CLEAN AIR METALS INC.

Consolidated Financial Statements

Years Ended January 31, 2022 and 2021

(Expressed in Canadian dollars)

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INDEPENDENT AUDITORS' REPORT

To the Shareholders and Directors of Clean Air Metals Inc.

Opinion

We have audited the accompanying consolidated financial statements of Clean Air Metals Inc. (the "Company") which comprise the consolidated statements of financial position as at January 31, 2022 and 2021, and the consolidated statements of loss and comprehensive loss, cash flows and changes in equity for the years then ended, and the related notes comprising a summary of significant accounting policies and other explanatory information.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of the Company as at January 31, 2022 and 2021, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board.

Basis for Opinion

We conducted our audits in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audits of the consolidated 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.

Emphasis of Matter - Material Uncertainty Related to Going Concern

We draw attention to Note 1 of the accompanying consolidated 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, which comprises the information included in the Company's Management Discussion & Analysis to be filed with the relevant Canadian securities commissions.

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

In connection with our audits of the consolidated financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed on this other information, 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 Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board, 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 consolidated 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.

Auditors’ Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors’ 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 consolidated 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 auditors’ report to the related disclosures in the consolidated 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 auditors’ 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 consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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 auditors’ report is Ted McLellan.

Manning Elliott LLP

CHARTERED PROFESSIONAL ACCOUNTANTS
Vancouver, Canada
May 31, 2022

Clean Air Metals Inc.
Consolidated Statements of Financial Position
As at January 31
(Expressed in Canadian dollars)

		2022		2021
ASSETS				
Current Assets				
Cash	$	542,573	$	6,678,356
Prepaid expenses (Note 3)		306,590		345,680
GST recoverable		469,128		561,908
		1,318,291		7,585,944
Non-Current Assets				
Right-of-use assets (Note 14)		43,647		14,224
Equipment (Note 4)		68,964		36,171
Exploration and evaluation assets (Note 6)		33,628,563		19,510,545
Total Assets	$	**35,059,465**	$	**27,146,884**
LIABILITIES				
Current Liabilities				
Trade and other payables (Note 7, 8 and 10)	$	905,430	$	230,805
Notes payable (Note 8)		1,632,034		1,686,754
Lease liability – current (Note 14)		19,063		6,045
Flow-through liability (Note 9)		393,863		-
		2,950,390		1,923,604
Non-Current Liabilities				
Lease liability – long term (Note 14)		26,100		9,525
Notes payable – long term (Note 8)		912,946		1,990,223
Deferred income taxes (Note 16)		138,000		-
Total Liabilities		4,027,436		3,923,352
SHAREHOLDERS' EQUITY				
Share capital (Note 9)		100,848,880		93,255,123
Reserves (Note 9)		9,081,593		6,696,021
Deficit		(78,898,444)		(76,727,612)
		31,032,029		23,223,532
Total Liabilities and Shareholders' Equity	$	**35,059,465**	$	**27,146,884**

Nature of operations and going concern (Note 1)
Subsequent event (Note 17)

These consolidated financial statements were authorized for issue by the Board of Directors on May 31, 2022.

They are signed on the Company's behalf by:

"Abraham Drost" — Abraham Drost, Director

"Dean Chambers" — Dean Chambers, Director

Clean Air Metals Inc.
Consolidated Statements of Loss and Comprehensive Loss
For the years ended January 31
(Expressed in Canadian dollars)

		2022		2021
Operating Expenses				
Accretion interest (Note 8)	**$**	**368,003**	$	164,244
Consulting fees (Note 10)		**96,000**		187,410
Depreciation (Note 4)		**19,502**		9,043
Geological consulting		**-**		10,985
Insurance		**31,928**		19,620
Investor relations and marketing		**644,720**		602,668
Office, administration and rent		**74,690**		127,723
Professional fees		**385,578**		183,562
Share-based compensation (Note 9)		**385,183**		1,081,268
Shareholder relations		**4,050**		11,978
Transfer agent and filing fees		**45,387**		47,553
Travel and entertainment		**21,084**		44,363
Wages and benefits (Note 10)		**1,329,066**		1,045,559
Loss before income taxes and other Items		**(3,405,191)**		(3,535,976)
Other Items				
Flow-through share premium		**1,331,629**		2,211,000
Interest income		**48,945**		63,985
Interest expense		**(12,500)**		(12,534)
Other income (Note 15)		**4,285**		-
		1,372,359		
Net loss before income taxes	**$**	**(2,032,832)**	$	(1,273,525)
Deferred income tax expense (Note 16)		**(138,000)**		-
Net loss and comprehensive loss for the year		**(2,170,832)**		(1,273,525)
Loss per share – basic and diluted	**$**	**(0.02)**	$	(0.01)
Weighted average number of common shares outstanding		**131,710,164**		106,538,916

Clean Air Metals Inc.
Consolidated Statements of Cash Flows
For the years ended January 31
(Expressed in Canadian dollars)

		2022		2021
Operating Activities				
Net loss for the year	**$**	**(2,170,832)**	$	(1,273,525)
Items not affecting cash from operations:				
Deferred income tax expense		**138,000**		-
Accretion interest		**368,003**		164,244
Depreciation		**19,502**		9,043
Flow-through share premium		**(1,331,629)**		(2,211,000)
Share-based compensation		**385,183**		1,081,268
Interest on note payable		**12,500**		12,534
Changes in non-cash working capital:				
GST recoverable		**92,779**		(494,369)
Prepaid expenses		**39,090**		1,205
Trade and other payables		**662,124**		(399,178)
Cash Flows Used in Operating Activities		**(1,785,280)**		(3,109,778)
Investing Activities				
Equipment purchase		**(52,295)**		(45,214)
Mineral property acquisition		**(1,999,829)**		(6,010,294)
Mineral property exploration		**(12,118,018)**		(5,728,126)
Cash Flows Used in Investing Activities		**(14,170,142)**		(11,783,634)
Financing Activities				
Exercise of options and warrants for common shares		**729,565**		275,617
Proceeds from private placement		**11,500,017**		21,465,300
Payment of Magma note payable		**(1,500,000)**		-
Share issuance costs		**(909,943)**		(1,716,222)
Cash Flows Provided by Financing Activities		**9,819,639**		20,024,695
Change in Cash for the Year		**(6,135,783)**		5,131,283
Cash, Beginning of Year		**6,678,356**		1,547,073
Cash, End of Year	**$**	**542,573**	$	6,678,356

Supplemental cash flow information:

There were no amounts of cash paid for interest or income taxes for the years presented.

Clean Air Metals Inc.
Consolidated Statements of Changes in Equity
For the years ended January 31
(Expressed in Canadian dollars)

	Share Capital					
	Number of shares	**Share $**	**Share subscriptions received $**	**Reserves $**	**Deficit $**	**Total $**
January 31, 2020	**25,483,382**	**73,585,313**	**234,700**	**2,902,457**	**(75,454,087)**	**1,268,383**
Private placement, net	88,400,000	20,270,559	(234,700)	1,429,441	-	21,465,300
Share issuance costs	-	(2,048,029)	-	331,807	-	(1,716,222)
Shares issued for mineral properties	24,615,884	3,200,065	-	1,133,646	-	4,333,711
Flow-through share premium	-	(2,211,000)	-	-	-	(2,211,000)
Shares issued for options exercise	1,332,500	331,284	-	(160,784)	-	170,500
Shares issued for warrant exercise	572,265	126,931	-	(21,814)	-	105,117
Share-based payments	-	-	-	1,081,268	-	1,081,268
Loss for the year	-	-	-	-	(1,273,525)	(1,273,525)
January 31, 2021	**140,404,031**	**93,255,123**	**-**	**6,696,021**	**(76,727,612)**	**23,223,532**
Private placement, net	24,649,900	9,585,017	-	1,915,000	-	11,500,017
Share issuance costs	-	(1,267,943)	-	358,000	-	(909,943)
Flow-through share premium	-	(1,725,492)	-	-	-	(1,725,492)
Flow-through warrants issued	-	208,124	-	(208,124)	-	-
Shares issued for options and warrant exercise	2,215,063	794,051	-	(64,487)	-	729,564
Share-based payments	-	-	-	385,183	-	385,183
Loss for the year	-	-	-	-	(2,170,832)	(2,170,832)
January 31, 2022	**167,268,994**	**100,848,880**	**-**	**9,081,593**	**(78,898,444)**	**31,032,029**

1. Nature of Operations and Going Concern

Clean Air Metals Inc. (the "Company") is a publicly traded company incorporated under the laws of the Province of British Columbia and continued under the Canada Business Corporations Act. The Company's shares are listed on the TSX Venture Exchange ("TSXV") and traded under the stock symbol "AIR". The corporate address of the Company is 1004 Alloy Drive, Thunder Bay, ON, P7B 6A5. The Company is engaged in the identification, acquisition, exploration and, if warranted, development of exploration and evaluation assets. The consolidated financial statements of the Company as at and for the year ended January 31, 2022, comprise the Company and its wholly-owned subsidiary, Panoramic PGMs (Canada) Ltd.

These consolidated financial statements are prepared on a going concern basis, which assumes that the Company will be able to realize its assets and discharge its liabilities in the normal course of business in the foreseeable future. The Company has incurred ongoing losses and has an accumulated deficit. The Company's ability to continue on a going concern basis beyond the next twelve months depends on its ability to raise additional financing and carry out its proposed exploration programs. Subsequent to the yearend, the Company has closed a private placement in the amount of $12.5 million (Note 17).

The pandemic outbreak of COVID-19 could cause delays in the exploration program and continue to have a negative impact on the stock markets, affecting trading prices of the Company's shares and its ability to raise new capital. Accordingly, these factors give rise to a material uncertainty which may cast significant doubt on the entity's ability to continue as a going concern. While the Company has been successful in the past in obtaining financing, there is no assurance that it will be able to obtain adequate financing in the future or that such financing will be on terms acceptable to the Company.

These consolidated financial statements do not reflect adjustments that would be necessary if the going concern assumption were not appropriate.

2. Significant Accounting Policies and Basis of Presentation

a) Statement of compliance

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB"), and the International Financial Reporting Interpretations Committee ("IFRIC"). The policies applied in these consolidated financial statements are based on the IFRS issued and outstanding as at May 31, 2022, the date the Board of Directors approved these consolidated financial statements for issue.

b) Functional and presentation currency

The presentation currency of the Company is the Canadian dollar.

Items included in the financial statements of each entity in the Company are measured using the currency of the primary economic environment in which the entity operates (the "functional currency") and has been determined for each entity within the Company. The functional currency of Clean Air Metals Inc. and the Company's subsidiary, Panoramic PGMs (Canada) Ltd., 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.*

c) Use of estimates and judgments

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

2. Significant Accounting Policies *(continued)*

c) Use of estimates and judgments *(continued)*

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected.

(i) Critical accounting estimates

Critical accounting estimates are estimates and assumptions made by management that may result in a material adjustment to the carrying amount of assets and liabilities within the next financial year and are, but are not limited to, the following:

<u>Share-based payment transactions</u>
Management uses the Black-Scholes option pricing model to determine the fair value of stock options and standalone share purchase warrants issued. This model requires assumptions of the expected future price volatility of the Company's common shares, expected life of options and warrants, future risk-free interest rates and the dividend yield of the Company's common shares.

(ii) Critical accounting judgments

Information about critical judgments in applying accounting policies that have the most significant effect on the amounts recognized in the consolidated financial statements are, but are not limited to, the following:

<u>Recovery of deferred tax assets</u>
Judgment is required in determining whether deferred tax assets are recognized in the statement of financial position. Deferred tax assets, including those arising from unutilized tax losses, require management to assess the likelihood that the Company will generate taxable earnings in future periods, in order to utilize recognized deferred tax assets. Estimates of future taxable income are based on forecasted cash flows from operations and the application of existing tax laws in each jurisdiction. To the extent that future cash flows and taxable income differ significantly from estimates, the ability of the Company to realize the net deferred tax assets recorded at the date of the statement of financial position could be impacted.

Additionally, future changes in tax laws in the jurisdictions in which the Company operates could limit the ability of the Company to obtain tax deductions in future periods.

The Company has not recorded any deferred tax assets.

<u>Going concern</u>
The assumption that the Company will be able to continue as a going concern is subject to critical judgments by management with respect to assumptions surrounding the short and long-term operating budget, expected profitability, investing and financing activities and management's strategic planning. Should those judgments prove to be inaccurate, management's continued use of the going concern assumption could be inappropriate.

<u>Business combinations</u>
Judgment is used in determining whether an acquisition is a business combination or an asset acquisition. In a business combination, all identifiable assets, liabilities and contingent liabilities acquired are recorded at their fair values. In determining the allocation of the purchase price in a

2. Significant Accounting Policies *(continued)*

c) Use of estimates and judgments *(continued)*

business combination, including any acquisition related contingent consideration, estimates including market based and appraisal values are used. The contingent consideration is measured at its acquisition date fair value and included as part of the consideration transferred in a business combination. Contingent consideration that is classified as equity is not remeasured at subsequent reporting dates and its subsequent settlement is accounted for within equity.

Impairment of exploration and evaluation assets
Exploration and evaluation assets are assessed for impairment when indicators and circumstances suggest that the carrying amount may exceed its recoverable amount. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment. Where it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs. 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 the profit or loss for the period.

d) Principles of consolidation

These consolidated financial statements include the accounts of the Company and its wholly-owned subsidiary. 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. Inter-company balances and transactions, and any unrealized income and expenses arising from inter-company transactions, are eliminated in preparing the consolidated financial statements.

Name of subsidiary	Place of incorporation	Proportion of ownership interest	Principal activity
Panoramic PGMs (Canada) Ltd.	Canada	100%	Exploration
Silvio USA Inc.[1]	State of Nevada	100%	Dormant

[1] During the year ended January 31, 2021, the Company formally liquidated and filed for dissolution of Silvio USA Inc., pursuant to a plan of liquidation and dissolution and the provisions of Section 332 of the United States Internal Revenue Code of 1986.

e) Foreign currency translation

Transactions in foreign currencies are translated at the exchange rate in effect at the date of the transaction. Foreign denominated monetary assets and liabilities are translated to their Canadian dollar equivalents using foreign exchange rates prevailing at the financial position reporting date. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction. Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are re-translated to the functional currency at the exchange rate at the date that the fair value was determined. Exchange gains or losses arising on foreign currency translation are reflected in profit or loss for the year. The Company's reporting currency and the functional currency of all of its operations is the Canadian dollar, as this is the principal currency of the economic environment in which they operate.

2. Significant Accounting Policies *(continued)*

f) Exploration and evaluation assets and expenditures

Upon acquiring the legal right to explore a property, all direct costs related to the acquisition, exploration, and evaluation of exploration and evaluation assets are capitalized. Costs incurred before the Company has obtained the legal rights to explore the area are recognized through profit or loss. If commercially profitable ore reserves are developed, capitalized costs of the related exploration and evaluation assets are first tested for impairment and then reclassified as mining assets and amortized using the unit of production method. If, after management review, it is determined that capitalized costs are not recoverable over the estimated economic life of the exploration and evaluation assets, or the exploration and evaluation assets are abandoned, or management deems there to be an impairment in value, the exploration and evaluation assets are written down to their net realizable value.

The Company assesses exploration and evaluation assets for impairment when facts and circumstances suggest that the carrying amounts may exceed the recoverable amounts.

g) Restoration, rehabilitation and environmental obligations

The Company recognizes liabilities for statutory, contractual, constructive or legal obligations, including those associated with the reclamation of exploration and evaluation assets when those obligations result from the acquisition, construction, development or normal operation of the assets. Initially, a decommissioning liability is recognized at its fair value in the period in which it is incurred if a reasonable estimate of cost can be made. The Company records the present value of estimated future cash flows associated with decommissioning as a liability when the liability is incurred and increases the carrying value of the related assets for that amount.

Subsequently, these capitalized decommissioning liabilities are amortized over the life of the related assets. At the end of each period, the liability is increased to reflect the passage of time and changes in the estimated future cash flows underlying any initial estimates.

The Company recognizes its environmental liability on a site-by-site basis when it can be reliably estimated. Environmental expenditures related to existing conditions resulting from past or current operations and from which no current or future benefit is discernible are charged to profit or loss. The Company had no decommissioning liabilities for the years presented.

h) Impairment

The carrying amounts of the Company's non-financial assets, other than deferred tax assets if any, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the "cash-generating unit" or "CGU"). The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to sell. 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 there is an indication that a corporate asset may be impaired, then the recoverable amount is determined for the CGU to which the corporate asset belongs.

An impairment loss is recognized if the carrying amount of an asset or its CGU exceeds its estimated recoverable amount. Impairment losses are recognized in profit or loss. Impairment losses recognized in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's

2. Significant Accounting Policies *(continued)*

h) Impairment *(continued)*

carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized. A reversal of an impairment loss is recognized immediately in profit or loss. During the year ended January 31, 2022, there were no impairment losses recognized.

i) Provisions

A provision is recognized if, as a result of a past event, the Company has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognized as a finance cost.

j) Financial instruments – classification and fair value

(i) Financial assets at amortized cost

Financial assets that are held within a business model whose objective is to hold financial assets in order to collect contractual cash flows, and the contractual terms of these financial assets give rise on specified date to cash flows that are solely payments of principal and interest on the principal amount outstanding, are subsequently measured at amortized cost using the effective interest rate method. If there is objective evidence that the financial assets are impaired, determined by reference to external credit ratings and other relevant indicators, the financial assets are measured at the present value of estimated future cash flows. Any changes to the carrying amount of the financial asset, including impairment losses, are recognized through profit or loss. There are no assets classified in this category.

(ii) Financial assets at fair value through other comprehensive income ("FVTOCI")

Financial assets carried at FVTOCI are financial assets that are held within a business model whose objective is to hold financial assets in order to both collect contractual cash flows and sell financial assets, and that the contractual terms of the financial assets give rise on specified date to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Investments in equity instruments at FVTOCI are initially measured at fair value plus transaction costs. Subsequently, they are measured at fair value with gains and losses arising from changes in fair value recognized in other comprehensive income. The cumulative gain or loss is not reclassified to profit or loss on disposal of the instrument; instead, it is transferred to deficit. The Company does not have any financial assets classified as FVTOCI.

(iii) Financial assets at fair value through profit or loss (“FVTPL”)

By default, all other financial assets are measured subsequently at FVTPL. Assets at FVTPL include cash.

Financial assets at FVTPL are initially recognized, and subsequently carried, at fair value with changes recognized in profit or loss. Attributable transaction costs are recognized in profit or loss when incurred.

2. Significant Accounting Policies *(continued)*

j) Financial instruments – classification and fair value *(continued)*

(iv) Impairment of financial assets

Financial assets, other than those at FVTPL, are assessed for indicators of impairment at each reporting period end using expected credit loss ("ECL") model. Financial assets are impaired when there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been impacted.

(v) De-recognition of financial assets

Financial assets are de-recognized when the rights to receive cash flows from the assets expire or the financial assets are transferred and the Company has transferred substantially all of the risks and rewards of ownership of the financial assets. On de-recognition of a financial asset, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognized directly in equity is recognized in profit or loss.

k) Financial liabilities and equity – classification and fair value

Debt and equity instruments are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangement. An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Company are recorded at the proceeds received, net of direct issue costs.

Financial liabilities are classified as either financial liabilities at FVTPL or measured at amortized cost.

At the end of each reporting period subsequent to initial recognition, financial liabilities at FVTPL are measured at fair value, with changes in fair value recognized directly in profit or loss in the period in which they arise.

Financial liabilities that are not contingent consideration of an acquirer in a business combination, held for trading or designated as at FVTPL, are measured at amortized cost using the effective interest method, with interest expense recognized on an effective yield basis.

The Company has no financial liabilities classified through FVTPL and has classified trade and other payables, lease liability and notes payable as financial liabilities measured at amortized cost.

l) Share capital

Common shares are classified as equity. Transaction costs directly attributable to the issuance of common shares and common share purchase warrants are recognized as a deduction from equity. Common shares issued for non-monetary consideration are measured based on their market value at the date the common shares are issued.

The Company has adopted the relative fair value method with respect to the measurement of common shares and warrants issued as equity units. The relative fair value method requires an allocation of the net proceeds received based on the pro rata relative fair value of the components. If and when the warrants are ultimately exercised, the applicable amounts are transferred from reserve for warrants to share capital.

2. Significant Accounting Policies *(continued)*

m) Flow-through shares

Current Canadian tax legislation permits a company to issue securities referred to as flow-through shares whereby the Company assigns the tax deductions arising from the related resource expenditures to the shareholders. The issue of flow-through shares is in substance an issue of ordinary shares and the sale of tax deductions. At the time the Company issues flow-through shares, the sale of tax deductions is deferred and presented as flow-through liability in the consolidated statements of financial position to recognize the obligation to incur and renounce eligible resource exploration and evaluation expenditures. The tax deduction is measured as the difference between the current market price of the Company's common shares and the issue price of the flow-through shares. Upon incurring and renouncing eligible resource exploration and evaluation expenditures, the Company recognizes the sale of tax deductions as a recovery on the consolidated statement of loss and comprehensive loss and reduces the flow-through liability.

To the extent that the Company has deferred tax assets in the form of tax loss carry-forwards and other unused tax credits as at the reporting date, the Company may use them to reduce its deferred tax liability relating to tax benefits transferred through flow-through shares.

n) Loss per share

The Company presents basic and diluted earnings (loss) per share ("EPS") data for its common shares. Basic EPS is calculated by dividing the profit or loss attributable to common shareholders of the Company by the weighted average number of common shares outstanding during the period, adjusted for own shares held. Diluted earnings per share is calculated by dividing the earnings (loss) by the weighted average number of common shares outstanding assuming 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.

In the Company's case, diluted loss per share is the same as basic loss per share, as the effect of outstanding stock options and share purchase warrants on loss per share would be anti-dilutive.

o) Share-based compensation

The stock option plan allows Company employees and consultants to acquire shares of the Company. The fair value of options granted is recognized as a share-based compensation expense with a corresponding increase in equity. An individual is classified as an employee when the individual is an employee for legal or tax purposes (direct employee) or provides services similar to those performed by a direct employee. In situations where equity instruments are issued to individuals who are not considered to be employees and the fair value of the services received cannot be reliably measured, it will be measured at the fair value of the share-based compensation. Otherwise, the share-based compensation is measured at the fair value of the services rendered. Consideration paid on the exercise of stock options is credited to share capital and the fair value of the options is reclassified from reserves to share capital.

The fair value is measured at grant date and each tranche is recognized over the period during which the options vest. The fair value of the options granted is measured using the Black-Scholes option pricing model taking into account the terms and conditions upon which the options were granted. At each financial position reporting date, the amount recognized as an expense is adjusted to reflect the number of stock options that are expected to vest.

2. Significant Accounting Policies *(continued)*

p) Equipment

Equipment is stated at historical cost less accumulated depreciation and accumulated impairment losses. 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 profit or loss during the fiscal 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 profit or loss. Depreciation is calculated using a straight-line method over 5 years.

q) Leases

The Company recognizes a right-of-use asset and a lease liability based on the present value of the future lease payments at the commencement date. The commencement date is when the lessor makes the leased asset available for use by the Company, typically the possession date. The discount rate used in the present value calculation for lease payments is the incremental borrowing rate for each leased asset or portfolio of leased assets with similar characteristics by reference to the Company's creditworthiness, the original term of the lease, the quality of the underlying leased asset, and the economic environment where the leased asset is located. The lease term is determined as the non-cancellable periods of a lease, together with periods covered by a renewal option if the Company is reasonably certain to exercise that option and a termination option if the Company is reasonably certain not to exercise that option. Lease payments for short-term leases with a term of 12 months or less and leases of low-value assets are treated as operating leases, with rent expense recognized in cost of sales or selling, general and administrative expenses on a straight-line or other systematic basis.

Lease liabilities are measured at the present value of future lease payments, discounted using the Company's incremental borrowing rates, and include the fixed payments, variable lease payments that depend on an index or a rate, less any lease incentives receivable. Subsequent to initial measurement, the Company measures lease liabilities at amortized cost using the effective interest rate method. Lease liabilities are remeasured when there are changes to the lease payments, a change in lease term, a change in the assessment of an option to purchase the underlying asset, a change in expected residual value guarantee, or a change in future lease payments due to a change in index or rate tied to the payment.

Right-of-use assets are measured at the initial amount of the lease liabilities, lease payments made at or before the commencement date less any lease incentives received, initial direct costs if any, and decommissioning costs to restore the site to the condition required by the terms and conditions of the lease.

Subsequent to initial measurement, the Company applies the cost model to the right-of-use assets and measures the asset at cost less any accumulated depreciation, accumulated impairment losses in accordance with IAS 36, and any remeasurements of the lease liabilities. Assets are depreciated from the commencement date on a straight-line basis over the earlier of the end of the assets' useful lives or the end of the lease terms.

r) Income taxes

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantially enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

(Expressed in Canadian dollars)

2. Significant Accounting Policies *(continued)*

r) Income taxes *(continued)*

Deferred tax is recognized in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purpose. Deferred tax is not recognized for the following temporary differences: the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss, and differences relating to investments in subsidiaries and jointly controlled entities to the extent that it is probable that they will not reverse in the foreseeable future. In addition, deferred tax is not recognized for taxable temporary differences arising on the initial recognition of goodwill.

Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, based on the laws that have been enacted or substantially enacted by the reporting date.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax assets and liabilities, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realized simultaneously.

A deferred tax asset is recognized for unused tax losses, tax credits and deductible temporary differences, to the extent that it is probable that future taxable profits will be available against which they can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

s) Related party transactions

Parties are considered to be related if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions. Related parties may be individuals or corporate entities. A transaction is considered to be a related party transaction when there is a transfer of resources or obligations between related parties.

t) New standards, interpretations and amendments issued but not yet adopted

A number of new standards and amendments to existing standards have been issued by the IASB that are mandatory for accounting periods beginning on or after January 1, 2021, or later periods. The new standards are either not applicable or are not expected to have a significant impact on the Company's consolidated financial statements.

3. Prepaid Expenses

		2022		2021
Drilling deposit	**$**	**200,000**	$	200,000
Exploration expenditures		**20,794**		114,873
Rent and office		**4,700**		4,700
Investor relations and marketing		**80,049**		-
Payroll advance		**1,047**		8,370
Employee relocation benefits		**-**		17,737
Total	**$**	**306,590**	$	345,680

(Expressed in Canadian dollars)

4. Equipment

Cost:		**Equipment**
At January 31, 2020	$	-
Additions		45,214
At January 31, 2021		45,214
Additions		52,295
At January 31, 2022	$	97,509
Accumulated depreciation:		
At January 31, 2020	$	-
Charge for the year		9,043
At January 31, 2021		9,043
Charge for the year		19,502
At January 31, 2022	$	28,545
Net book value:		
At January 31, 2020	$	-
At January 31, 2021		36,171
At January 31, 2022	**$**	**68,964**

5. Acquisition of Panoramic PGMs (Canada) Ltd.

Closing of Acquisition

On May 14, 2020 (the "Closing Date") the Company completed the acquisition under its option agreement (the "Option Agreement") to acquire a 100% right, title and interest in and to the Escape Lake Property (the "Escape Lake Property"), which forms a part of Thunder Bay North property, subject to a 1% net smelter return royalty to be retained by Rio Tinto Exploration Canada Inc. ("RTEC"), pursuant to the terms of a definitive option agreement (the "Option Agreement") entered into with Benton Resources Inc. ("BEX") on January 6, 2020 and as amended on January 27, 2020.

Concurrently, and pursuant to the terms of a definitive share purchase agreement (the "PAN Agreement") entered into with Magma Metals Pty Ltd. ("Magma"), dated January 6, 2020, the Company also completed the acquisition of 100% of Panoramic Resources Limited's indirect subsidiary, Panoramic PGMs (Canada) Ltd. ("PGMs"), which owns the Thunder Bay North Project (the "TBN Project"). The Option Agreement was conditional on BEX exercising its pre-existing option to acquire the Escape Lake Property from RTEC. In addition, BEX also assigned to the Company its rights under a letter of intent previously entered into with Panoramic Resources Ltd. ("PAN") pursuant to which BEX acquired the right to acquire 100% of PGMs which owns the TBN Project.

Pursuant to the terms of the Option Agreement, the Company issued to BEX an aggregate of 24,615,884 common shares (the "Consideration Shares") in the capital of the Company, and issued a cash payment of $4,250,000 to PAN pursuant to the terms of the PAN Agreement on the Closing Date.

(Expressed in Canadian dollars)

5. Acquisition of Panoramic PGMs (Canada) Ltd. *(continued)*

Purchase Price Allocation

Consideration paid to acquire PGMs shares:	$
Cash	4,500,000
Note payable (Note 8)	3,261,409
Closing costs	489,208
	8,250,617
Allocated as follows to PGMs assets and liabilities:	
Cash	38,239
Other receivables	17,923
Prepaid expenses	13,070
Exploration and evaluation asset	8,271,703
Accounts payable and accrued liabilities	(90,318)
Net assets acquired	8,250,617

Background of Acquisition

On January 6, 2020, and as amended January 27, 2020, the Company entered into a definitive option agreement with BEX whereby the Company acquired an option to acquire a 100% right, title and interest in the Escape Lake Property, subject to a 1% net smelter return royalty to be retained by RTEC, from BEX with such option to be conditional on BEX exercising its pre-existing option to acquire the Escape Lake property from RTEC. In addition, BEX also assigned to the Company its rights under a letter of intent previously entered into with PAN pursuant to which BEX acquired the right to acquire 100% of PAN's subsidiary, Panoramic PGMs (Canada) Ltd., which owns the TBN Project.

Option Agreement

Under the Option Agreement in order to acquire a 100% interest in the Escape Lake Property from BEX (subject to BEX exercising its pre-existing option with RTEC) and BEX's rights to acquire a 100% right, title and interest in the TBN Project, the Company must complete the following:

i) enter into a definitive share purchase agreement (the "PAN Agreement") with Magma Metals Pty Ltd ("Magma"), a wholly-owned subsidiary of PAN, and make an initial $250,000 payment. These requirements have both been completed on January 6, 2020;

ii) issue to BEX an aggregate of 24,615,884 common shares (the "Consideration Shares") in the capital of the Company. The value of the shares was estimated to be $3,200,065 and the shares were issued on May 14, 2020;

iii) fulfill all the remaining payments to RTEC under the terms of an option agreement (the "RTEC Agreement") dated October 9, 2019, between RTEC and BEX required in order for BEX to exercise BEX's option to earn a 100% interest in the Escape Lake Property. These payments are set out under the RTEC Agreement paragraph below;

iv) fulfill all the remaining payments under the terms of the PAN Agreement. These payments are set out under the PAN Agreement paragraph below; and

5. Acquisition of Panoramic PGMs (Canada) Ltd. *(continued)*

Option Agreement *(continued)*

v) grant to BEX a 0.5% net smelter return royalty from production on the Escape Lake Property and a 0.5% net smelter return royalty from production on any mineral claims comprising the TBN Project over which a net smelter royalty has not previously been granted.

The RTEC Agreement

Under the RTEC Agreement, BEX was granted an option to acquire a 100% ownership interest in the Escape Lake Property, subject to a 1% net smelter return royalty to be retained by RTEC, in exchange for payment of $6 million by BEX to RTEC over a three-year period, as follows:

i) $3 million due on signing, immediately following receipt of regulatory approval (this amount has been paid by BEX resulting in the issuance of the Consideration Shares to BEX);
ii) $1 million on or before October 9, 2020 (paid);
iii) $1 million on or before October 9, 2021 (paid); and
iv) $1 million on or before October 9, 2022 (paid).

The Company has assumed and is bound and shall perform the obligations of BEX under the RTEC Agreement.

During the year ended January 31, 2022, the Company accelerated the final payment of $1 million to RTEC, on behalf of BEX for the Escape Lake option. The final payment of $1 million, not due under the terms of the Escape Lake option agreement until October 9, 2022, was accelerated at the Company's option. The Company has now fulfilled all of BEX's payment obligations under the Escape Lake Property option agreement, earning BEX a 100 percent right, title and interest in and to the Escape Lake Property, subject to a 1 percent net smelter return royalty to be retained by RTEC and subject to the Company's right to acquire 100 percent of BEX's interest in and to the Escape Lake Property pursuant to the terms of the option agreement.

The Company will be entitled to exercise the option to acquire 100 per cent of BEX's interest in the Escape Lake Property, subject to a 0.5 percent net smelter return royalty from production on the Escape Lake Property to be retained by BEX, upon completion of the two remaining payments under the share purchase agreement between the Company and Magma ($1.5 million is due by May 13, 2022, and a further $1.5 million is due by May 13, 2023, provided that both payments can be accelerated at the discretion of the Company). Upon exercise of its option, the Company will also assume the obligations of the payer in respect of the RTEC royalty.

The PAN Agreement

Under the PAN Agreement, the Company has the right to acquire a 100% ownership interest in PGMs, the subsidiary of Magma that holds the TBN Project, in exchange for payment of $9 million by the Company to PAN over a three year period, as follows:

i) $4.5 million due on closing of the acquisition of the TBN Project (This amount was paid on May 14, 2020;
ii) $1.5 million on the first anniversary of the closing of the acquisition of the TBN Project (paid);
iii) $1.5 million on the second anniversary of the closing of the acquisition of the TBN Project; and
iv) $1.5 million on the third anniversary of the closing of the acquisition of the TBN Project.

(Expressed in Canadian dollars)

5. Acquisition of Panoramic PGMs (Canada) Ltd. *(continued)*

The Company made an initial payment of $250,000 to PAN which was credited to the purchase price, and extended the proposed closing of the acquisition and the initial payment of $4.5 million, by 60 days. On May 14, 2020, the Company made the first payment of $4.25 million to PAN, net of the initial payment of $250,000 made by a third party, with the balance due as a note owing to PAN (Note 8). Pursuant to the terms of the PAN Agreement, the Company paid an additional $115,000 to PAN on closing of the transaction for reimbursement of costs incurred from the date of the PAN Agreement to closing.

In addition, the Company had the ability to receive up to three additional 30-day extensions by making a $10,000 payment for each extension. During the year ended January 31, 2021, the Company made three extension payments totaling $30,000 in exchange for a 90-day extension. The Consideration Shares issued by the Company to BEX shall not exceed 19.68% of the issued share capital of the Company and are subject to a four month and one day “hold period” from the date of issuance. In May 2021, the Company made the first anniversary payment of $1,500,000 under the PAN Agreement.

6. Exploration and Evaluation Assets

Exploration and evaluation assets comprise the following accumulated expenditures:

		Thunder Bay North Property
Balance at January 31, 2020	**$**	**-**
Acquisition Costs:		
Thunder Bay North: Acquisition cost of PGMs, cash payments and others		9,300,634
Escape Lake: Common shares issued		3,200,065
Exploration Expenditures:		
Advance royalty payments		50,000
Assays and samples		331,664
Community relations		1,149,485
Drilling		2,725,484
Field and camp costs		1,714,375
Geological		391,308
Geochemical		55,491
Survey		592,039
Balance at January 31, 2021	**$**	**19,510,545**
Acquisition Costs:		
Cash payments		2,000,000
Exploration Expenditures:		
Advance royalty payments		50,000
Assays and samples		507,117
Community relations		13,292
Drilling		6,080,367
Engineering		905,691
Field and camp costs		1,569,254
Geological		1,807,160
Geochemical		240,738
Survey		944,399
Balance at January 31, 2022	**$**	**33,628,563**

(Expressed in Canadian dollars)

7. Trade and Other Payables

		2022		2021
Trade and other payables	$	855,430	$	230,805
Accrued liabilities		50,000		-
Total	$	905,430	$	230,805

8. Notes Payable

Blueberry Cobalt Project Note Payable

The Company has a note payable to Blueberry Cobalt Project Corp. totaling $250,000 (January 31, 2021 - $250,000), which is due on demand, unsecured, bears interest at a rate of 5% per annum, with no fixed terms of repayment. Interest expense in the amount of $12,500 was accrued for the year ended January 31, 2022 (2021 - $12,534). As at January 31, 2022, accrued interest totaling $27,431 is included in trade and other payables.

Magma Note Payable

On May 14, 2020, the Company issued a note payable for the remaining balance of $4,500,000 owed to Magma for the PAN Agreement (terms described in Note 5). The fair market value of the note was estimated to be $3,261,409 on May 14, 2020 resulting in a discount of $1,238,591. The discount on the loan is amortized using the effective interest method over the three-year term of the loan. The Company accretes the carrying value of the loan each quarter by recognizing an accretion expense in the statement of loss and comprehensive loss and a credit to note payable. For the year ended January 31, 2022, $368,003 (2021 - $164,244) of accretion expense from the debt discount was recorded by the Company.

Other Notes Payable

The Company has notes payable to shareholders totaling $1,323 (2021 - $1,323), which are due on demand, unsecured, bear interest of 12% per annum, with no fixed term of repayment.

9. Share Capital and Reserves

a) *Authorized share capital*

An unlimited number of common shares without par value.

b) *Issued share capital*

Year ended January 31, 2022

i) On February 23, 2021, the Company closed a bought deal private placement for total proceeds of approximately $11.5 million, consisting of: (i) 11,904,800 flow-through shares at a price of $0.42 per flow-through share; and (ii) 12,745,100 flow-through units at a price of $0.51 per flow-through unit, including the exercise of the underwriters' option.

Each flow-through unit consists of one common share of the Company and one half of one common share purchase warrant that each qualifies as a flow-through share (within the meaning of Subsection 66(15) of the Income Tax Act (Canada)). Each warrant will entitle the holder thereof to acquire one common share of the company at a price of $0.55 until February 23, 2023.

9. Share Capital and Reserves *(continued)*

b) Issued share capital (continued)

As consideration for the services provided by the underwriters in connection with the offering, the underwriters received: (a) a cash commission of $660,000, which is equal to 6% of the gross proceeds of the offering (other than in respect of sales to those persons on the president's list on which the cash commission was 3%); and (b) an aggregate of 1,172,970 compensation options, which is equal to 5% of the number of securities sold under the offering (and reduced to 2.5% with respect to certain subscribers on the president's list). Each compensation option is exercisable to acquire one common share of the Company, issued on a non-flow-through basis at a price of $0.42 per compensation option share until February 23, 2023.

The Company used the residual value method to calculate the fair value of the tax deduction attached with the flow-through common shares and recorded an initial flow-through liability of $1,725,493. During the year ended January 31, 2022, the Company spent approximately 77% of the required flow-through expenditures under the issuance and $1,331,629 was recognized as other income. As of January 31, 2022, $393,863 remained as flow-through liability.

Expenditures related to the use of flow-through share proceeds are not available as a tax deduction to the Company as the tax benefits of these expenditures are renounced to the investors. The Company is required to incur these expenditures before December 31, 2023 under the general rule and before December 31, 2022 under the look-back rule.

ii) The Company issued an aggregate of 2,215,063 common shares through the exercise of incentive stock options and warrants with exercise prices between $0.20 and $0.395, for net proceeds of $729,564.

<u>Year ended January 31, 2021</u>

i) On February 11, 2020, the Company issued an aggregate of 75,000,000 subscription receipts at a price of $0.20 per unit for gross proceeds of $15,000,000. On May 12, 2020, the subscription units were converted into units of the Company following the satisfaction of applicable escrow release conditions. Each unit consists of one common share and one-half common share purchase warrant exercisable at $0.30 until February 11, 2022, subject to adjustments in certain events. Under the relative fair value method, the Company has allocated $1,429,441 to the warrants issued in connection with the private placement.

As consideration for the services provided by the agents in connection with the offering, the Company paid a cash commission of $1,034,500, incurred other costs of $97,860 and issued an aggregate of 4,312,500 compensation options. The compensation options were issued with an exercise price of $0.20 per unit, a term of 24 months and immediate vesting. Each compensation option will allow the holder to purchase one unit of the Company which consists of one common share and one-half common share purchase warrant exercisable at $0.30 per share for a period of 24 months.

ii) On June 16, 2020, the Company issued 13,400,000 flow-through common shares of the Company at a price of $0.50 per flow-through share, for aggregate gross proceeds of $6,700,000.

9. Share Capital and Reserves *(continued)*

b) Issued share capital (continued)

For the purposes of calculating the effect of any premium related to the issuance of the flow-through shares, the Company reviewed the fair market value of the common shares on the date of private placement and compared it to determine if there was a premium paid on the shares. As a result of the review, the Company recognized a premium of $2,211,000 on the flow-through shares issued.

Expenditures related to the use of flow-through share proceeds are not available as a tax deduction to the Company as the tax benefits of these expenditures are renounced to the investors. The Company is required to incur these expenditures before December 31, 2022 under the general rule and before December 31, 2021 under the look-back rule. The Government of Canada has announced that it may extend the look-back rule by one year which would mean the Company has until December 31, 2022 to incur these expenditures. During the year ended January 31, 2021, the Company renounced a total of $6,700,000 in eligible exploration and evaluation expenditures.

As consideration for the services provided by the agents in connection with the offering, the agents received a cash commission of $387,000, incurred other costs of $196,862 and issued 774,000 compensation options. Each compensation option is exercisable to acquire one common share of the Company, issued on a non-flow through basis at a price of $0.50 per compensation option share, for a period of 24 months after the closing date.

iii) The Company issued, an aggregate of 1,904,765 common shares through the exercise of incentive stock options and warrants with exercise prices between $0.12 and $0.30 per common shares for gross proceeds of $342,180; $66,563 was received by the Company subsequent to January 31, 2021.

iv) The Company issued an aggregate of 24,615,884 common shares in the capital of the Company to BEX as consideration for a 100% interest in the Escape Lake Property. The fair value of the shares was estimated to be $3,200,065 as described in Note 5.

c) Equity Incentive Compensation Plan

The Board of Directors adopted a new Equity Incentive Compensation Plan (the “Plan”), which has been approved by the Company’s shareholders and the TSXV. The Plan covers incentive stock options, restricted and performance share units, and deferred share unit awards (collectively, the “Awards”).

Awards may be granted to the Company’s directors, senior officers, employees, consultants and consultant’s companies. The Plan: (i) provides that the number of common shares reserved for issuance, within a one year period, to any one optionee, shall not exceed 5% of the outstanding common shares; (ii) provides the maximum number of common shares reserved for issuance pursuant to Awards granted may not exceed 15% of the issued common shares; and (iii) contains other provisions to ensure the Plan is compliant with stock exchange regulations. Vesting terms are determined by the Board of Directors.

On November 8, 2021, the Company issued 400,000 incentive stock options to a director of the Company with an exercise price of $0.265 for a period of 5 years. The options were valued using the Black-Scholes option pricing model assuming a life expectancy of five years, a risk-free interest rate of 1.39%, a forfeiture and dividend rate of Nil, and a volatility rate of 74%.

9. Share Capital and Reserves *(continued)*

c) Equity Incentive Compensation Plan (continued)

On September 15, 2021, the Company issued 300,000 incentive stock options to employees of the Company with an exercise price of $0.245 for a period of 5 years. The options were valued using the Black-Scholes option pricing model assuming a life expectancy of five years, a risk-free interest rate of 0.43%, a forfeiture and dividend rate of Nil, and a volatility rate of 75%.

The Company also granted 100,000 incentive stock options to a consultant of the Company with an exercise price of $0.245 for a period of 2 years. The options were valued using the Black-Scholes option pricing model assuming a life expectancy of two years, a risk-free interest rate of 0.28%, a forfeiture and dividend rate of Nil, and a volatility rate of 53%.

On May 4, 2021, the Company issued 1,033,226 restricted share unit awards and 187,500 deferred share unit awards to certain directors, officers and employees of the Company. During the year ended January 31, 2022, 243,752 unvested restricted share units were cancelled due to a participant no longer being eligible.

On April 6, 2021, the Company issued an aggregate of 200,000 incentive stock options to employees of the Company with an exercise price of $0.395 for a period of 5 years. The options are subject to vesting provisions as follows: 25% of the options vest on the grant date; 25% of the options vest 6 months after the grant date; and 50% of the options vest 12 months after the grant date. The options were valued using the Black-Scholes option pricing model assuming a life expectancy of five years, a risk-free interest rate of 0.25%, a forfeiture and dividend rate of Nil, and a volatility rate of 143%.

On January 26, 2021, the Company issued an aggregate of 200,000 incentive stock options to an employee of the Company with an exercise price of $0.40 for a period of 5 years. The options are subject to vesting provisions as follows: 25% of the options vest on the grant date; 25% of the options vest 6 months after the grant date; and 50% of the options vest 12 months after the grant date. The options were valued using the Black-Scholes option pricing model assuming a life expectancy of five years, a risk-free interest rate of 0.47%, a forfeiture and dividend rate of Nil, and a volatility rate of 216%.

On December 1, 2020, the Company issued an aggregate of 60,000 incentive stock options to an employee of the Company with an exercise price of $0.30 for a period of 5 years. The options are subject to vesting provisions as follows: 25% of the options vest on the grant date; 25% of the options vest 6 months after the grant date; and 50% of the options vest 12 months after the grant date. The options were valued using the Black-Scholes option pricing model assuming a life expectancy of five years, a risk-free interest rate of 0.45%, a forfeiture and dividend rate of Nil, and a volatility rate of 251%.

On September 23, 2020, the Company issued an aggregate of 100,000 incentive stock options to certain directors, officers, employees and consultants with an exercise price of $0.30 for a period of 5 years. The options are subject to vesting provisions as follows: 33.33% of the options vest on the grant date; 33.33% of the options vest 6 months after the grant date; and 33.33% of the options vest 9 months after the grant date. The options were valued using the Black-Scholes option pricing model assuming a life expectancy of five years, a risk-free interest rate of 0.35%, a forfeiture and dividend rate of Nil, and a volatility rate of 267%.

On June 25, 2020, the Company issued an aggregate of 750,000 incentive stock options to certain directors, officers, employees and consultants with an exercise price of $0.32 for a period of 5 years.

(Expressed in Canadian dollars)

9. Share Capital and Reserves *(continued)*

c) *Equity Incentive Compensation Plan (continued)*

The options were valued using the Black-Scholes option pricing model assuming a life expectancy of five years, a risk-free interest rate of 0.36%, a forfeiture and dividend rate of Nil, and a volatility of 240%.

On May 14, 2020, the Company issued an aggregate of 7,565,000 incentive stock options to certain directors, officers, employees and consultants with an exercise price of $0.20 for a period of 5 years. The options are subject to vesting provisions as follows: 25% of the options vest on the grant date; 25% of the options vest 6 months after the grant date; and 50% of the options vest 12 months after the grant date. The options were valued using the Black-Scholes option pricing model assuming a life expectancy of five years, a risk-free interest rate of 0.36%, a forfeiture and dividend rate of Nil, and a volatility of 235%.

The continuity of stock options is as follows:

	Options Outstanding	Weighted Average Exercise Price
Balance - January 31, 2020	**1,275,000**	**$ 0.12**
Granted	8,740,000	0.21
Exercised	(1,332,500)	0.13
Expired	(175,000)	0.20
Balance – January 31, 2021	**8,507,500**	**$ 0.21**
Granted	1,000,000	0.28
Exercised	(25,063)	0.24
Balance – January 31, 2022	**9,482,437**	**$ 0.21**

As at January 31, 2022, the Company had incentive stock options enabling the holders to acquire further common shares as follows:

Expiry Date	**Options Outstanding**	**Options Exercisable**	**Weighted Average Exercise Price**	**Weighted Average Remaining Life**
			($)	**(years)**
September 30, 2024	75,000	75,000	0.001	0.02
May 14, 2025	7,237,500	7,237,500	0.153	2.50
June 25, 2025	750,000	750,000	0.016	0.27
September 23, 2025	100,000	100,000	0.003	0.04
December 1, 2025	60,000	60,000	0.002	0.02
December 8, 2025	65,000	65,000	0.002	0.03
January 26, 2026	200,000	200,000	0.008	0.08
April 6, 2026	194,937	44,937	0.008	0.09
September 15, 2023	100,000	50,000	0.003	0.01
September 15, 2026	300,000	50,000	0.008	0.15
November 8, 2026	400,000	100,000	0.011	0.20
	9,482,437	**8,732,437**	**0.21**	**3.41**

During the year ended January 31, 2022, the Company recognized $385,183 (January 31, 2021 - $1,081,268) in share-based compensation related to the grant of incentive stock options.

(Expressed in Canadian dollars)

9. Share Capital and Reserves *(continued)*

d) Warrants

A continuity schedule of outstanding share purchase warrants is as follows:

	Number Outstanding	Weighted Average Exercise Price
		($)
Balance – January 31, 2020	**-**	**-**
Granted	40,500,000	0.30
Exercised	(572,265)	0.30
Balance – January 31, 2021	**39,927,735**	**0.30**
Granted	6,372,550	0.55
Exercised	(2,190,000)	0.30
Balance – January 31, 2022	**44,110,285**	**0.34**

As of January 31, 2022, the Company had the following share purchase warrants issued and outstanding:

Expiry Date	Warrants Outstanding	Exercise Price	Remaining Life
		($)	**(years)**
February 11, 2022	34,737,735	0.30	0.03
February 23, 2023	6,372,550	0.55	1.06
January 8, 2026	3,000,000	0.40	3.94
	44,110,285	**0.34**	**0.29**

On February 23, 2021, the Company issued an aggregate of 6,372,550 warrants related to a bought deal private placement with an exercise price of $0.55 for a period of 2 years. The warrants were valued using the Black-Scholes option pricing model assuming a life expectancy of two years, a risk-free interest rate of 0.40%, a forfeiture and dividend rate of Nil, and a volatility rate of 115%.

On January 26, 2021, the Company issued an aggregate of 3,000,000 warrants to certain First Nations groups with an exercise price of $0.40 for a period of 5 years. The options were valued using the Black-Scholes option pricing model assuming a life expectancy of five years, a risk-free interest rate of 0.47%, a forfeiture and dividend rate of Nil, and a volatility rate of 248%.

On February 11, 2020, the Company issued subscription receipts pursuant to a private placement for 75,000,000 units at $0.20 per unit for aggregate gross proceeds of $15,000,000 which were ultimately converted to Units of the Company. As part of the unit offering, 37,500,000 attached share purchase warrants were issued to investors. The attached share purchase warrants were valued using the Black-Scholes option pricing model at $1,429,441 assuming a life expectancy of two years, a risk-free interest rate of 1.47%, a forfeiture and dividend rate of Nil, and a volatility of 79%. The value of the share purchase warrants is included in share capital.

(Expressed in Canadian dollars)

9. Share Capital and Reserves *(continued)*

e) Compensation Options

On February 23, 2021, the Company issued 1,172,970 compensation options as consideration for services provided by the agents in connection with a bought deal private placement which closed on the same day. The compensation options have an exercise price of $0.42 per unit, a term of two years and vest immediately. Each compensation option is exercisable to acquire one common share of the Company, issued on a non-flow through basis. The compensation options were valued using the Black-Scholes option pricing model assuming a life expectancy of two years, a risk-free interest rate of 0.24%, a forfeiture and dividend rate of Nil, and a volatility of 246%. The Company recognized $358,000 as a reduction of share capital in connection with the issuance of the compensation options.

On February 11, 2020, the Company issued 4,312,500 compensation options as consideration for services provided by the agents in connection with a private placement of subscription receipts which closed in February 2020. The compensation options have an exercise price of $0.20 per unit, a term of 24 months and immediate vesting. Each compensation option will allow the holder to purchase one unit of the Company which consists of one common share and one-half common share purchase warrant exercisable at $0.30 per share for a period of 24 months. The compensation options were valued using the Black-Scholes option pricing model assuming a life expectancy of two years, a risk-free interest rate of 1.47%, a forfeiture and dividend rate of Nil, and a volatility of 79%. The Company recognized $174,409 as a reduction of share capital in connection with the issuance of the compensation options.

On June 16, 2020, the Company issued 774,000 compensation options as consideration for services provided by the agents in connection with a private placement of subscription receipts which closed in June 2020. The compensation options have an exercise price of $0.50 per unit, a term of 24 months and immediate vesting. Each compensation option is exercisable to acquire one common share of the Company, issued on a non-flow through basis. The compensation options were valued using the Black-Scholes option pricing model assuming a life expectancy of two years, a risk-free interest rate of 0.29%, a forfeiture and dividend rate of Nil, and a volatility of 138%. The Company recognized $157,398 as a reduction of share capital in connection with the issuance of the compensation options.

A continuity schedule of outstanding compensation options is as follows:

	Number Outstanding	**Weighted Average Exercise Price**
		($)
Balance – January 31, 2020	**-**	**-**
Granted	5,086,500	0.25
Balance – January 31, 2021	**5,086,500**	**0.25**
Granted	1,172,970	0.42
Balance – January 31, 2022	**6,259,470**	**0.28**

(Expressed in Canadian dollars)

9. Share Capital and Reserves *(continued)*

e) Compensation Options (continued)

As at January 31, 2022, the Company had compensation options issued and outstanding as follows:

Expiry Date	Compensation Options Outstanding	Compensation Options Exercisable	Weighted Average Exercise Price	Weighted Average Remaining Life
			($)	(years)
February 11, 2022	4,312,500	4,312,500	0.14	0.02
June 16, 2022	774,000	774,000	0.06	0.05
February 23, 2023	1,172,970	1,172,970	0.08	0.20
	6,259,470	**6,259,470**	**0.28**	**0.27**

f) Share Unit Awards

On May 4, 2021, the Company issued 1,033,226 restricted share unit awards (“RSU”) to certain directors, officers and employees of the Company, and 187,500 deferred share unit awards (“DSU”) to certain independent directors of the Company under the new Equity Incentive Compensation Plan. The RSU are subject to vesting whereby 1/3 of the total RSU shall vest on the first anniversary of the grant date, 1/3 shall vest on the second anniversary of the grant date, and 1/3 shall vest on the third anniversary of the grant date. The DSU will vest 100% upon the independent director’s resignation. During the year ended January 31, 2022, 243,752 unvested RSUs were cancelled due to participants ceasing to be eligible.

A continuity schedule of outstanding share unit awards is as follows:

	Restricted Share Units	Deferred Share Units
Balance, January 31, 2021	-	-
Granted	1,033,226	187,500
Cancelled	(243,752)	-
Balance, January 31, 2022	**789,474**	**187,500**

10. Related Party Transactions and Balances

The Company’s related parties consist of directors and companies with directors and executive officers in common and companies owned in whole or in part by executive officers and directors.

Trade and other payables as at January 31, 2022 include $8,400 (2021 - $259) owing to directors, officers, or companies they control. The amounts are non-interest bearing, unsecured and due on demand.

(Expressed in Canadian dollars)

10. Related Party Transactions and Balances *(continued)*

Compensation of key management personnel:

The remuneration of directors and other key management personnel during years ended January 31:

		2022		2021
Consulting fees, former CEO	**$**	**-**	$	7,500
Consulting fees, CFO		**96,000**		96,000
Wages, CEO		**220,000**		185,800
Wages, Executive Chairman		**125,000**		91,833
Wages, Directors		**159,886**		112,083
Share-based compensation		**31,741**		452,125
Total	**$**	**632,627**	$	945,341

11. Segmented Information

The Company's operations are segmented on a regional basis and are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker who is responsible for allocating resources and assessing performance of the operating segments has been defined as the Chief Executive Officer.

The Company operates in a single segment, being mineral exploration and evaluation. All of the Company's significant assets are held in Canada.

12. Management of Financial Risk

Categories of financial assets and financial liabilities

Financial instruments are classified into one of the following categories: FVTPL; FVTOCI; or amortized cost. The carrying values of the Company's financial instruments are classified into the following categories:

Financial Instrument	Category		**2022**		2021
Cash	FVTPL	**$**	**542,573**	$	6,678,356
Trade and other payables	Amortized cost		**905,430**		230,805
Lease liability	Amortized cost		**45,163**		15,570
Notes payable	Amortized cost		**2,544,980**		3,676,977

The Company's financial instruments recorded at fair value require disclosure about how the fair value was determined based on significant levels of inputs described in the following hierarchy:

Level 1 - Quoted prices are available in active markets for identical assets or liabilities as of the reporting date. Active markets are those in which transactions occur in sufficient frequency and value to provide pricing information on an ongoing basis.

12. Management of Financial Risk *(continued)*

Level 2 - Pricing inputs are other than quoted prices in active markets included in Level 1. Prices in Level 2 are either directly or indirectly observable as of the reporting date. Level 2 valuations are based on inputs including quoted forward prices for commodities, time value and volatility factors, which can be substantially observed or corroborated in the market place.

Level 3 - Valuations in this level are those with inputs for the asset or liability that are not based on observable market data.

Cash is measured at fair value using level one as the basis for measurement in the fair value hierarchy.

Risk management

The Company's risk exposures and the impact on the Company's consolidated financial instruments are summarized as follows:

Credit Risk
Credit risk is the risk of potential loss to the Company if a counterparty to a financial instrument fails to meet its contractual obligations. The Company's credit risk is primarily attributable to its liquid financial assets, including cash. The Company limits the exposure to credit risk in its cash by only holding its cash with high-credit quality financial institutions in business and/or savings accounts or other high-credit financial instruments.

Liquidity Risk
Liquidity risk is the risk that the Company will not have the resources to meet its obligations as they fall due. The Company manages this risk by closely monitoring cash forecasts and managing resources to ensure that it will have sufficient liquidity to meet its obligations. All of the Company's financial liabilities are classified as current and are anticipated to mature within the next ninety days. The Company is exposed to liquidity risk.

Market Risk
Market risk is the risk of loss that may arise from changes in market factors such as interest rates, foreign exchange rates, and commodity and equity prices. These fluctuations may be significant.

(a) Interest Rate Risk: Management has determined that the Company is not exposed to any significant interest rate risks.

(b) Foreign Currency Risk: The Company has identified its functional currency as the Canadian dollar. Management believes the foreign exchange risk related to currency conversions are minimal and therefore, does not hedge its foreign exchange risk.

(c) Commodity Price Risk: Management has determined that the Company is not exposed to any significant commodity price risks. The Company does not have any hedging or other commodity based risks in respect to its operational activities.

The Company manages its equity as capital. The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to pursue the development of exploration and evaluation assets, pursue its exploration activities, and to maintain a flexible capital structure, which optimizes the costs of capital at an acceptable risk.

(Expressed in Canadian dollars)

12. Management of Financial Risk *(continued)*

The Company manages its capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust the capital structure, the Company may attempt to issue new shares, issue debt, acquire or dispose of assets, or adjust the amount of cash on hand.

In order to facilitate the management of its capital requirements, the Company prepares expenditure budgets that are updated as necessary depending on various factors, including successful capital deployment and general industry conditions.

In order to maximize ongoing exploration efforts, the Company does not pay out dividends. The Company's investment policy is to keep its cash on deposit in an interest bearing Canadian chartered bank account, where possible.

There have been no changes to the Company's approach to capital management during the year ended January 31, 2022. The Company is not subject to externally imposed capital requirements.

13. Legal Proceedings

From time to time, the Company is engaged in various legal proceedings and claims that have arisen in the normal course of business. The outcome of all the proceedings and claims against the Company is subject to future resolution, including the uncertainties of litigation. Management believe that the probable ultimate resolution of any such proceedings and claims, individually or in the aggregate, will not have a material adverse effect on the financial condition of the Company.

14. Right-of-Use Assets

The Company entered into a vehicle lease subject to fixed lease payments starting July 27, 2020 for a thirty-six month term, a second vehicle lease on February 26, 2021 for a thirty-six month term, and a third vehicle lease on October 19, 2021 for a thirty-six month term. The lease commitments are based on the current lease terms. Below is a summary of the activity related to right-of-use lease assets for the year ended January 31, 2022:

	Right-of-Use Assets
	$
Balance, January 31, 2020	-
Fair market value - addition	17,657
Depreciation	(3,433)
Balance, January 31, 2021	14,224
Fair market value - addition	44,712
Depreciation	(15,289)
Balance, January 31, 2022	43,647

(Expressed in Canadian dollars)

14. Right-of-Use Assets *(continued)*

Below is a summary of the activity related to lease liability for year ended January 31, 2022:

	Right-of-Use Lease Liability
	$
Balance, January 31, 2020	-
Lease liability – addition	17,657
Lease payments	(2,087)
Balance, January 31, 2021	15,570
Lease liability – addition	44,712
Lease payments	(15,119)
Balance, January 31, 2022	45,163
Current portion of lease liability	19,063
Long Term lease liability	26,100
Balance, January 31, 2022	45,163

15. Sponsorship Income

During the year ended January 31, 2022, the Company hosted a charity golf tournament, generating $4,285 in sponsorship income (2021 - $NIL), and donated $4,800 (2021 - $NIL) to various charitable organizations which is included in office, administration and rent.

16. Income Taxes

The following table reconciles the amount of income tax recoverable on application of the statutory Canadian federal and provincial income tax rates:

	2022	2021
	$	$
Loss for the year	(2,033,000)	(1,274,000)
Expected income tax recovery – 27%	(549,000)	(344,000)
Permanent differences and others	(405,000)	(1,100,000)
Mineral property	2,397,000	597,000
Effect of changes in income tax rates	-	-
Change in unrecognized deductible temporary differences	(1,305,000)	847,000
Total income tax expense	**138,000**	-

(Expressed in Canadian dollars)

16. Income Taxes *(continued)*

The significant components of the Company's unrecorded deferred tax assets are as follows:

	2022	2021
	$	$
Deferred Tax Assets		
Share issuance costs	526,000	440,000
Equipment	(5,000)	(8,000)
Mineral property	(2,993,000)	(597,000)
Capital losses	21,000	21,000
Non-capital losses available for future periods	2,782,000	1,917,000
	331,000	1,773,000
Unrecognized deferred tax assets	(469,000)	(1,773,000)
Net deferred tax liability	(138,000)	-

The significant components of the Company's unrecognized temporary differences and tax losses are as follows:

	2022	Expiry Date Range	2021	Expiry Date Range
	$		$	
Temporary Differences				
Share issuance costs	1,950,00	No expiry date	1,631,000	No expiry date
Equipment	(18,000)	No expiry date	(30,000)	No expiry date
Mineral property	(11,086,000)	No expiry date	(2,211,000)	No expiry date
Capital losses	76,000	No expiry date	76,000	No expiry date
Non-capital losses available for future periods	10,461,000	2021 – 2042	7,261,000	2021 – 2041
Canada (27%) (2021 – 27%)	10,461,000	2028 – 2042	6,544,000	2027 – 2041
USA (N/A) (2021 – 21%)	-	N/A	717,000	2021 – 2041

Tax attributes are subject to review, and potential adjustment, by tax authorities.

17. Subsequent Events

Subsequent to the year ended January 31, 2022, the following significant transactions occurred:

a) On February 23, 2022, the Company closed a private placement for gross proceeds of approximately $12.5 million, consisting of: (i) 23,150,400 flow-through units, of which 10,869,600 were issued at a price of $0.23 per flow-through unit and 12,280,800 at a price of $0.285, and (ii) 32.25 million non-flow-through units at a price of $0.20 per unit. Each flow-through unit consists of one common share of the Company and one common share purchase warrant that each qualify as a flow-through share (within the meaning of Subsection 66(15) of the Income Tax Act (Canada)). Each unit consists of one non-flow-through common share of the company and one non-flow-through share warrant. Each warrant entitles the holder thereof to acquire one common share of the Company at a price of $0.25 for a period of two years following the closing of the offering.

The Company will use an amount equal to the gross proceeds received by the company from the sale of the flow-through units to incur eligible Canadian exploration expenses that will qualify as flow-through mining expenditures as such terms are defined in the Income Tax Act (Canada) related to the Company's projects in Ontario. All qualifying expenditures will be renounced in favour of the subscribers of the flow-through units effective December 31, 2022. As consideration for their

17. Subsequent Events *(continued)*

services in connection with the offering, the agents received: (a) a cash commission equal to $738,242; and (b) 2,733,520 compensation options. Each compensation option is exercisable to

acquire one common share of the Company, issued on a non-flow through basis at a price of $0.20 per compensation option share for a period of two years following the closing of the offering.

b) On May 4, 2022, an aggregate of 263,158 common shares were issued with a fair value of $0.235 per share to employees of the Company pursuant to the partial vesting of restricted share units that were originally issued on May 4, 2021.