ACADEMY METALS INC.

Financial Statements

For the years ended March 31, 2022 and 2021

(Expressed in Canadian Dollars)

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of **Academy Metals Inc.**

Opinion

We have audited the financial statements of **Academy Metals Inc.** (the "Company"), which comprise the statement of financial position as at March 31, 2022, and the statements of loss and comprehensive loss, changes in shareholders' equity and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at March 31, 2022, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs).

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 *Auditors' Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company in accordance with 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 in the financial statements, which describes matters and conditions that indicate the existence of a material uncertainty that may cast significate 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 Management's Discussion and Analysis. Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon. In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the financial statements

Management is responsible for the preparation and fair presentation of these 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 Linda Zhu.

The financial statements of the Company for the year ended March 31, 2021 were audited by another auditor who expressed an unmodified opinion on these financial statements on July 29, 2021.

Mao & Ying LLP

Vancouver, Canada,
July 29, 2022

Chartered Professional Accountants

ACADEMY METALS INC.
Statements of Financial Position
As at March 31
(Expressed in Canadian Dollars)

	2022	2021
ASSETS		
Current assets		
Cash	$ 9,023	$ 21,995
GST receivable	4,271	1,388
	13,294	23,383
Exploration and evaluation assets (Note 4)	675,574	385,574
	$ 688,868	$ 408,957
LIABILITIES		
Current liabilities		
Accounts payable and accrued liabilities (Notes 6, 7 & 8)	$ 39,933	$ 303,284
Loans payable (Notes 7 & 8)	-	863,875
	39,933	1,167,159
Notes payable (Note 7)	1,492,550	-
	1,532,483	1,167,159
SHAREHOLDERS' DEFICIENCY		
Share capital (Note 5)	10,489,989	10,398,460
Reserves (Note 5)	709,307	709,307
Deficit	(12,042,911)	(11,865,969)
	(843,615)	(758,202)
	$ 688,868	$ 408,957

Going concern (Note 1)

Approved on behalf of the Board:

Director *"Peter Born"*
Peter Born

Director *"Richard Ko"*
Richard Ko

The accompanying notes are an integral part of these financial statements

ACADEMY METALS INC.

Statements of Loss and Comprehensive Loss

For the years ended March 31

(Expressed in Canadian Dollars)

	2022	2021
EXPENSES		
Consulting and management fees (Note 8)	$ 34,643	$ 27,600
Office and general	17,681	19,475
Professional fees	17,784	17,853
Regulatory and filing fees	13,374	12,682
Share-based compensation	32,029	-
Loss from operations	(115,511)	(77,610)
Other items		
Interest and accretion expense (Note 7)	(61,431)	(63,082)
Write-down of mineral property (Note 4)	-	(158,738)
	(61,431)	(221,820)
Net and comprehensive loss	$ (176,942)	$ (299,430)
Basic and diluted loss per share	$ (0.10)	$ (0.17)
Weighted average number of common shares outstanding	1,846,435	1,780,079

The accompanying notes are an integral part of these financial statements

ACADEMY METALS INC.

Statements of Changes in Equity

(Expressed in Canadian Dollars)

	Number of Shares	Share capital	Reserves	Deficit	Total
Balance at March 31, 2020	1,780,079	$ 10,398,460	$ 709,307	$ (11,566,539)	$ (458,772)
Net loss	-	-	-	(299,430)	(299,430)
Balance at March 31, 2021	1,780,079	$ 10,398,460	$ 709,307	$ (11,865,969)	$ (758,202)
Share-based payments (Note 5)	-	-	32,029	-	32,029
Stock options exercised (Note 5)	70,000	91,529	(32,029)	-	59,500
Net loss	-	-	-	(176,942)	(176,942)
Balance at March 31, 2022	1,850,079	$ 10,489,989	$ 709,307	$ (12,042,911)	$ (843,615)

The accompanying notes are an integral part of these financial statements

ACADEMY METALS INC.
Statements of Cash Flows
For the years ended March 31
(Expressed in Canadian Dollars)

Cash provided by (used for):	2022	2021
Operating activities		
Net loss	$ (176,942)	$ (299,430)
Adjustments for non-cash items:		
Write-down of mineral property	-	158,738
Share-based compensation	32,029	-
Working capital adjustments:		
GST Receivable	(2,883)	3,253
Accounts payable and accrued liabilities	117,324	71,559
Net cash flows used in operating activities	(30,472)	(65,880)
Investing activities		
Additions to exploration and evaluation assets	-	(2,500)
Net cash flows used in investing activities	-	(2,500)
Financing activities		
Loan advances	10,000	66,500
Loan repayments	(52,000)	-
Exercise of options	59,500	-
Net cash flows from financing activities	17,500	66,500
Change in cash	(12,972)	(1,880)
Cash, beginning of year	21,995	23,875
Cash, end of year	$ 9,023	$ 21,995
Supplemental cash flow information:		
Interest and income taxes paid	$ -	$ -

The accompanying notes are an integral part of these financial statements

1. Nature of operations and going concern

Academy Metals Inc., ("Academy" or the "Company") is in the business of the acquiring, exploring and developing mineral exploration properties. The Company is currently in the exploration stage of developing its exploration and evaluation assets and has not yet determined whether the properties contain mineral reserves that are economically recoverable. The Company's shares are listed on the TSX Venture Exchange ("TSX-V") under the symbol "AM.V". On June 24, 2021, the Company completed a share consolidation at a ratio of one new, post-consolidated share, for every ten old, pre-consolidated shares. All share amounts in these financial statements are reflected on a post-consolidated basis.

The Company's head office, principal address and registered and records office is 313 – 515 West Pender Street, Vancouver, B.C., V6B 6H5.

On June 24, 2021, the Company completed a share consolidation at a ratio of one new, post-consolidated share, for every ten old, pre-consolidated shares. All share amounts in these financial statements are reflected on a post-consolidated basis.

These financial statements have been prepared using accounting principles applicable to a going concern which assumes the Company will continue in operation for the foreseeable future and will be able to realize its assets and discharge its liabilities in the normal course of business rather than through a process of forced liquidation. Different bases of measurement may be appropriate if the Company is not expected to continue operations for the foreseeable future. As at March 31, 2022 the Company had not advanced its exploration and evaluation assets to commercial production and is not able to finance day to day activities through operations. The Company has incurred operating losses since inception and at March 31, 2022, had an accumulated deficit of $12,042,911. The Company expects to incur further losses in the development of its business, which indicates that a material uncertainty exists that may cast significant doubt about the Company's ability to continue as a going concern.

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 intends to finance operating costs over the next twelve months from proceeds of private placements of its common shares.

These 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 in existence.

Since January 31, 2020, the outbreak of the novel strain of coronavirus, specifically identified as "COVID-19", has resulted in governments worldwide enacting emergency measures to combat the spread of the virus. These measures, which include the implementation of travel bans, self-imposed quarantine periods and social distancing, have caused material disruption to businesses globally resulting in an economic slowdown. Global equity markets have experienced significant volatility and weakness. Governments and central banks have reacted with significant monetary and fiscal interventions designed to stabilize economic conditions. The duration and impact of the COVID-19 outbreak is unknown at this time, as is the efficacy of the government and central bank interventions. It is not possible to reliably estimate the length and severity of these developments and the impact on the financial results and condition of the Company and its operations in future periods.

These financial statements were authorized for issue on July 29, 2022 by the directors of the Company.

2. Significant accounting policies and basis of presentation

Basis of presentation

These financial statements, including comparatives, have been prepared in accordance with International Accounting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and interpretations of the International Financial Reporting Interpretations Committee ("IFRIC"). These financial statements have been prepared on a historical cost basis, except for financial instruments. In addition, these financial statements have been prepared using the accrual basis of accounting except for cash flow information.

2. Significant accounting policies and basis of presentation (continued)

Critical accounting judgments and key sources of estimation uncertainty

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.

The following are critical judgments and areas involving estimates, that management have made in the process of applying the Company's accounting policies that have the most significant effect on the amount recognized in the financial statements.

a) Critical judgments in applying accounting policies

Going concern evaluation

As discussed in note 1, these financial statements have been prepared under the assumptions applicable to a going concern. If the going concern assumption were not appropriate for these financial statements then adjustments would be necessary to the carrying value of assets and liabilities, the reported expenses and the statement of financial position classifications used and such adjustments could be material.

The Company reviews the going concern assessment at the end of each reporting period. There were no material changes to the assessment as at March 31, 2022.

Review of asset carrying value and impairment assessment

Each asset or cash generating unit is evaluated every reporting period to determine whether there are any indications of impairment. If such an indication exists, which is often judgmental, a formal estimate of recoverable amount is performed and an impairment loss is recognized to the extent that the carrying value exceeds the recoverable amount. The recoverable amount of an asset or cash generating unit is measured at the higher of fair value less costs to sell or value in use.

b) Key sources of estimation uncertainty

Income taxes

Deferred tax assets are recognized for all deductible temporary differences, carry-forward of unused tax assets and unused tax losses, to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences and carry-forward of unused tax assets and unused tax losses can be utilized. In addition, the valuation of tax credits receivable requires management to make judgments on the amount and timing of recovery.

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 fair value of options is determined using the Black Scholes Option Pricing Model. The number of shares and options expected to vest is reviewed and adjusted at the end of each reporting period such that the amount recognized for services received as consideration for the equity instruments granted shall be based on the number of equity instruments that eventually vest.

2. Significant accounting policies and basis of presentation (continued)

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 comprehensive loss.

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.

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 is capitalized to exploration and evaluation assets along with a corresponding increase in the restoration provision in the period incurred. Discount rates using a pre-tax rate that reflect the time value of money are used to calculate the net present value. The restoration asset will be depreciated on the same basis as other mining assets.

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 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 March 31, 2022 and 2021, the Company does not have material restoration and environmental obligations.

Impairment of assets

The carrying amount of the Company’s assets (which include 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 statements of loss and comprehensive loss.

2. Significant accounting policies and basis of presentation (continued)

Impairment of assets (continued)

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.

c) Accounting Policies

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.

Cash
Cash consists of cash held in lawyers' trust accounts and deposits in banks.

Financial instruments

The following is the Company's accounting policy for financial instruments under IFRS 9 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 if the Company has opted to measure them at FVTPL.

2. Significant accounting policies and basis of presentation (continued)

(ii) Measurement

Financial assets and liabilities at amortized cost
Financial assets and liabilities at amortized cost are initially recognized at fair value plus or minus transaction costs, respectively, and subsequently carried at amortized cost less any impairment. The Company classifies cash, accounts payable, and loans payable at amortized cost.

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 loss and 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 loss and comprehensive loss in the period in which they arise.

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 recognised in profit or loss. Other net gains and losses are recognised 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 recognised as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognised in OCI and are never reclassified to profit or loss.

(iii) Impairment of financial assets at amortized cost

The Company recognizes a loss allowance for expected credit losses on financial assets that are measured at amortized cost. At each reporting date, the Company measures the loss allowance for the financial asset at an amount equal to the lifetime expected credit losses if the credit risk on the financial asset has increased significantly since initial recognition. If at the reporting date, the financial asset has not increased significantly since initial recognition, the Company measures the loss allowance for the financial asset at an amount equal to the twelve month expected credit losses. The Company shall recognize in the statements of 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 statements of loss and comprehensive loss.

2. Significant accounting policies and basis of presentation (continued)

Share purchase warrants

The Company may enter into a financing arrangement requiring the issuance of warrants to holders as part of the transaction. Warrants may also be issued to brokers or finders as consideration for services provided. Warrants issued for services provided are measured at the fair value of services received. Only if the fair value of the services cannot be measured reliably would the fair value of the equity instruments granted be used. Warrants not issued in exchange for goods or services can be classified as a derivative financial liability or an equity instrument depending on the terms and conditions of the warrants. Consideration received on the sale of a share and share purchase warrant classified as equity is allocated, within equity, to their respective equity accounts on a reasonable basis. The allocation method the Company uses is residual method.

Income taxes

Income tax expense comprises current and deferred tax. Income tax expense is recognized in the statement of comprehensive loss except to the extent that it relates to items recognized directly in equity or other comprehensive income, in which case it is recognized in equity or other comprehensive income, respectively.

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

Deferred tax is recognized using the liability method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognized on the initial recognition of assets or liabilities in a transaction that is not a business combination. 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 substantively enacted by the reporting date. Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset, 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 to the extent that it is probable that future taxable profits will be available against which the temporary difference 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.

Share-based payments

Share-based payments to employees and others providing similar services are measured at the estimated fair value of the instruments issued on the grant date and amortized over the vesting periods. Share-based payments to non-employees are measured at the fair value of the 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 amount recognized as an expense is adjusted to reflect the number of awards expected to vest. The offset to the recorded cost is to equity settled share-based payments reserve.

Consideration received on the exercise of stock options is recorded as share capital and the related equity settled share-based payments reserve is transferred to share capital. Charges for options that are forfeited before vesting are reversed from equity settled share-based payment reserve.

Share-based compensation expense relating to deferred share units is accrued over the vesting period of the units based on the quoted market price. As these awards can be settled in cash, the expense and liability are adjusted each reporting period for changes in the underlying share price.

(Expressed in Canadian Dollars)

3. Recent accounting pronouncements

The Company has reviewed new and revised accounting pronouncements that have been issued but are not yet effective. The Company has not early adopted any of these standards and is currently evaluating the impact, if any, that these standards might have on its financial statements.

4. Exploration and evaluation assets

A summary of the Company's exploration and evaluation assets is shown below:

March 31, 2022	**Loughborough Claims**	**Enid Project**	**Margurete Gold**	**Other**	**Total**
Acquisition Costs					
Balance, March 31, 2021	$ 1,294	$ 300,000	$ -	$ 4	$ 301,298
Additions	-	-	290,000	-	290,000
Acquisition costs, March 31, 2022	1,294	300,000	290,000	4	591,298
Exploration Costs					
Balance, March 31, 2021	-	84,268	-	8	84,276
Exploration costs, March 31, 2022	-	84,268	-	8	84,276
Balance, March 31, 2022	$ 1,294	$ 384,268	$ 290,000	$ 12	$ 675,574

March 31, 2021	**Loughborough Claims**	**Enid Project**	**Margurete Gold**	**Other**	**Total**
Acquisition Costs					
Balance, March 31, 2020	$ 1,294	$ 300,000	$ 50,000	$ 4	$ 351,298
Impairment		-	(50,000)		(50,000)
Acquisition costs, March 31, 2021	1,294	300,000	-	4	301,298
Exploration Costs					
Balance, March 31, 2020	-	81,768	108,738	8	190,514
Additions	-	2,500	-	-	2,500
Impairment	-	-	(108,738)		(108,738)
Exploration costs, March 31, 2021	-	84,268	-	8	84,276
Balance, March 31, 2021	$ 1,294	$ 384,268	$ -	$ 12	$ 385,574

a) Margurete Gold Property (British Columbia, Canada)

On September 5, 2017, the Company entered into an agreement to earn 100% interest in certain mineral claims, referred to as the Margurete Gold Property by paying the following:

- $50,000 in cash (of which $30,000 paid and $20,000 accrued in fiscal year 2018);
- A further $90,000 in 18 months;
- A further $200,000 in 36 months;
- The Company must complete $300,000 exploration expenditures within 5 years of the signing of the agreement.

The purchaser has the right to accelerate any of the payments completed under this agreement.

A 1% GORR ("Gross Overriding Royalty") has been granted to the vendor, of which 0.5% can be purchased by the Company for $1,000,000.

4. Exploration and evaluation assets (continued)

a) Margurete Gold Property (British Columbia, Canada) (continued)

On June 6, 2018, the Company amended its Option Agreement for the Margurete Property, originally dated September 5, 2017. Under the amended terms, the previous GORR will be replaced with an NSR ("Net Smelter Return"). The arms-length Vendor shall retain a 1% NSR, with a buyback provision 0.5% to the Company for $1,000,000.

On August 7, 2019, the Company announced that it had received a default notice from the vendor with respect to an option agreement entered into by the Company in connection with the acquisition of Margurete Gold Property.

During the year ended March 31, 2021, the Company was unable to renegotiate the terms of the option agreement and recorded an impairment of $158,738 to write off all the accumulated costs.

On March 20, 2022, the Company amended the consideration of its Option Agreement as follows:

- $50,000 upon the signing of this amended Option Agreement (of which unpaid amount of $20,000 converted into a non-interest loan);
- A further $90,000 on or before March 5, 2018 (converted into a non-interest loan);
- A further $200,000 on or before September 5, 2020 (converted into a non-interest loan);
- A further $250,000 on or before March 20, 2024; and
- The Company must complete $200,000 exploration expenditures on or before March 20, 2024.

All other terms and conditions of the Option Agreement shall remain in full force and effect. On March 25, 2022, these non-interest bearing loan was acquired by and transferred to a creditor who subsequently entered into a long term debt agreement with the Company (see Note 7).

b) Hewitt Point Project

On March 5, 2019, the Company staked an additional 530 hectares of minerals claims in the Philips Arm Gold Camp. These additional claims are known as the Hewitt Point Project and expand the Margurete Gold Project.

c) Enid Project

On April 8, 2019, the Company acquired an additional 739 hectares of mineral claims in the Phillips Arm Gold Camp known as the Enid Project which adjoins the Company's Margurete Gold Project. The additional claims comprising the Enid Project were purchased from an arm's length vendor for a one-time cash payment of $300,000. In connection with the acquisition, the Vendor retained a 2% net smelter returns royalty, and one-half of the royalty may be purchased for a cash payment of $1,000,000.

d) Loughborough Claims

On June 17, 2019, the Company acquired by staking an additional 739 hectares mineral claim, increasing the Company's holdings in the Philips Arm Gold Camp. This claim connects the Margurete Gold property to the western extent of Loughborough Inlet.

(Expressed in Canadian Dollars)

5. Share capital

Authorized

Unlimited number of common shares without par value

Issued

At March 31, 2022 there were 1,850,079 (March 31, 2021 – 1,780,079) issued and outstanding common shares.

During the year ended March 31, 2022, the Company issued 70,000 common shares pursuant to the exercise of incentive stock options at $0.85 per share for cash proceeds of $59,500. An amount of $32,029 was transferred from reserves to share capital upon exercise of these options.

On June 24, 2021, the Company completed a share consolidation at a ratio of one new, post-consolidated share, for every ten old, pre-consolidated shares. All share amounts in these financial statements are reflected on a post-consolidated basis.

Share-based payment reserve

Share-based payment reserve records the fair value of warrants and options issued for services until such time that the options and warrants are exercised, at which time the corresponding amount will be transferred to share capital.

Stock options

The Company has a Stock Option Plan (the "Plan"), which follows the policies of the TSX-V regarding stock option awards granted to employees, directors and consultants. The stock option plan allows a maximum of 10% of the issued shares to be reserved for issuance under the plan.

On April 13, 2021, the Company granted 70,000 stock options to consultants of the Company, which are exercisable at $0.85 and expire on April 13, 2022. The options vested immediately. The estimated fair value of $32,029, $0.458 a share, has been expensed during the year. It was calculated using the Black-Scholes Option Pricing Model based on the following assumptions: risk-free interest rate of 0.28%, expected life of 1 year, no annual dividend, and expected volatility of 147%.

A summary of stock option activity for the years ended March 31, 2022 and 2021 is presented below (also see note 12):

	2022		2021	
	Number of Options	**Weighted average exercise price**	**Number of Options**	**Weighted average exercise price**
Outstanding - beginning of year	-	$ -	-	$ -
Granted	70,000	$ 0.85	-	$ -
Exercised	(70,000)	0.85	-	-
Outstanding - end of year	-	$ -	-	$ -

Warrants

As at March 31, 2022 and 2021, the Company had no warrants outstanding.

(Expressed in Canadian Dollars)

6. Accounts payable and accrued liabilities

		March 31 2022		March 31 2021
Trade and interest payable	$	32,258	$	240,284
Accrued liabilities		7,675		63,000
	$	39,933	$	303,284

7. Loans payable and notes payable

As at March 31, 2021, the Company had a balance of loan payable of $863,875 which were unsecured and bear interest between 5% and 10% per annum. These loans were due on demand and are required to be repaid upon the next round of financing completed by the Company.

On March 30, 2022, the Company reached debt settlement agreements with certain creditors of the Company in which $498,986 of payables and $810,875 of loans plus accrued interest of $182,689 were settled in exchange for $1,492,550 in promissory notes. These promissory notes bear interest between 5% and 10% per annum, the principal and the accrued interest mature no later than March 31, 2025.

As at March 31, 2022, $Nil (March 31, 2021 - $123,759) in accrued interest was included in accounts payable.

8. 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. Related party transactions have been measured at the exchange amount of consideration agreed between the related parties. Related party transactions not disclosed elsewhere in these financial statements are listed below.

During the year ended March 31, 2022, the Company:

a) Incurred consulting fees of $3,000 (2021 - $6,000) from a director of the Company.
b) Incurred geological consulting fees of $30,743 (2021 - $18,000) from a company controlled by the CEO of the Company.
c) Incurred accounting fees of $900 (2021 - $3,600) from the CFO of the Company.
d) The Company recognized interest expense of $5,188 (2021 - $5,275) for loans received from directors and a former director. These loans were settled by the Company on March 30, 2022, as described in Note 7. Included in accounts payable and accrued liabilities at March 31, 2022 is interest owing on these loans of $Nil (2021 – $12,118).

At March 31, 2022, included in accounts payable and accrued liabilities is an amount of $Nil (March 31, 2021 - $137,670) for fees owing to directors of the Company.

Key management is comprised of the Company's directors and executive officers. The Company had the following transactions with key management personnel:

	March 31, 2022	March 31, 2021
Management and consulting fees	$ 34,643	$ 27,600

9. Capital management

The Company manages its capital structure, consisting of working and share capital, and makes adjustments to it depending on the funds available to the Company for acquisition, exploration and development of exploration and evaluation assets. The Board of Directors does not establish quantitative return on capital criteria for management, but rather relies on the expertise of the Company's management to sustain future development of the business.

The exploration and evaluation assets in which the Company currently has interests are in the exploration stage. As such, the Company is dependent on external financing to fund its activities. In order to carry out its planned exploration and pay for on-going general and administrative expenses, the Company will use existing working capital and expects to raise additional amounts through related parties or private placements as needed. The Company will continue to assess new exploration and evaluation assets and seeks to acquire additional interests if sufficient geologic or economic potential is established and adequate financial resources are available.

Management reviews its capital management approach on an on-going basis and believes that this approach, given the small size of the Company, is reasonable. The Company is not subject to externally imposed capital requirements and there were no significant changes in its approach to capital management during the year ended March 31, 2022.

10. Financial instruments and risk management

Financial instruments

Fair value

As at March 31, 2022, the Company's financial instruments consisted of cash, accounts payable and accrued liabilities, and notes payable. The fair values of cash, accounts payable and accrued liabilities approximate their carrying values. Notes payable requires assessing the appropriate market interest rates on the liabilities. The fair value of the notes payable approximates their carrying value as the note payable agreements were entered close to the year end with non-arms' length parties.

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

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

Risk management

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. The majority of cash is deposited in bank accounts held with one major bank in Canada so there is a concentration of credit risk. This risk is managed by using a major bank that is a high credit quality financial institution as determined by rating agencies. The Company's secondary exposure to risk on its sales tax receivable is minimal since it is recoverable from the Canadian government.

Foreign currency risk

Foreign currency risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because they are denominated in currencies that differ from the Company's functional currency. The Company only operates in Canada and is therefore not exposed to foreign exchange risk arising from transactions denominated in a foreign currency.

(Expressed in Canadian Dollars)

10. Financial instruments and risk management (continued)

Interest rate risk
Interest rate risk is the risk that the fair value of future cash flow of a financial instrument will fluctuate because of changes in market interest rate. The Company's exposure to interest rate risk relates to its ability to earn interest income on cash and cash equivalents balances at variable rates. The risk is minimal.

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 attempts to ensure there is sufficient access to funds to meet on-going business requirements, taking into account its current cash position and potential funding sources.

11. Income taxes

The following table reconciles the expected income tax expense (recovery) at the Canadian statutory rates to the amounts recognized in the statements of operations and comprehensive loss for the years ended March 31, 2021 and 2021:

	2022	2021
	$	$
Loss before taxes	(176,942)	(299,430)
Statutory tax rate	27.00%	27.00%
Expected tax recovery	(47,774)	(80,846)
Change in deferred tax asset not recognized	47,774	80,846
Total income tax expense (recovery)	-	-

The unrecognized deductible temporary differences as at March 31, 2022 and 2021 are comprised of the following:

	2022	2021
	$	$
Exploration and evaluation assets	3,973,901	3,974,063
Financing costs	1,009	2,019
Non-capital losses	4,383,526	4,224,622
Total unrecognized deductible temporary differences	8,358,436	8,200,704

As at March 31, 2022, the Company has not recognized a deferred tax asset in respect of non-capital loss carry-forwards of approximately $4,383,526 which may be carried forward to apply against future income for Canadian income tax purposes, subject to the final determination by taxation authorities, expiring in the various amounts between the years of 2027 and 2042.

12. Subsequent events

In May 2022, the Company received an additional loan of $40,000 bearing an interest rate of 10% and maturing no later than March 31, 2025.

On July 6, 2022, the Company granted 108,000 incentive stock options to consultants of the Company. These options vested immediately and were exercisable at $0.18 per share for a period of five years expiring on July 6, 2027. On July 18, 2022, the Company issued 108,000 common shares pursuant to the exercise of these share options for gross proceeds of $19,440.