s/ Rick Sayers*	Director
Gary Cope		Rick Sayers	

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

BARSELE MINERALS CORP.
CONDENSED INTERIM STATEMENTS OF LOSS AND COMPREHENSIVE LOSS
(Expressed in Canadian Dollars - Unaudited)

	Three months ended March 31, 2022	Three months ended March 31, 2021
EXPLORATION EXPENSES		
General exploration (Notes 4, 8)	$ 54,600	$ 78,382
GENERAL EXPENSES		
Consulting (Note 8)	10,500	9,250
Foreign exchange loss	1,636	4,448
Investor relations (Note 8)	83,341	73,868
Management fees (Note 8)	115,500	131,012
Office and administrative (Note 8)	95,074	80,021
Professional fees	13,780	11,229
Share-based payments (Note 5, 8)	-	1,054,489
Transfer agent and filing fees	13,523	5,313
	333,354	1,369,630
Loss and comprehensive loss for the period	$ (387,954)	$ (1,448,012)
Basic and diluted loss per common share	$ (0.00)	$ (0.01)
Weighted average number of common shares outstanding	130,443,933	128,112,351

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

BARSELE MINERALS CORP.
CONDENSED INTERIM STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY
(Expressed in Canadian Dollars - Unaudited)

	Common Shares		Share Capital		Reserves		Deficit		Total Shareholders' Equity
Balance, December 31, 2020	124,995,699	$	6,599,632	$	5,394,047	$	(11,813,562)	$	180,117
Options exercised	1,325,000		248,173		(115,673)		-		132,500
Issuance of common shares	3,176,845		2,064,949		-		-		2,064,949
Share issuance costs	-		(131,378)		-		-		(131,378)
Share-based payments	-		-		1,054,489		-		1,054,489
Loss and comprehensive loss	-		-		-		(1,448,012)		(1,448,012)
Balance, March 31, 2021	129,497,544		8,781,376		6,332,863		(13,261,574)		1,852,665
Options exercised	100,000		92,962		(39,962)		-		53,000
Share-based payments	-		-		149,480		-		149,480
Loss and comprehensive loss	-		-		-		(1,694,720)		(1,694,720)
Balance, December 31, 2021	129,597,544		8,874,338		6,442,381		(14,956,294)		360,425
Issuance of common shares	1,375,000		687,500		-		-		687,500
Share issuance costs	-		(31,485)		-		-		(31,485)
Residual value of warrants	-		(27,500)		27,500		-		-
Loss and comprehensive loss	-		-		-		(387,954)		(387,954)
Balance, March 31, 2022	130,972,544	$	9,502,853	$	6,469,881	$	(15,344,248)	$	628,486

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

BARSELE MINERALS CORP.
CONDENSED INTERIM STATEMENTS OF CASH FLOWS
(Expressed in Canadian Dollars - Unaudited)

		Three months ended March 31, 2022		Three months ended March 31, 2021
CASH FLOWS FROM OPERATING ACTIVITIES				
Loss for the period	$	(387,954)	$	(1,448,012)
Items not affecting cash:				
Share-based payments		-		1,054,489
Changes in non-cash working capital items:				
Receivables		52,266		(19,174)
Prepaid expenses		(3,785)		(140,468)
Accounts payable and accrued liabilities		1,687		(24,591)
Cash used in operating activities		(337,786)		(577,756)
CASH FLOWS FROM FINANCING ACTIVITIES				
Private placement, gross proceeds		687,500		2,064,949
Share issuance costs		(31,485)		(131,378)
Proceeds from options exercised		-		132,500
Cash provided by financing activities		656,015		2,066,071
Change in cash during the period		318,229		1,488,315
Cash, beginning of period		284,202		168,238
Cash, end of period	$	602,431	$	1,656,553

Supplemental disclosure with respect to cash flows (Note 7)

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

1. NATURE AND CONTINUANCE OF OPERATIONS

Barsele Minerals Corp. (the "Company") was incorporated under the laws of the Province of British Columbia, Canada on February 20, 2013. The Company's principal business activities include the acquisition and exploration of mineral properties in Sweden.

The head office of the Company is located at Suite 300 - 1055 West Hastings Street, Vancouver, BC, Canada, V6C 2E9. The registered address and records office of the Company is located at Suite 1700, Park Place, 666 Burrard Street, Vancouver, BC, Canada, V6C 2X8.

These condensed interim financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") with the assumption that the Company will be able to realize its assets and discharge its liabilities in the normal course of business rather than through a process of forced liquidation. The Company has limited financial resources and no source of operating cash flow. While the Company has been successful in obtaining certain funding in 2020 and 2021, there is no assurance that such future financing will be available or be available on favourable terms. The Company had incurred a loss of $387,954 for the three months ended March 31, 2022 and accumulated losses of $15,344,248 as of March 31, 2022. These material uncertainties may cast significant doubt as to the Company's ability to continue as a going concern.

In March 2020 the World Health Organization declared coronavirus COVID-19 a global pandemic. This contagious disease outbreak, which has continued to spread, and any related adverse public health developments, has adversely affected workforces, economics, and financial markets globally, potentially leading to an economic downturn. It is not possible for the Company to predict the duration or magnitude of the adverse results of the outbreak and its effects on the Company's business or results of operations at this time.

2. BASIS OF PREPARATION

These condensed interim financial statements have been prepared in accordance with accounting policies consistent with IFRS as issued by the International Accounting Standards Board ("IASB") and interpretations issued by the International Financial Reporting Interpretations Committee ("IFRIC").

These condensed interim financial statements have been prepared on a historical cost basis, except financial instruments measured at fair value. In addition, these condensed interim financial statements have been prepared using the accrual basis of accounting except for cash flow information.

Critical accounting estimates

The preparation of these condensed interim financial statements in accordance with IFRS requires management to make certain estimates, judgments and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported expenses during the period. Actual results could differ from these estimates.

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

a) The inputs used in calculating the fair value for share-based payments expense included in profit or loss and share-based share issuance costs included in shareholders' equity. The share-based payments expense is estimated using the Black-Scholes option pricing model as measured on the grant date to estimate the fair value of stock options. This model involves the input of highly subjective assumptions, including the expected price volatility of the Company's common shares, the expected life of the options, and an estimated forfeiture rate.

3. SIGNIFICANT ACCOUNTING POLICIES

Exploration and evaluation assets

The Company is currently in the exploration stage with its mineral interest. Exploration and evaluation costs include the costs of acquiring concessions, and the fair value, upon acquisition, of mineral properties acquired in a business combination. Costs incurred before the Company has obtained the legal rights to explore an area are recognized in profit or loss.

Exploration and evaluation expenditures are expensed in the period they are incurred except for expenditures associated with the acquisition of exploration and evaluation assets through a business combination or an asset acquisition. Significant property acquisition costs are capitalized only to the extent that such costs can be directly attributed to an area of interest where it is considered likely to be recoverable by future exploitation or sale.

Impairment

At the end of each reporting period, the Company's assets are reviewed to determine whether there is any indication that those assets not considered a financial asset 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 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 profit or loss for the period. 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 profit or loss.

Investment in associate

Associated companies over which the Company has significant influence are accounted for using the equity basis of accounting, whereby the investment is initially recorded at cost, adjusted to recognize the Company's share of earnings or losses and reduced by dividends received. The Company assesses its equity investments for impairment if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the equity investment and that the event or events has an impact on the estimated future cash flow of the investment that can be reliably estimated.

Objective evidence of impairment of equity investment includes:

- Significant financial difficulty of the associated companies;
- Becoming probable that the associated companies will enter bankruptcy or other financial reorganization; or
- National or local economic conditions that correlate with defaults of the associated companies.

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd…)

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 related 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 depreciated on the same basis as the related assets.

The Company's estimates of reclamation costs could change as a result of changes in regulatory requirements, discount rates and assumptions regarding the amount and timing of the future expenditures. These changes are recorded directly to the related assets with a corresponding entry to the rehabilitation provision. The Company's estimates are reviewed annually for changes in regulatory requirements, discount rates, effects of inflation and changes in estimates.

Changes in the net present value, excluding changes in the Company's estimates of reclamation costs, are charged to profit or loss for the period.

Financial instruments

IFRS 9 sets out requirements for recognizing and measuring financial assets, financial liabilities and some contracts to buy or sell non-financial items.

a) Classification and measurement of financial assets and liabilities

A financial asset is classified as measured at: amortized cost; fair value through other comprehensive income (FVOCI) or fair value through profit or loss (FVTPL). The classification of financial assets depends on the purpose for which the financial assets were acquired. The Company's financial assets consist primarily of cash classified as FVTPL, and receivables classified at amortized cost. Financial assets at amortized cost are initially recognized at fair value and subsequently carried at amortized cost less any impairment. They are classified as current assets or non-current assets based on their maturity date.

The Company classifies its financial liabilities into one of two categories, depending on the purpose for which the liability was acquired. The Company's accounting policy for each category is as follows:

Fair value through profit or loss: This category comprises derivatives, or liabilities acquired or incurred principally for the purpose of selling or repurchasing it in the near term. They are carried in the statement of financial position at fair value with changes in fair value recognized through profit or loss.

Amortized cost: This category includes accounts payable and accrued liabilities, all of which are recognized at amortized cost.

b) Impairment of financial assets

An 'expected credit loss' (ECL) model applies to financial assets measured at amortized cost, contract assets and debt investments at FVOCI, but not to investments in equity instruments. The Company's financial assets are measured at amortized cost and subject to the ECL model.

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd…)

Foreign exchange

The functional currency is the currency of the primary economic environment in which the Company operates. The functional currency of the Company is the Canadian dollar. The functional currency determinations were conducted through an analysis of the consideration factors identified in IAS 21, *The Effects of Changes in Foreign Exchange Rates*.

Transactions in currencies other than the Canadian dollar are recorded at exchange rates prevailing on the dates of the transactions. At the end of each reporting period, the monetary assets and liabilities of the Company that are denominated in foreign currencies are translated at the rate of exchange at the statement of financial position date while non-monetary assets and liabilities are translated at historical rates. Revenues and expenses are translated at the exchange rates approximating those in effect on the date of the transactions. Exchange gains and losses arising on translation are included in profit or loss.

Share-based payments

The Company grants stock options to acquire common shares of the Company to directors, officers, employees and consultants.

The fair value of stock options granted to directors, officers, employees and consultants is measured on the date of grant, using the Black-Scholes option pricing model, and is recognized over the vesting period as an expense, with a corresponding increase in reserves. Consideration paid for the shares on the exercise of stock options is credited to share capital. When the stock options are exercised, the corresponding amount is transferred to share capital.

In situations where equity instruments are issued to non-employees and some or all of the goods or services received by the entity as consideration cannot be specifically identified, they are measured at the fair value of the share-based payments. Otherwise, share-based payments are measured at the fair value of the goods or services received.

Loss per share

The Company recognizes the dilutive effect on income or loss per share based on the use of the proceeds that could be obtained upon exercise of options, warrants and similar instruments. It assumes that the proceeds would be used to purchase common shares at the average market price during the period. For the periods presented, this calculation proved to be anti-dilutive.

Basic loss per share is calculated using the weighted average number of common shares outstanding during the period.

Income taxes

Income tax on the profit or loss for the periods presented comprises current and deferred taxes. 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 by 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 or 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 statement of financial position date.

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd…)

Income taxes (cont'd…)

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. To the extent that the Company does not consider it probable that a deferred tax asset will be recovered, it does not recognize the asset.

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.

Leases

At inception of a contract, the Company assesses whether the contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

Leases of right-of-use assets are recognized at the lease commencement date at the present value of the lease payments that are not paid at that date. The lease payments are discounted using the interest rate implicit in the lease, if that rate can be readily determined, and otherwise at the Company's incremental borrowing rate. At the commencement date, a right-of-use asset is measured at cost, which is comprised of the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any decommissioning and restoration costs, less any lease incentives received.

Each lease payment is allocated between repayment of the lease principal and interest. Interest on the lease liability in each period during the lease term is allocated to produce a constant periodic rate of interest on the remaining balance of the lease liability. Except where the costs are included in the carrying amount of another asset, the Company recognizes in profit or loss (a) the interest on a lease liability and (b) variable lease payments not included in the measurement of a lease liability in the period in which the event or condition that triggers those payments occurs. The Company subsequently measures a right-of-use asset at cost less any accumulated depreciation and any accumulated impairment losses; and adjusted for any remeasurement of the lease liability. Right-of-use assets are depreciated over the shorter of the asset's useful life and the lease term, except where the lease contains a bargain purchase option a right-of-use asset is depreciated over the asset's useful life.

The Company has elected not to recognize the right-of-use assets and lease liabilities for short-term leases that have a lease term of twelve months or less, or for leases of low value. The payments for such leases are recognized in the statement of loss and comprehensive loss on a straight-line basis over the lease term. For the three months ended March 31, 2022, rent expense included in office and administration of $4,800 (2021 - $20,400) has been incurred.

4. EQUITY INVESTMENT - EXPLORATION AND EVALUATION ASSETS

On September 25, 2015, a 45% interest in the Barsele Project which includes Gunnarn Mining AB and Gunnarn Exploration AB (collectively "Barsele JV") was transferred from Orex Minerals Inc. ("Orex") to the Company pursuant to a plan of arrangement. The Barsele Project is now a joint venture with Agnico Eagle Mines Limited ("Agnico"). As part of the joint venture agreement, Agnico committed to spend US $7 million on Project expenditures over three years and can earn an additional 15% interest in the corporate entity, which owns the Barsele Project, if it completes a pre-feasibility study.

(Expressed in Canadian Dollars - Unaudited)

4. EQUITY INVESTMENT - EXPLORATION AND EVALUATION ASSETS (cont'd…)

As Agnico has elected to solely-fund the expenditures on behalf of the Barsele JV until completion of the pre-feasibility study, the Company does not have any responsibility for expenditures or net liabilities of the Barsele JV until such point that Agnico has earned its additional 15% interest. Summarized financial information for the Barsele JV is as follows:

		March 31, 2022		December 31, 2021
Current assets	$	330,376	$	510,051
Non-current assets		6,535,611		6,853,586
Current liabilities		3,273,358		3,127,266
Loss for the period		453,888		2,575,001
The Company's ownership %		45%		45%
The Company's share of loss for the period	$	Nil	$	Nil

As at March 31, 2022 and 2021, the Company's investment in Barsele JV was $1. The Company's unrecognized share of the loss for the three months ended March 31, 2022 was approximately $204,250 (2021 - $76,964). The Company has a minority position on the board of its associated company Gunnarn Mining AB and does not control operational decisions. The Company's judgment is that it has significant influence, but not control and therefore equity accounting is appropriate.

Exploration expenses reported for the three months ended March 31, 2022 of $54,600 (2021 - $78,382) were incurred to meet the Company's reporting obligations, and to monitor its interest in the Barsele JV, and are non-recoverable.

On March 12, 2021, the Company announced that it had executed a non-binding letter of intent ("LOI") with Agnico to acquire Agnico's indirect 55% interest in the Barsele Project (the "Proposed Transaction"). The Proposed transaction is subject to corporate and regulatory approvals including approval from the TSX Venture Exchange.

The LOI provides that the Company and Agnico will negotiate and enter into a definitive purchase and sale agreement containing customary terms and conditions for a transaction of its nature, whereby the Company will acquire Agnico's 55% indirect interest in Gunnarn Mining AB. The purchase price payable by the Company to Agnico will consist of the following:

a) a cash payment of US$45,000,000 (the "Cash Amount"), with the option, at the Company's election, to settle a portion of the Cash Amount through a vendor-take-back note
b) the issuance of common shares of the Company such that Agnico will hold 14.9% of the Company's common shares upon the closing of the Proposed Transaction (the "Consideration Shares")
c) the issuance of warrants exercisable into 6,000,000 common shares of the Company (the "Warrants"). Each Warrant will have a five-year term and will entitle Agnico to purchase one common share of the Company at an exercise price equal to the greater of:
    i. $1.25
    ii. a 20% premium to the twenty-day volume weighted average price of the Company's common shares immediately prior to the date of issuance of the Warrant, and
    iii. in the event that the Company issues convertible debt in connection with its financing of the Cash Amount, the conversion price of such convertible debt.
d) a 2% net smelter return royalty on all minerals produced from the Barsele Project (the "NSR"); and
e) a contingent value right with respect to future gold mineral reserves and mineral resources identified at the Barsele Project

On November 1, 2021, the Company announced the termination of the LOI.

5. SHARE CAPITAL AND RESERVES

Authorized

Unlimited number of common shares without par value.

Issued

The Company completed a private placement on February 1, 2021 and raised gross proceeds of $2,064,949 through the sale of 3,176,845 common shares of the Company at a price of $0.65 per common share. In connection with the issuance, cash finders' fees of $118,947 and $12,431 of regulatory, and filing fees were paid.

The Company completed a two-tranche private placement consisting of 1,375,000 units at a price of $0.50 per unit for gross proceeds of $687,500. The first tranche was completed on January 25, 2022 and the second tranche was completed on February 18, 2022. Each Unit consisted of one common share and one-half of one common share purchase warrant. Each full warrant entitles the holder to acquire one share at a price of $0.75 per share, with 852,000 expiring on January 25, 2024, and 550,000 expiring on February 18, 2024. In connection with the issuance, cash finders' fee of $26,250 and $5,235 of legal, regulatory, and filing fees were paid. Using the residual value method, the value assigned to the warrants was $27,500.

Stock options and warrants

The Company has a plan to grant stock options to directors, officers, employees and consultants of the Company. Under the plan, the Board of Directors has the discretion to issue the equivalent of up to 10% of the issued and outstanding shares of the Company from time to time. Stock options are generally for a term of up to five years from the date granted and are exercisable at a price that is not less than the market price on the date granted.

Vesting terms are determined at the discretion of the board of directors. Options issued to consultants providing investor relations services must vest in stages over a minimum of 12 months with no more than one-quarter of the options vesting in any three-month period.

No stock options were granted during the three months ended March 31, 2022.

On February 3, 2021, the Company granted 2,575,000 incentive stock options to directors, officers and consultants. The incentive stock options have an exercise price of $0.65 per share, expire five years from the date of grant and vest immediately.

(Expressed in Canadian Dollars - Unaudited)

5. SHARE CAPITAL AND RESERVES (cont'd…)

Stock options and warrants (cont'd…)

Stock option and warrant transactions are summarized as follows:

	Number	Warrants Weighted average exercise price	Number	Stock Options Weighted average exercise price
Outstanding, December 31, 2020	-	$-	8,350,000	$0.62
Exercised	-	-	(1,325,000)	0.10
Granted	-	-	2,575,000	0.65
Outstanding, March 31, 2021	-	-	9,600,000	0.70
Exercised	-	-	(100,000)	0.53
Expired	-	-	(1,300,000)	1.00
Forfeited	-	-	(250,000)	0.81
Granted			300,000	0.76
Outstanding, December 31, 2021	-	-	8,250,000	0.65
Forfeited	-	-	(150,000)	0.71
Granted	687,500	0.75	-	-
Outstanding, March 31, 2022	687,500	$0.75	8,100,000	$0.65
Exercisable, March 31, 2022	687,500	$0.75	8,100,000	$0.65

The following stock options to acquire common shares of the Company were outstanding at March 31, 2022:

	Number of Shares	Exercise Price	Expiry Date
Options			
	1,000,000	0.90	May 3, 2022*
	2,425,000	0.63	July 13, 2023
	1,825,000	0.53	December 19, 2024
	2,550,000	0.65	February 3, 2026
	300,000	0.76	May 28, 2026
	8,100,000		

***Subsequent to March 31, 2022, 1,000,000 options expired.

(Expressed in Canadian Dollars - Unaudited)

5. SHARE CAPITAL AND RESERVES (cont'd…)

Stock options and warrants (cont'd…)

The following warrants to acquire common shares of the Company were outstanding at March 31, 2022:

Number of Shares	Exercise Price	Expiry Date
412,500	0.75	January 25, 2024
275,000	0.75	February 18, 2024
687,500		

During the three months ended March 31, 2022, the Company granted Nil (2021 - 2,575,000) options to directors, officers and consultants of the Company. During the three months ended March 31, 2022, the weighted average fair value of each option granted and vesting was $Nil (2021 - $0.41). The Company recorded share-based compensation of $Nil (2021- $1,054,489) for the options vesting during period.

The following weighted average assumptions were used for the valuation of stock options:

	2022	2021
Expected option life	N/A	5 years
Risk-free interest rate	N/A	0.46%
Expected dividend yield	N/A	0%
Expected stock price volatility	N/A	83.85%

6. CAPITAL MANAGEMENT

The Company defines its capital as shareholder equity. The Board of Directors does not establish quantitative return on capital criteria for management due to the nature of the Company's business. The Company may invest its capital in liquid investments to obtain adequate returns. The investment decision is based on cash management to ensure working capital is available to meet the Company's short-term obligations while maximizing liquidity and returns on unused capital. The Company does not pay dividends. The Company is not subject to any externally imposed capital requirements.

The Company raises capital to fund its corporate and exploration costs and other obligations through the sale of its common shares or units consisting of common shares and warrants in order to operate its business and safeguard its ability to continue as a going concern. Although the Company management has been successful at raising funds in the past through issuance of share capital, it is uncertain whether it will continue this financing due to uncertain economic conditions. There have been no changes to the Company's approach to capital management during the period.

7. SUPPLEMENTAL DISCLOSURE WITH RESPECT TO CASH FLOWS

Significant non-cash transactions during the three months ended March 31, 2022 and 2021:

a) Value of warrants issued - $27,500 (2021 - $Nil)

b) Options exercised with a fair value- $Nil (2021 - $115,673)

(Expressed in Canadian Dollars - Unaudited)

8. RELATED PARTY TRANSACTIONS

During the three months ended March 31, 2022, the Company entered into the following transactions with related parties, directors and key management personnel. Key management personnel are individuals responsible for planning, directing and controlling the activities of the Company and include all directors and officers.

Compensation paid or payable to key management personnel for services rendered are as follows:

		Three months ended March 31, 2022		Three months ended March 31, 2021
Management fees	$	115,500	$	131,012
Share-based payments		-		286,657
Total	$	115,500	$	417,669

Other related party transactions are as follows:

		Three months ended March 31, 2022		Three months ended March 31, 2021
Investor relations*	$	22,521	$	14,865
Office and administration*		83,149		73,101
Consulting*		-		4,000
Geological consulting fees (general exploration)		51,600		59,216
Total	$	157,270	$	151,182

*Fees paid to a management service company controlled by the chief executive officer and director of the Company that provides a corporate secretary, investor relations and accounting and administration staff to the Company on a shared cost basis.

Included in accounts payable and accrued liabilities as at March 31, 2022 is $Nil (December 2021 - $400) due to directors or officers or companies controlled by directors.

9. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

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 described below.

Level 1 - quoted prices (unadjusted) in active markets for identical assets or liabilities;
Level 2 - inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices); and
Level 3 - inputs for the asset or liability that are not based on observable market data (unobservable inputs).

Fair value of financial instruments

The Company has various financial instruments including cash, receivables and accounts payable and accrued liabilities. Cash is carried at fair value using a level 1 fair value measurement. The carrying values of receivables and accounts payable and accrued liabilities approximate their fair values due to the short-term maturity of the financial instruments.

Concentrations of business risk

The Company maintains a majority of its cash with a major Canadian financial institution. Deposits held with this institution may exceed the amount of insurance provided on such deposits.

Credit risk

The Company is exposed to credit risk only with respect to uncertainties as to timing and amount of collectability of receivables. The Company believes its credit risk is low because its receivables are primarily comprised of goods and services tax, which are recoverable from the governing body in Canada.

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 is exposed to liquidity risk. The Company manages liquidity risk through the management of its capital structure.

Foreign exchange risk

The Company is not subject to significant foreign exchange risk.

Interest rate risk

The Company limits its exposure to interest rate risk by holding cash deposits at major Canadian financial institutions and accordingly is not subject to significant interest rate risk.

Price risk

Mineral prices, in particular gold and silver, are volatile. The prices are subject to market supply and demand, political and economic factors, and commodity speculation, all of which can interact with one another to cause significant price movement from day to day and hour to hour. These price movements can affect the Company’s ability to operate and to raise financing through the sale of its common shares.

10. SEGMENTED INFORMATION

The Company's one reportable operating segment is the acquisition and exploration of mineral properties. Geographic information is as follows:

	March 31, 2022	December 31, 2021
Exploration and evaluation assets		
Sweden	$ 1	$ 1