GOLD TERRA RESOURCE CORP.

CONSOLIDATED FINANCIAL STATEMENTS

For the eleven months ended December 31, 2021

and

year ended January 31, 2021

(Expressed in Canadian Dollars)

DALE MATHESON CARR-HILTON LABONTE LLP
CHARTERED PROFESSIONAL ACCOUNTANTS

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of Gold Terra Resource Corp.

Opinion

We have audited the consolidated financial statements of Gold Terra Resource Corp. (the "Company"), which comprise the consolidated statements of financial position as at December 31, 2021 and January 31, 2021, and the consolidated statements of comprehensive loss, changes in shareholders' equity and cash flows for the period of eleven months ended December 31, 2021 and for the year ended January 31, 2021, 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 January 31, 2021, and its financial performance and its cash flows for the period of eleven months ended December 31, 2021 and for the year ended January 31, 2021 in accordance with International Financial Reporting Standards.

We have audited the consolidated financial statements of Gold Terra Resource Corp. (the "Company"), which comprise the consolidated statements of financial position as at December 31, 2021 and January 31, 2021, and the consolidated statements of comprehensive loss, changes in shareholders' equity and cash flows for the period of 11 months ended December 31, 2021 and the year ended January 31, 2021, 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 January 31, 2021, 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.

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

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

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

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

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

DMCL

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

April 22, 2022

MOORE

An independent firm
associated with Moore
Global Network Limited

GOLD TERRA RESOURCE CORP.
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
(Expressed in Canadian dollars)

	Note	December 31, 2021	January 31, 2021
ASSETS			
Current			
Cash and cash equivalents		$ 2,149,245	$ 3,281,202
GST/HST receivables		82,783	91,212
Prepaids and deposits		87,290	96,413
		2,319,318	3,468,827
Non-current			
Equipment	3	5,175	4,170
Reclamation deposits	5	152,540	152,540
Exploration and evaluation assets	6	40,113,063	37,770,790
		40,270,778	37,927,500
		$ 42,590,096	$ 41,396,327
LIABILITIES			
Current			
Trade payables and accrued liabilities	7, 8	$ 235,710	$ 422,274
Deposit payable	4	25,000	25,000
Deferred premium on flow-through shares	13	36,738	137,699
		297,448	584,973
Non-current			
Deferred income tax liability	14	158,000	-
		158,000	-
		455,448	584,973
SHAREHOLDERS' EQUITY			
Share capital	9	56,724,768	53,294,764
Share-based payment reserve	9, 10	4,342,798	3,966,232
Deficit		(18,932,918)	(16,449,642)
		42,134,648	40,811,354
		$ 42,590,096	$ 41,396,327

Nature and continuance of operations (Note 1)
Subsequent events (Note 15)

These consolidated financial statements are authorized for issue by the Board of Directors on April 21, 2022.
They are signed on the Company's behalf by:

"Gerald Panneton"	*"Patsie Ducharme"*
Gerald Panneton, Chairman and Chief Executive Officer	Patsie Ducharme, Director

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

GOLD TERRA RESOURCE CORP.
CONSOLIDATED STATEMENTS OF COMPREHENSIVE LOSS
(Expressed in Canadian dollars)

	Note	Eleven Months Ended December 31, 2021	Year Ended January 31, 2021
EXPENSES			
Amortization	3	$ 2,297	$ 9,183
Consulting	8	9,695	192,412
Depreciation of right-of-use asset	4	-	3,973
Directors' fees	8	77,030	55,694
Management compensation	8	550,000	771,770
Office, rent and miscellaneous		54,284	104,917
Professional fees	8	193,209	244,172
Salaries and benefits		169,995	110,811
Share-based payments	8, 9	376,566	434,935
Transfer agent, filing fees and shareholder communications		695,252	727,524
Travel and related costs		91,852	50,888
		(2,220,180)	(2,706,279)
OTHER ITEMS			
Interest income		-	21,338
Loss on disposal of equipment		-	(3,495)
Finance costs	4	-	(962)
Flow-through share premium reversal	13	980,961	822,301
Impairment of exploration and evaluation assets	6(c)	(1,086,057)	-
LOSS BEFORE INCOME TAXES		(2,325,276)	(1,867,097)
Deferred income tax (expense) recovery	14	(158,000)	7,000
NET AND COMPREHENSIVE LOSS FOR THE PERIOD		$ (2,483,276)	$ (1,860,097)
Loss per share - basic and diluted		$ (0.01)	$ (0.01)
Weighted average number of common shares outstanding - basic and diluted		189,160,972	171,975,607

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

GOLD TERRA RESOURCE CORP.
CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY
(Expressed in Canadian dollars)

	Note	Number of shares	Share capital	Reserves	Deficit	Total shareholders' equity
Balance at January 31, 2020		**160,493,235**	**$ 47,732,879**	**$ 3,537,030**	**$ (14,589,545)**	**$ 36,680,364**
Loss for the year		-	-	-	(1,860,097)	(1,860,097)
Shares issued on financing	9	20,700,000	7,130,000	-	-	7,130,000
Share issuance costs	9	-	(651,842)	-	-	(651,842)
Flow-through share premium	9	-	(960,000)	-	-	(960,000)
Shares issued on exercise of options	9	1,000	1,043	(434)	-	609
Shares issued on exercise of warrants	9	34,402	17,684	(5,299)	-	12,385
Shares issued to acquire property	6(a), 9	100,000	25,000	-	-	25,000
Share-based payments	9	-	-	434,935	-	434,935
Balance at January 31, 2021		**181,328,637**	**53,294,764**	**3,966,232**	**(16,449,642)**	**40,811,354**
Loss for the period		-	-	-	(2,483,276)	(2,483,276)
Shares issued on financing	9	15,142,857	4,380,000	-	-	4,380,000
Share issuance costs	9	-	(69,996)	-	-	(69,996)
Flow-through share premium	13	-	(880,000)	-	-	(880,000)
Share-based payments	9	-	-	376,566	-	376,566
Balance at December 31, 2021		**196,471,494**	**$ 56,724,768**	**$ 4,342,798**	**$ (18,932,918)**	**$ 42,134,648**

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

GOLD TERRA RESOURCE CORP.
CONSOLIDATED STATEMENTS OF CASH FLOWS
(Expressed in Canadian dollars)

	Eleven Months Ended December 31, 2021	Year Ended January 31, 2021
Cash provided by (used in):		
Operating activities		
Net loss	$ (2,483,276)	$ (1,860,097)
Items not involving cash:		
Deferred income tax expense (recovery)	158,000	(7,000)
Amortization	2,297	9,183
Loss on disposal of equipment	-	3,495
Depreciation - right-of-use assets	-	3,973
Share-based payments	376,566	434,935
Flow-through premium reversal	(980,961)	(822,301)
Impairment of exploration and evaluation assets	1,086,057	-
Non-cash interest	-	962
Gain on lease derecognition	-	(5,724)
Changes in non-cash working capital items:		
Receivables	8,429	14,933
Prepaids and deposits	9,123	19,989
Deposit	-	25,000
Trade payables and accrued liabilities	18,849	36,861
Net cash used in operating activities	(1,804,916)	(2,145,791)
Investing activities		
Net proceeds from sale of equipment	-	1,775
Expenditures on exploration and evaluation assets	(3,647,707)	(5,792,282)
Purchase of equipment	(3,302)	(4,415)
Net cash used in investing activities	(3,651,009)	(5,794,922)
Financing activities		
Issuance of common shares, net of share issuance costs	4,323,968	6,458,425
Payment of lease liability	-	(4,751)
Net cash provided by financing activities	4,323,968	6,453,674
Change in cash and cash equivalents	(1,131,957)	(1,487,039)
Cash and cash equivalents - beginning of period	3,281,202	4,768,241
Cash and cash equivalents - end of period	$ 2,149,245	$ 3,281,202

Supplemental cash flow information (Note 12)

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

1. NATURE AND CONTINUANCE OF OPERATIONS

Gold Terra Resource Corp. (the "Company" or "Gold Terra") was incorporated under the Business Corporations Act (British Columbia) on August 1, 2007 and its principal activity is the exploration and development of mineral properties in Canada. The Company changed its name from TerraX Minerals Inc.to Gold Terra Resource Corp. on February 13, 2020. The Company trades on the TSX Venture Exchange ("TSX-V") under the symbol "YGT" and OTCQX Market under the symbol "YGTFF".

The head office of the Company is located at 410-325 Howe Street, Vancouver, British Columbia, Canada, V6C 1Z7. The registered address and records office of the Company is located at 2200-885 West Georgia Street, Vancouver, British Columbia, Canada, V6C 3E8.

The Company has one wholly-owned subsidiary, Gold Matter Corporation ("Gold Matter"), which was incorporated under the Business Corporations Act (Ontario).

These consolidated 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 advanced its properties to commercial production and is not able to finance day to day activities through operations. The Company's continuation as a going concern is dependent upon the successful results from its mineral property exploration activities and its ability to attain profitable operations and generate funds there from and/or raise equity capital or borrowings sufficient to meet current and future obligations. Management is aware, in making its assessment, of material uncertainties related to events and conditions that may cast a significant doubt upon the Company's ability to continue as a going concern as described above, and accordingly, the appropriateness of the use of accounting principles applicable to a going concern.

These consolidated financial statements do not include any adjustments relating to the recoverability and classification of recorded asset amounts and classification of liabilities that might be necessary should the Company be unable to continue as a going concern. Such adjustments could be material.

In March 2020, the World Health Organization declared coronavirus COVID-19 a global pandemic. This contagious disease outbreak, which has continued to spread, and any related adverse public health developments, has adversely affected workforces, economies, and financial markets globally, potentially leading to an economic downturn. 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 ability to raise funds. The Company has not experienced any impact so far.

2. SIGNIFICANT ACCOUNTING POLICIES AND BASIS OF PREPARATION

Statement of compliance to International Financial Reporting Standards ("IFRS")
These consolidated financial statements, including comparatives, have been prepared in accordance with IFRS as issued by the International Accounting Standards Board ("IASB") and interpretations issued by the IFRS Interpretations Committee ("IFRIC").

Basis of consolidation and presentation
These consolidated financial statements incorporate the financial statements of the Company and its wholly-owned subsidiary Gold Matter.

Control exists when the Company has the power, directly or indirectly, to govern the financial and operating policies of an entity so as to obtain benefits from its activities. All intercompany transactions and balances are eliminated upon consolidation.

These consolidated financial statements of the Company have been prepared on an accrual basis and are based on historical costs, modified where applicable. The financial statements are presented in Canadian dollars, the Company's functional currency, unless otherwise noted.

2. SIGNIFICANT ACCOUNTING POLICIES AND BASIS OF PREPARATION (cont'd)

Change of fiscal year end
Effective in 2021, the fiscal year end of the Company was changed from January 31 to December 31 in order to align the Company's year-end with that of comparative companies and its subsidiary, which operates on a calendar fiscal year end in New Brunswick, Canada. Accordingly, the current consolidated financial statements are prepared for 11 months from February 1 to December 31, 2021, and as a result, the comparative figures stated in the statements of comprehensive loss, changes in shareholders' equity, and cash flow and the related notes might not be comparable.

Significant 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 stock-based awards and payments assumptions, the recoverability of the carrying value of exploration and evaluation assets, fair value measurements for financial instruments, the recoverability and measurement of deferred tax assets, discount rate used in estimating lease liabilities, and provisions for restoration and environmental obligations.

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 in applying 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;
- the classification / allocation of expenditures as exploration and evaluation expenditures or operating expenses; and
- the impairment of exploration and evaluation assets.

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.

Once the technical feasibility and commercial viability of the extraction of mineral 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.

2. SIGNIFICANT ACCOUNTING POLICIES AND BASIS OF PREPARATION (cont'd)

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.

Equipment

Equipment is stated at cost, less accumulated amortization. Amortization expense is calculated using the straight-line method, applying an annual rate of 30%.

Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognized. All other repairs and maintenance are charged to the statement of comprehensive loss during the financial period in which they are incurred.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognized in the statement of comprehensive loss.

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 instruments issued, if it is determined the fair value of the goods or services cannot be reliably measured, and are recorded at the date the goods or services are received. The corresponding amount is recorded to the share-based payment reserve. The fair value of options is determined using the Black–Scholes Option Pricing Model which incorporates all market vesting conditions. 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.

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. For all periods presented, the loss attributable to common shareholders equals the reported loss attributable to owners of the Company. Diluted loss per share is calculated by the treasury stock method. Under the treasury stock method, the weighted average number of common shares outstanding for the calculation of diluted loss per share assumes that the proceeds to be received on the exercise of dilutive share options and warrants are used to repurchase common shares at the average market price during the period.

Comparative information

Certain amounts of the prior period balances have been reclassified to conform with the presentation of the current period financial statements.

Leases

Under IFRS 16, the Company assess whether a contract contains a lease and, if so, recognizes a lease liability by discounting the future lease payments over the non-cancellable term of the lease, using the Company's estimated incremental borrowing rate. Differences in the estimated incremental borrowing rate could result in materially different lease liabilities and right-of-use assets. The non-cancellable term of the lease depends on the terms of the lease agreement and management's plans for the leased asset in question.

2. SIGNIFICANT ACCOUNTING POLICIES AND BASIS OF PREPARATION (cont'd)

Financial instruments

(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 the Company has opted to measure them at FVTPL.

Financial Assets	
Cash and cash equivalents	Amortized cost
Reclamation deposits	Amortized cost

Financial Liabilities	
Trade payables and accrued liabilities	Amortized cost
Deposit payable	Amortized cost

(ii) Measurement

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

Equity investments at FVTOCI
These assets are subsequently measured at fair value. Dividends are recognized 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 recognized in OCI and are never reclassified to profit or loss.

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

Financial assets and liabilities at FVTPL
Financial assets and liabilities carried at FVTPL are initially recorded at fair value and transaction costs are expensed in the statements of comprehensive loss. Realized and unrealized gains and losses arising from changes in the fair value of the financial assets and liabilities held at FVTPL are included in the statements of comprehensive loss in the period in which they arise. Where management has opted to recognize a financial liability at FVTPL, any changes associated with the Company's own credit risk will be recognized in other comprehensive income (loss).

2. SIGNIFICANT ACCOUNTING POLICIES AND BASIS OF PREPARATION (cont'd)

Financial instruments (cont'd)

(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 credit risk of the financial asset has not increased significantly since initial recognition, the Company measures the loss allowance for the financial asset at an amount equal to the twelve month expected credit losses. The Company shall recognize in the statements of comprehensive loss, as an impairment gain or loss, the amount of expected credit losses (or reversal) that is required to adjust the loss allowance at the reporting date to the amount that is required to be recognized.

(iv) Derecognition

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

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

Gains and losses on derecognition are generally recognized in profit or loss.

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

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

An impairment loss is only reversed if there is an indication that the impairment loss may no longer exist and there has been a change in the estimates used to determine the recoverable amount, however, not to an amount higher than the carrying amount that would have been determined had no impairment loss been recognized in previous years.

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

2. SIGNIFICANT ACCOUNTING POLICIES AND BASIS OF PREPARATION (cont'd)

Cash and cash equivalents
Cash and cash equivalents include cash on hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts.

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, in the countries where the Company operates and generates taxable income.

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 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.

Flow-through shares:
The Company renounces qualifying Canadian exploration expenditures to certain share subscribers who subscribe for flow-through shares in accordance with the Income Tax Act (Canada). Under these provisions, the Company is required to incur and renounce qualifying expenditures on a timely basis for the respective flow-through subscriptions and, accordingly, it is not entitled to the related tax deductions and tax credits for such expenditures.

Any premium received by the Company on the issuance of flow-through shares is initially recorded as a liability ("deferred premium on flow through shares"). As the qualifying expenditures are incurred, a deferred tax liability is recognized and the deferred premium will be reversed provided that the Company has renounced, or there is reasonable expectation that the Company will renounce, the tax benefits associated with the related expenditures. To the extent that suitable deferred tax assets are available, the Company will reduce the deferred tax liability.

Restoration 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

(Expressed in Canadian dollars)

present value. The restoration asset will be depreciated on the same basis as other mining assets.

2. SIGNIFICANT ACCOUNTING POLICIES AND BASIS OF PREPARATION (cont'd)

Restoration and environmental obligations (cont'd)

The Company's estimates of restoration 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 mining assets with a corresponding entry to the restoration 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 and loss for the period. The net present value of restoration costs arising from subsequent site damage that is incurred on an ongoing basis during production are charged to profit or 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.

As at December 31, 2021, the Company has no known material restoration and environmental obligations.

3. EQUIPMENT

Cost		
Balance, January 31, 2020	$	227,326
Acquisitions	$	4,415
Dispositions		(13,510)
Balance, January 31, 2021		218,231
Acquisitions		3,302
Balance, December 31, 2021	$	221,533
Accumulated amortization		
Balance, January 31, 2020	$	213,118
Amortization		9,183
Amortization related to dispositions		(8,240)
Balance, January 31, 2021		214,061
Amortization		2,297
Balance, December 31, 2021	$	216,358
Net book value, January 31, 2021	$	4,170
Net book value, December 31, 2021	$	5,175

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4. DEPOSIT PAYABLE

The Company holds a $25,000 deposit payable to its sublessee after the lease terminates on January 31, 2022.

During the twelve months ended January 31, 2021, the Company recorded $3,973 as depreciation of right-of-use asset and $962 as finance costs prior to the Company subleasing its office to a sublessee, resulting in the Company derecognizing both the right-of-use asset and lease liability as of March 1, 2020.

5. RECLAMATION DEPOSITS

As of December 31, 2021, security deposits of $152,540 (January 31, 2021 - $152,540) were deposited with the Minister of Aboriginal Affairs and Northern Development Canada for land use permits issued by the Mackenzie Valley Land and Water Board ("MVLWB") for the Company's exploration properties in the Northwest Territories. The security deposits will be refunded once the land use permit ends and a final report describing land use activities during the respective term of the permits are submitted to the MVLWB and reclamation activities are completed.

6. EXPLORATION AND EVALUATION ASSETS

(a) Yellowknife City Gold Project, Northwest Territories

The Yellowknife City Gold Project ("YCG") is comprised of the Northbelt, Southbelt, Eastbelt and Quyta-Bell properties in the Northwest Territories as well as additional claims and property interests that have been acquired and incorporated into the Northbelt, Southbelt and Eastbelt properties as described in more detail below.

In May 2013 and May 2015, the Company granted Osisko Gold Royalties Ltd. (formerly Virginia Mines Inc.) ("Osisko") an option to acquire a 4% net smelter return royalty ("NSR") on the certain properties in the YCG project by making a payment of $4 million within three months following commencement of production.

Northbelt Property

The Company owns 100% of the mineral lease and claims in the Northbelt Property.

To December 31, 2021, the Company has incurred exploration and evaluation expenditures, net of recoveries, totalling $32,361,265 (January 31, 2021 - $31,886,629) on the Northbelt Property.

Southbelt Property

The Company owns 100% of the mineral claims in the Southbelt Property.

To December 31, 2021, the Company has incurred exploration and evaluation expenditures totalling $578,959 (January 31, 2021 - $578,286) on the Southbelt Property.

Eastbelt Property

On February 1, 2017, the Company announced that it had staked certain claims east of the City of Yellowknife known as the Eastbelt Property that have been incorporated into the YCG.

On September 15, 2017, the Company acquired contiguous claims which have been incorporated into the Eastbelt Property. The claims are subject to a 2% NSR. The Company has the right, at any time, to purchase 1% of the 2% NSR for $1,000,000. On completion of the acquisition, the Company is also obligated to pay an annual advance royalty of $6,000 until the commencement of production. As consideration, the Company paid a total of $50,000 and issued a total of 150,000 common shares, of which the last 50,000 common shares were issued on November 1, 2019.

6. EXPLORATION AND EVALUATION ASSETS (cont'd)

(a) Yellowknife City Gold Project, Northwest Territories (cont'd)

On November 17, 2017, the Company acquired an additional contiguous claim that has been incorporated into the Eastbelt Property. As consideration, the Company paid $5,000 and issued 40,000 common shares at a fair value of $20,000. The Company also incurred additional acquisition costs of $17,166.

On September 25, 2018, the Company acquired additional contiguous claims, the Tom and Sickle claims, that have been incorporated into the Eastbelt Property. As consideration, the Company paid $25,000 and issued 250,000 common shares at a fair value of $95,000. The Company also incurred additional acquisition costs of $132,380. These claims are subject to a 2% NSR.

On January 30, 2020, the Company announced that it acquired 100% interest in two claims, Aurora 1 and 2 in Yellowknife which are contiguous to the existing properties. The acquisition terms are:

- $10,000 cash paid upon TSX-V acceptance for filing of the agreement (paid);
- 100,000 common shares issued upon TSX-V acceptance for filing of the agreement (issued) (Note 9); and
- A 2% NSR royalty with a buyback of 1% for $1 million and an additional 0.5% buyback for a further $1 million.

To December 31, 2021, the Company has incurred total exploration and evaluation expenditures, net of recoveries, of $1,640,809 (January 31, 2021 - $1,619,549) on the Eastbelt Property.

Quyta-Bell Property

On March 7, 2018, the Company announced that it had expanded its land position at the YCG project through the staking of an additional 337.5 square kilometers immediately to the north of its current properties. These additional 47 claims have been named the Quyta-Bell property and have been incorporated into the YCG.

On March 16, 2021, the Company entered into an option agreement to acquire 100% interest in a claim in Yellowknife which is contiguous to the existing properties. The acquisition terms are:

- make cash payments of $15,000 (paid) and issue 40,000 shares upon receipt of TSX-V approval (subsequently issued);
- make cash payments of $5,000 (subsequently paid) and issue 20,000 shares by April 6, 2022 (subsequently issued);
- make cash payments of $5,000 and issue 20,000 shares by April 6, 2023; and
- make cash payments of $5,000 and issue 20,000 shares by April 6, 2024;

To December 31, 2021, the Company has incurred total exploration and evaluation expenditures, net of recoveries, of $471,451 (January 31, 2021 - $441,269) on the Quyta-Bell property.

6. EXPLORATION AND EVALUATION ASSETS (cont'd)

(b) Newmont Option Property

On September 8, 2020, the Company entered into an Exploration Agreement with Venture Option (the "Agreement") with Newmont Ventures Limited and Miramar Northern Mining Ltd. (jointly, "Newmont") on certain mineral leases and mineral claims adjacent to the former Con Mine (the "Newmont Exploration Property"). The Agreement contains two phases of potential earn-in:

(i) In Phase one, Gold Terra can earn a 30% interest by spending a minimum of $3 million in exploration expenditures over a period of three years on the Newmont Exploration Property. Gold Terra will manage, fund and operate the program. Upon completing Phase one earn-in, the parties will form a joint venture.

(ii) In Phase two, Gold Terra can earn an additional 30% interest, for a 60% cumulative interest in the joint venture, by sole funding all expenditures and completing a prefeasibility study outlining a mineral resource containing at least 750,000 ounces of gold on the Newmont Exploration Property itself, and a combined 1.5 million ounces of gold on both the Newmont Exploration Property and the mineral claims in the immediate area which are already owned by Gold Terra. Gold Terra has a period of up to four additional years to complete Phase two earn-in and will also manage and operate the Phase two program.

Provided that Gold Terra completes Phase two earn-in, Newmont has a one time, back-in right to earn back a 20% interest in the joint venture, such that Newmont would then hold a 60% interest and Gold Terra would hold a 40% interest. The back-in right is triggered if a discovery of at least five million ounces of gold in all mineral resource categories is made within the Newmont Exploration Property and is exercisable by Newmont by providing certain cash reimbursements and payment to Gold Terra.

On November 22, 2021, the Company announced that it entered into a definitive option agreement with Newmont Canada FN Holdings ULC ("Newmont FN") and Miramar Northern Mining Ltd. ("MNML"), both wholly owned subsidiaries of Newmont Corporation ("Newmont"), which grants Gold Terra the option, upon meeting certain requirements, to purchase MNML from Newmont FN, which includes 100% of all the assets, mineral leases, Crown mineral claims and surface rights comprising the former Con mine, as well as the areas immediately adjacent to the former Con mine. The option agreement replaced and superseded the initial exploration agreement above, and allowed Gold Terra to fully explore 100% of the Campbell Shear structure at the former Con mine and south of it. Pursuant to the definitive option agreement in order to complete this purchase:

- Gold Terra incur a minimum of $8.0 million in exploration expenditures over a period of four years, which will include all exploration expenditures incurred to date under the initial exploration agreement.
- Gold Terra and Newmont agreed that Gold Terra spent approximately $3.2 million in exploration expenditures to October 31, 2021.
- Gold Terra is also required to:
  - Complete a prefeasibility study ("PFS") with a minimum of 1.5 million ounces in all mineral resource categories;
  - Obtain all necessary regulatory approvals for the purchase and transfer of MNML's assets and liabilities to Gold Terra; and
  - Post a cash bond to reflect the status of the Con mine reclamation plan at the time of closing.
- Upon completion of the above, Gold Terra must make a final cash payment of $8 million.

6. EXPLORATION AND EVALUATION ASSETS (cont'd)

(b) Newmont Option Property (cont'd)

Newmont will retain a 2% NSR on minerals produced from the Con mine property. The NSR may be reduced by 50% by the Company paying Newmont the sum of $10 million, for a period of two years following the announcement of commercial production.

After Gold Terra exercises its option, Newmont will have a period of two years to exercise its back-in right of a 51% participating interest in MNML and the Con mine property, which can be triggered by Gold Terra delineating a minimum of 5 million ounces of gold in the measured and indicated mineral resource categories supported by a National Instrument 43-101 technical report. To be eligible to exercise the back-in right, Newmont will:

- Reimburse Gold Terra three times the amount of all of the expenditures incurred on the Con mine property from September 4, 2020;
- Refund to Gold Terra the $8 million cash payment;
- Payment of $30 (U.S.) per ounce of gold for 51% of the total ounces reported in the technical report; and
- Assume 51% of the environmental liability and its share of the posted bond.

If exercised, the back-in right is expected to be completed by a new joint venture led by Newmont. At such time, the 2% NSR would also be eliminated.

To December 31, 2021, the Company has incurred total exploration and evaluation expenditures, net of recoveries, of $3,687,054 (January 31, 2021 - $793,476) on the Newmont Exploration Property.

(c) Stewart Property, Newfoundland

On June 28, 2010, and as last amended on September 26, 2012, the Company entered into an option agreement to acquire a 100% interest in the Stewart Property located in the Burin Peninsula of Newfoundland. The Company completed its commitments and acquired 100% interest.

The Stewart Property is subject to a 2% NSR. The Company has the right, at any time, to purchase 1% of the 2% NSR for $1,000,000.

During the eleven months ended December 31, 2021, the Company wrote off $1,086,057 (year ended January 31, 2021 - $Nil).

As of December 31, 2021, the Company has written down the Stewart Property to $1 (January 31, 2021 - $1,082,458).

(d) Mulligan Property, New Brunswick

On October 21, 2019, the Company acquired a 100% interest in the Mulligan Property through the acquisition of Gold Matter Corporation.

To December 31, 2021, the Company has incurred expenditures including acquisition costs totalling $1,373,525 (January 31, 2021 - $1,369,122) on the Mulligan Property.

(Expressed in Canadian dollars)

6. EXPLORATION AND EVALUATION ASSETS (cont'd)

The following are details of the Company's exploration and evaluation assets:

	Northbelt	Southbelt	Eastbelt	Quyta-Bell	Newmont	Stewart	Mulligan	Total
Balance at January 31, 2020	$ 27,399,720	$ 583,617	$ 1,518,902	$ 447,538	$ -	$ 1,081,708	$ 1,109,744	$ 32,141,229
Acquisition costs	28,349	-	74,312	403	17,514	-	250	120,828
Exploration costs:								
Assays and drilling (Note 8)	3,393,511	1,102	172	-	691,146	-	288,697	4,374,628
Community	45,348	-	-	-	1,175	-	-	46,523
Consulting (Note 8)	198,475	29,750	26,163	2,775	13,668	750	-	271,581
Environmental	153,102	(2,250)	-	-	37,125	-	-	187,977
Field expenses	172,485	2,680	-	-	32,848	-	4,588	212,601
Geophysical (Note 8)	532,253	-	-	-	-	-	844	533,097
	4,495,174	31,282	26,335	2,775	775,962	750	294,129	5,626,407
Recoveries	(36,613)	(36,613)	-	(9,447)	-	-	(35,001)	(117,674)
Balance at January 31, 2021	$ 31,886,630	$ 578,286	$ 1,619,549	$ 441,269	$ 793,476	$ 1,082,458	$ 1,369,122	$ 37,770,790
Acquisition costs	14,376	-	20,937	16,103	31,836	-	-	83,252
Exploration costs:								
Assays and drilling (Note 8)	287,718	-	-	-	2,722,288	-	12,402	3,022,408
Community	10,818	-	-	-	3,632	-	-	14,450
Consulting (Note 8)	69,164	-	300	450	51,762	-	-	121,676
Environmental	1,792	-	-	-	49,833	-	-	51,625
Field expenses	90,768	673	23	13,629	34,226	3,600	-	142,919
	460,260	673	323	14,079	2,861,741	3,600	12,402	3,353,078
Impairment	-	-	-	-	-	(1,086,057)	-	(1,086,057)
Recoveries	-	-	-	-	-	-	(8,000)	(8,000)
Balance at December 31, 2021	$ 32,361,266	$ 578,959	$ 1,640,809	$ 471,451	$ 3,687,053	$ 1	$ 1,373,524	$ 40,113,063

(Expressed in Canadian dollars)

7. TRADE PAYABLES AND ACCRUED LIABILITIES

Trade payables and accrued liabilities consist of the following:

	December 31, 2021	January 31, 2021
Trade payables	$ 169,805	$ 361,534
Due to related parties (Note 8)	30,905	30,740
Accrued liabilities	35,000	30,000
	$ 235,710	$ 422,274

8. RELATED PARTY TRANSACTIONS

Related Party Balances

As at December 31, 2021, $30,905 (January 31, 2021 - $30,740) was due to directors of the Company or to companies controlled by officers of the Company and recorded in trade payables and accrued liabilities (see table below). These amounts are unsecured and non-interest bearing with no fixed terms of repayment.

Key Management Compensation

The Company's related parties include key management. Key management includes executive directors and non-executive directors. The remuneration to key management of the Company and the payments to companies controlled by officers of the Company as defined above were as follows:

			Due to Related Parties	
	Eleven Months Ended December 31, 2021	Year Ended January 31, 2021	As at December 31, 2021	As at January 31, 2021
Consulting fees	$ -	$ 61,300	$ -	$ -
Directors' fees	77,030	53,140	19,797	-
Geological consulting - exploration and evaluation assets [(a)]	65,431	439,067	4,379	16,747
Management compensation	550,000	771,000	-	-
Management expense reimbursement	-	-	6,728	3,493
Professional fees [(b)]	110,000	130,000		10,500
Share-based payments	166,221	244,603	-	-
	$ 968,682	$ 1,699,110	$ 30,904	$ 30,740

During the eleven months ended December 31, 2021:

(a) The Company incurred $65,431 (year ended January 31, 2021: $439,067) of geological consulting fees for its exploration and evaluation assets with a company related to the former Executive Chairman and current Chief Operating Officer of the Company.
(b) The Company paid $110,000 (year ended January 31, 2021 - $130,000) to a company controlled by the Chief Financial Officer.

9. SHARE CAPITAL

Authorized share capital

Unlimited number of voting common shares without par value.

Issued share capital

Eleven months ended December 31, 2021:

a) On March 4, 2021, the Company completed a non-brokered private placement of 8,000,000 flow-through common shares of the Company (the "FT Shares") at a price of $0.36 per FT Share for gross proceeds of $2,880,000. Share issuance costs of $34,007 were incurred with respect to this placement.

b) On December 3, 2021, the Company announced that it had completed a private placement with Newmont, issuing 7,142,857 common shares at a price of $0.21 per share for gross proceeds of $1,500,000. Share issuance costs of $27,011 were incurred with respect to this placement.

Year ended January 31, 2021:

a) The Company issued 100,000 common shares with fair value of $25,000 towards consideration for the acquisition of exploration and evaluation assets (Note 6(a)).

b) The Company received net proceeds of $12,385 from the exercise of 34,402 warrants at $0.36 per share. The value of these warrants of $5,299 was reclassified from reserves to share capital.

c) The Company received net proceeds of $609 from the exercise of 1,000 stock options at $0.61 per share. The value of these options of $434 was reclassified from reserves to share capital.

d) On July 14, 2020, the Company closed a bought deal financing (the "Offering") with BMO Capital Markets (the "Underwriter") for aggregate gross proceeds of $7,130,000. Pursuant to the Offering, 12,700,000 common shares of the Company, including the exercise in full of the Underwriters' over-allotment option, were issued at a price of $0.30 per share and 8,000,000 charity flow-through common shares of the Company (the "Charity Flow-Through Common Shares") were issued at a price of $0.415 per Charity Flow-Through Common Share. Share issuance costs of $651,842 were incurred with respect to this Offering. The Offering was completed by way of a short form prospectus filed in all of the provinces of Canada, except Québec, and the Common Shares were sold elsewhere outside of Canada on a private placement basis.

Stock options

The Company has adopted a stock option plan which permits the Company to grant to directors, officers and consultants of the Company, non-transferable options to purchase common shares, provided that the number of common shares reserved for issuance will not exceed 10% of the issued and outstanding common shares and be exercisable for a period of up to five years from the date of grant. The number of common shares reserved for issuance to any individual director or officer cannot exceed 5% of the issued and outstanding common shares and the number of common shares reserved for issuance to any one consultant or individual conducting investor relations activities cannot exceed 2% of the issued and outstanding common shares.

Stock option transactions and the number of stock options for the eleven months ended December 31, 2021 are summarized as follows:

(Expressed in Canadian dollars)

9. SHARE CAPITAL (cont'd)

Stock options (cont'd)

Expiry date	Exercise price ($)	January 31, 2020	Issued	Exercised	Expired / cancelled	January 31, 2021	Issued	Expired / cancelled	December 31, 2021
May 17, 2020	0.62	1,250,000	-	-	(1,250,000)	-	-	-	-
June 20, 2020	0.49	250,000	-	-	(250,000)	-	-	-	-
September 8, 2020	0.61	1,545,000	-	(1,000)	(1,544,000)	-	-	-	-
June 15, 2021	0.41	1,250,000	-	-	-	1,250,000	-	(1,250,000)	-
December 30, 2024	0.30	2,710,000	-	-	-	2,710,000	-	(200,000)	2,510,000
April 14, 2025	0.30	-	400,000	-	-	400,000	-	-	400,000
August 11, 2025	0.435	-	1,125,000	-	-	1,125,000	-	-	1,125,000
December 11, 2025	0.35	-	1,281,250	-	-	1,281,250	-	(50,000)	1,231,250
December 18, 2025	0.35	-	200,000	-	-	200,000	-	-	200,000
August 16, 2026	0.26	-	-	-	-	-	200,000	-	200,000
December 31, 2026	0.26	-	-	-	-	-	993,750	-	993,750
Options outstanding		7,005,000	3,006,250	(1,000)	(3,044,000)	6,966,250	1,193,750	(1,500,000)	6,660,000
Options exercisable		-	-	-	-	-	-	-	4,088,125
Weighted average exercise price ($)		$ 0.45	$ 0.38	$ 0.61	$ 0.60	$ 0.35	$ 0.26	$ 0.41	$ 0.33

As at December 31, 2021, the weighted average remaining life of options outstanding was 3.67 years.

Eleven months ended December 31, 2021:

On August 16, 2021, the Company granted 200,000 stock options to a new director that can be exercised at $0.26 per share until August 16, 2026. These options vest as to 25% six months following the date of grant and 25% every six months thereafter. The total fair value of $17,091 was estimated using the Black-Scholes Option Pricing Model assuming an expected life of 5 years, expected dividend yield of 0%, a risk-free interest rate of 1.29% and an expected volatility of 57.39%.

On December 31, 2021, the Company granted 993,750 to its directors, officers, employees, and consultants that can be exercised at $0.26 per share until December 31, 2026. These options vest 25% every six months following the grant date. The total fair value of $118,939 was estimated using the Black-Scholes Option Pricing Model assuming an expected life of 5 years, expected dividend yield of 0%, a risk-free interest rate of 1.32% and an expected volatility of 60.64%.

The Company recorded $376,566 of share-based compensation expense during the eleven months ended December 31, 2021, where $368,407 was granted in previous periods but vested during the eleven months ended December 31, 2021.

Year ended January 31, 2021:

On April 14, 2020, the Company granted 400,000 stock options to an officer of the Company that can be exercised at $0.30 per share until April 14, 2025. These options vest as to 25% six months following the date of grant and 25% every six months thereafter. The total fair value of $50,066 was estimated using the Black-Scholes Option Pricing Model assuming an expected life of 5 years, expected dividend yield of 0%, a risk-free interest rate of 1.34% and an expected volatility of 60.40%. The vesting of granted stock options resulted in share-based compensation of $34,205 being recorded during the twelve months ended January 31, 2021.

(Expressed in Canadian dollars)

9. SHARE CAPITAL (cont'd)

Stock options **(cont'd)**

On August 11, 2020, the Company granted 1,125,000 stock options to a new director, employees and consultants that can be exercised at $0.435 per share until August 11, 2025. These options vest 25% every six months following the grant date. The total fair value of $264,682 was estimated using the Black-Scholes Option Pricing Model assuming an expected life of 5 years, expected dividend yield of 0%, a risk-free interest rate of 1.31% and an expected volatility of 62.63%. The vesting of granted stock options resulted in share-based compensation of $130,111 being recorded during the twelve months ended January 31, 2021.

On December 11, 2020, the Company granted 1,281,250 stock options to officers, directors, employees and consultants that can be exercised at $0.35 per share until December 11, 2025. These options vest 25% every six months following the grant date. The total fair value of $212,415 was estimated using the Black-Scholes Option Pricing Model assuming an expected life of 5 years, expected dividend yield of 0%, a risk-free interest rate of 1.28% and an expected volatility of 60.49%. The vesting of granted stock options resulted in share-based compensation of $32,783 being recorded during the twelve months ended January 31, 2021.

On December 18, 2020, the Company granted 200,000 stock options to an employee that can be exercised at $0.35 per share until December 18, 2025. These options vest 25% every six months following the grant date. The total fair value of $31,688 was estimated using the Black-Scholes Option Pricing Model assuming an expected life of 5 years, expected dividend yield of 0%, a risk-free interest rate of 1.27% and an expected volatility of 60.57%. The vesting of granted stock options resulted in share-based compensation of $4,891 being recorded during the twelve months ended January 31, 2021.

During the year ended January 31, 2021, the Company recorded $434,935 of share-based compensation expense, where $201,990 was granted during the year ended January 31, 2021 and $232,945 was granted in previous periods but vested during the year ended January 31, 2021.

Warrants

The Company measures warrants issued with common shares in unit private placements using the residual method. During the year ended January 31, 2021, the issue price of units was not higher than the market price of the Company's shares at the time of issuance. Accordingly, no value was allocated to such warrants.

Warrant transactions and the number of warrants for the eleven months ended December 31, 2021 are summarized as follows:

Expiry date	Exercise price ($)	January 31, 2020	Issued	Exercised	January 31, 2021	Issued	Expired	December 31, 2021
April 12, 2021	0.60	4,209,821	-	-	4,209,821	-	(4,209,821)	-
April 12, 2021	0.40	420,982	-	-	420,982	-	(420,982)	-
June 26, 2021	0.36	373,546	-	(34,402)	339,144	-	(339,144)	-
November 17, 2021	0.60	5,887,500	-	-	5,887,500	-	(5,887,500)	-
Warrants outstanding		10,891,849	-	(34,402)	10,857,447	-	(10,857,447)	-
Weighted average exercise price ($)		$ 0.58	$Nil	$ 0.36	$ 0.58	$Nil	$ 0.58	$Nil

10. SHARE-BASED PAYMENT RESERVE

The share-based payment reserve records items recognized as share-based payments until such time that the stock options and finder's warrants are issued, granted and exercised, at which time the corresponding amount will be transferred to share capital.

11. FINANCIAL RISK AND CAPITAL MANAGEMENT

The Company is exposed in varying degrees to a variety of financial instrument related risks. The Board of Directors approves and monitors the risk management processes, inclusive of documented investment policies, counterparty limits, and controlling and reporting structures. The type of risk exposure and the way in which such exposure is managed is provided as follows:

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 on its cash held in bank accounts and its receivables. The majority of cash is deposited in bank accounts held with major banks in Canada. As most of the Company's cash is held by two banks there is a concentration of credit risk. This risk is managed by using major banks that are high credit quality financial institutions as determined by rating agencies. The Company's receivables are mostly tax receivables from the government. The risk related to receivables is assessed low.

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 has a planning and budgeting process in place to help determine the funds required to support the Company's normal operating requirements on an ongoing basis. The Company ensures that there are sufficient funds to meet its short-term business requirements, taking into account its anticipated cash flows from operations and its holdings of cash and cash equivalents.

Historically, the Company's sole source of funding has been the issuance of equity securities for cash, primarily through private placements. The Company's access to financing is always uncertain. There can be no assurance of continued access to significant equity funding. Liquidity risk is, therefore, assessed as high.

Foreign exchange risk
Foreign currency risk is the risk that a variation in exchange rates between the Canadian dollar and other foreign currencies will affect the Company's operations and financial results. The Company operates in Canada and is, therefore, not exposed to foreign exchange risk arising from transactions denominated in a foreign currency.

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 has positive cash balances at December 31, 2021 and no interest bearing debt, therefore, interest rate risk is nominal.

Capital management
The Company's policy is to maintain a strong capital base so as to maintain investor and creditor confidence and to sustain future development of the business. The capital structure of the Company consists of equity, comprising share capital, net of accumulated deficit.

There were no changes in the Company's approach to capital management during the period.

The Company is not subject to any externally imposed capital requirements.

Fair value
The Company classifies its financial instruments into categories as follows: cash and receivables as financial assets at amortized cost; and trade payables as financial liabilities at amortized cost. The fair value of the Company's financial assets and liabilities approximates their carrying amount.

(Expressed in Canadian dollars)

11. FINANCIAL RISK AND CAPITAL MANAGEMENT (cont'd)

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 and 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.

Cash and cash equivalents are classified as level 1.

12. SUPPLEMENTAL CASH FLOW INFORMATION

During the eleven months ended December 31, 2021 and year ended January 31, 2021, the Company incurred the following non-cash transactions that are not reflected in the statements of cash flows:

		Eleven Months Ended December 31 2021		Year Ended January 31 2021
Exploration expenditures included in trade payables and accrued liabilities	$	112,889	$	326,039
Share issuance costs included in trade payables and accrued liabilities	$	13,964	$	-
Fair value of shares issued for mineral property acquisition	$	-	$	25,000
Fair value of share-based payments reallocated to share capital	$	-	$	434
Fair value of warrants reallocated to share capital	$	-	$	5,299

13. DEFERRED PREMIUM ON FLOW-THROUGH SHARES

		Eleven Months Ended December 31, 2021		Year Ended January 31, 2021
Balance, beginning of period	$	137,699	$	-
Deferred premium on flow-through shares issued		880,000		960,000
Recognition of deferred premium on flow-through shares		(980,961)		(822,301)
Balance, end of period	$	36,738	$	137,699

Flow-through common shares require the Company to spend an amount equivalent to the proceeds of the issued flow-through common shares on Canadian qualifying exploration expenditures. The Company may be required to indemnify the holders of such shares for any tax and other costs payable by them in the event the Company has not made the required exploration expenditures.

During the eleven months ended December 31, 2021, the Company received $2,880,000 from the issuance of flow-through shares at a premium to the market price and recognized a deferred premium on flow-through shares of $880,000. During the eleven months ended December 31, 2021, the Company incurred and renounced eligible expenditures of $3,235,975. These expenditures will not be available to the Company for future deduction from taxable income.

During the year ended January 31, 2021, the Company received $3,320,000 from the issuance of flow-through shares at a premium to the market price and recognized a deferred premium on flow-through shares of $960,000. During the year ended January 31, 2021, the Company incurred and renounced eligible expenditures of $2,843,789. These expenditures will not be available to the Company for future deduction from taxable income.

(Expressed in Canadian dollars)

13. DEFERRED PREMIUM ON FLOW-THROUGH SHARES (cont'd)

Under the IFRS framework, the increase to share capital when flow-through shares are issued is measured based on the current market price of common shares. The incremental proceeds, or "premium", are recorded as deferred income. As at December 31, 2021, the Company has a remaining qualifying expenditure commitment of $482,833 from the proceeds of flow-through shares issued on March 4, 2021. These funds must be spent on eligible exploration expenditures prior to December 31, 2022. Subsequent to the year end, the Company has spent the amount.

14. INCOME TAX

Provision for deferred tax

As future taxable profits of the Company are uncertain, the net deferred tax asset has not been recognized. As at January 31, 2021, the Company has approximately $13,282,000 of non-capital losses that can be offset against taxable income in future years which begin expiring at various dates commencing in 2028.

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

	Eleven Months Ended December 31, 2021	Year Ended January 31, 2021
Loss for the year before income taxes	$ (2,325,276)	$ (1,867,097)
Statutory tax rate	27.00%	27.00%
Expected income tax recovery	(628,190)	(504,117)
Non-deductible items	109,231	120,267
Impact of flow-through shares	608,854	545,802
Effect of rate change	-	7,379
True up	156,004	(134,334)
Impact of share issuance costs not recognized	(18,899)	(175,997)
Change in valuation allowance	(69,000)	134,000
Deferred income tax expense (recovery)	$ 158,000	$ (7,000)

The Company has the following tax effected deductible temporary differences for which a deferred tax liability has been recognized:

	Eleven Months Ended December 31, 2021	Year Ended January 31, 2021
Exploration and evaluation assets	$ (4,599,000)	$ (3,826,000)
Loss carry-forwards	4,213,000	3,586,000
Equipment	60,000	61,000
Share issuance costs	245,000	325,000
Valuation allowance	(77,000)	(146,000)
Deferred income tax liability	$ (158,000)	$ -

(Expressed in Canadian dollars)

14. INCOME TAX (cont'd)

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

	Exploration and evaluation assets and equipment	Loss carry-forwards	Share issuance costs
2021	$ -	$ -	$ 92,000
2022	-	-	400,000
2023	-	-	323,000
2024	-	-	159,000
2025	-	-	25,000
2026	-	-	1,000
2028	-	36,000	-
2029	-	102,000	-
2030	-	147,000	-
2031	-	427,000	-
2032	-	260,000	-
2033	-	219,000	-
2034	-	438,000	-
2035	-	892,000	-
2036	-	953,000	-
2037	-	1,292,000	-
2038	-	1,725,000	-
2039	-	1,954,000	-
2040	-	2,177,000	-
2041	-	2,796,000	-
2042	-	2,183,000	-
No expiry	22,922,000	-	-
	$ 22,922,000	$ 15,601,000	$ 1,000,000

15. SUBSEQUENT EVENTS

a) On February 28, 2022, the Company completed a bought deal financing (the "Offering"), including the exercise in full of the underwriters' over-allotment option. Pursuant to the Offering, (i) 8,912,500 charitable flow-through common shares (the "Charitable FT Shares") were issued at a price of $0.30 per Charitable FT Share, (ii) 8,046,700 traditional flow-through common shares (the "Traditional FT Shares") were issued at a price of $0.24 per Traditional FT Share, and (iii) 4,761,966 common shares (the "Common Shares") were issued at a price of $0.21 per Common Share, for aggregate gross proceeds of $5.6 million. The Offering was made through a syndicate of underwriters led by Stifel GMP and including BMO Capital Markets and Beacon Securities Limited (collectively, the "Underwriters"). The Underwriters received a cash commission equal to 7% of the gross proceeds of the Offering.

b) The Company issued 60,000 common shares towards consideration for the acquisition of exploration and evaluation assets (Note 6(a)).