SIENNA RESOURCES INC.

CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in Canadian Dollars)

December 31, 2021 and 2020

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of
Sienna Resources Inc.

Opinion

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

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

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the 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 in our audit is sufficient and appropriate to provide a basis for our opinion.

Material Uncertainty Related to Going Concern

We draw attention to Note 1 of the consolidated financial statements, which indicates that the Company incurred a net loss of $973,154 during the year ended December 31, 2021 and has an accumulated deficit of $26,068,498 since its inception. As stated in Note 1, these events and conditions indicate that a material uncertainty exists that may cast significant doubt on 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 obtained at the date of this auditor's report includes Management's Discussion and Analysis.

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

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

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

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRS, and for such internal control as management determines is necessary to enable the preparation of consolidated 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.

Auditor's 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 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 consolidated 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 auditor's 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 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 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 auditor's report is Glenn Parchomchuk.

Davidson & Company LLP

Vancouver, Canada

Chartered Professional Accountants

April 29, 2022

SIENNA RESOURCES INC.
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
(Expressed in Canadian Dollars)

ASSETS	December 31, 2021	December 31, 2020
Current assets		
Cash and cash equivalents – Note 4	$ 759,191	$ 1,237,113
Receivables – Note 5	15,613	36,837
Prepaid expenses – Note 6	2,687	11,484
Total current assets	777,491	1,285,434
Non-current assets		
Exploration and evaluation assets – Note 7	1,286,437	422,462
Total assets	$ 2,063,928	$ 1,707,896
LIABILITIES		
Current liabilities		
Accounts payable and accrued liabilities – Notes 8 and 13	$ 64,575	$ 363,012
Flow-through share premium liability – Note 9	6,977	14,493
Total current liabilities	71,552	377,505
Non-current liabilities		
Loans payable – Note 10	36,208	32,776
	107,760	410,281
SHAREHOLDERS' EQUITY		
Share capital – Note 11	23,713,111	22,554,056
Reserves – Note 11	4,311,555	3,838,903
Accumulated deficit	(26,068,498)	(25,095,344)
Total shareholders' equity	1,956,168	1,297,615
Total liabilities and shareholders' equity	$ 2,063,928	$ 1,707,896

Nature and Continuance of Operations (Note 1)
Subsequent events (Notes 7 and 20)

APPROVED BY THE DIRECTORS:

"John Masters"	Director	*"Jason Gigliotti"*	Director
John Masters		Jason Gigliotti	

SIENNA RESOURCES INC.

CONSOLIDATED STATEMENTS OF LOSS AND COMPREHENSIVE LOSS

(Expressed in Canadian Dollars)

	Years ended December 31, 2021	2020
Operating expenses		
Consulting	$ -	$ 36,060
Corporate branding	50,366	110,954
Directors' fees – Note 13	15,000	12,500
Investor relations	12,222	7,778
Management fees – Note 13	181,500	152,500
Office and miscellaneous	62,635	54,732
Professional fees – Note 13	67,118	70,292
Resource expenses	8,112	-
Shareholder information	42,126	36,803
Share-based payments – Notes 11 and 13	495,390	212,762
Transfer agent and filing fees	25,539	22,623
Travel	20,437	29,192
	(980,445)	(746,196)
Interest expense – Note 10	(3,432)	(2,105)
Interest income	3,207	2,855
Other income on recognition of grant income – Note 10	-	9,329
Other income on settlement of flow-through share premium – Note 9	7,516	7,729
Write-down of investments – Note 14	-	(413,000)
Write-down of exploration and evaluation assets – Note 7	-	(1,416,571)
	7,291	(1,811,763)
Net loss and comprehensive loss for the year	$ (973,154)	$ (2,557,959)
Loss per share – basic and diluted – Note 12	$ (0.01)	$ (0.03)
Weighted average number of common shares outstanding – basic and diluted – Note 12	119,373,293	81,516,760

SIENNA RESOURCES INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS
(Expressed in Canadian Dollars)

	Years ended December 31, 2021	2020
Operating Activities		
Loss for the year	$ (973,154)	$ (2,557,959)
Adjustments for non-cash items:		
Accrued interest on loans payable	3,432	2,105
Other income on recognition of grant income	-	(9,329)
Other income on settlement of flow-through share premium	(7,516)	(7,729)
Share-based payments	495,390	212,762
Write-down of investments	-	413,000
Write-down of exploration and evaluation assets	-	1,416,571
Changes in non-cash working capital items:		
Receivables	21,224	(13,808)
Prepaid expenses	8,797	(5,722)
Accounts payable and accrued liabilities	(257,011)	(563,436)
Cash used in operating activities	(708,838)	(1,113,545)
Investing Activities		
Exploration and evaluation assets	(685,401)	(441,876)
Cash used in investing activities	(685,401)	(441,876)
Financing Activities		
Proceeds from loans issuance	-	40,000
Proceeds from issuance of share capital	916,317	2,390,000
Share issue costs	-	(105,864)
Cash provided by financing activities	916,317	2,324,136
Change in cash and cash equivalents during the year	(477,922)	768,715
Cash and cash equivalents, beginning of the year	1,237,113	468,398
Cash and cash equivalents, end of the year	$ 759,191	$ 1,237,113

Supplemental Disclosure with Respect to Cash Flows (Note 19)

SIENNA RESOURCES INC.
CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY
(Expressed in Canadian Dollars)

	Share Capital				
	Number of shares	**Amount**	**Reserves**	**Accumulated deficit**	**Total**
Balance, December 31, 2019	62,726,382	$ 20,332,586	$ 3,505,697	$ (22,537,385)	$ 1,300,898
Shares issued for private placement	42,222,222	2,200,000	-	-	2,200,000
Share issue costs	-	(105,864)	-	-	(105,864)
Share purchase warrants exercised	3,540,000	177,000	-	-	177,000
Stock options exercised	200,000	13,000	-	-	13,000
Transfer of reserves on options exercised	-	4,076	(4,076)	-	-
Stock options issued	-	-	212,762	-	212,762
Broker warrants issued for private placement	-	(124,520)	124,520	-	-
Shares issued for exploration and evaluation assets	1,000,000	80,000	-	-	80,000
Flow-through share premium liability	-	(22,222)	-	-	(22,222)
Loss for the year	-	-	-	(2,557,959)	(2,557,959)
Balance, December 31, 2020	109,688,604	22,554,056	3,838,903	(25,095,344)	1, 297,615
Share purchase warrants exercised	12,234,712	916,317	-	-	916,317
Transfer of reserves on broker warrants exercised	-	22,738	(22,738)	-	-
Stock options issued	-	-	495,390	-	495,390
Shares issued for exploration and evaluation assets	2,000,000	220,000	-	-	220,000
Loss for the year	-	-	-	(973,154)	(973,154)
Balance, December 31, 2021	123,923,316	$ 23,713,111	$ 4,311,555	$ (26,068,498)	$ 1,956,168

1. NATURE AND CONTINUANCE OF OPERATIONS

Sienna Resources Inc. (the "Company") was incorporated on March 11, 1983, under the British Columbia Company Act. The Company is an exploration stage public company and is listed on the TSX Venture Exchange ("Exchange"). The Company's principal business activities include acquiring and exploring exploration and evaluation assets. At December 31, 2021, the Company had exploration and evaluation assets located in Canada, Sweden, Finland, Norway and the U.S.A.

The Company's head office and principal business address is Suite 2905, 700 West Georgia Street, Vancouver, British Columbia, V7Y 1K8. The Company's registered and records office is located at 900 – 885 West Georgia Street, Vancouver, British Columbia, V6C 3H1.

These consolidated financial statements have been prepared on a going concern basis, which contemplates continuity of normal business activities and the realization of assets and discharge of liabilities in the normal course of business. At December 31, 2021, the Company had not yet achieved profitable operations, incurred a loss of $973,154 during the year ended December 31, 2021 and had an accumulated deficit of $26,068,498 since its inception. The Company expects to incur further losses in the development of its business. These material uncertainties may cast significant doubt on the Company's ability to continue as a going concern. The Company may require additional financing in order to conduct the planned work programs on its exploration and evaluation assets, meet its ongoing levels of corporate overhead and discharge its liabilities as they come due. While the Company has been successful in securing financings in the past, there is no assurance that it will be able to do so in the future. Accordingly, these consolidated financial statements do not give effect to adjustments, if any, that would be necessary should the Company be unable to continue as a going concern. If the going concern assumption was not used, then the adjustments required to report the Company's assets and liabilities on a liquidation basis could be material to these consolidated financial statements.

2. BASIS OF PREPARATION

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 interpretations issued by the International Financial Reporting Interpretations Committee ("IFRIC").

These consolidated financial statements were authorized for issue by the Board of Directors on April 29, 2022.

2. BASIS OF PREPARATION (continued)

b) Basis of Measurement

These consolidated financial statements have been prepared on an accrual basis and are based on historical costs, except for certain financial instruments measured at fair value.

These consolidated financial statements are presented in Canadian dollars, which is also the Company's and its subsidiaries' functional currency.

The preparation of these consolidated financial statements in accordance with IFRS requires management to make estimates, judgements and assumptions that affect the reported amount of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amount of revenues and expenses during the period. Actual results could differ from these estimates.

These consolidated financial statements include estimates which, by their nature, are uncertain. The impact of such estimates is pervasive throughout these consolidated financial statements, and may require accounting adjustments based on future occurrences. Revisions to accounting estimates are recognized in the period in which the estimate is revised and future periods if the revision affects both current and future periods. These estimates are based on historical experience, current and future economic conditions and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Critical accounting estimates

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

- Whether or not an impairment has occurred in its exploration and evaluation assets;
- The inputs used in the accounting for share-based payments expense; and
- The inputs used in the accounting for finders' warrants and compensation options in share capital and equity reserves.

Judgments

In March 2020 the World Health Organization declared coronavirus COVID-19 a global pandemic. This contagious disease outbreak, which has continued to spread, and any related adverse public health developments, has adversely affected workforces, economies, and financial markets globally, potentially leading to an economic downturn. It is not possible for the Company to predict the duration or magnitude of the adverse results of the outbreak and its effects on the Company's business or ability to raise funds. The preparation of these consolidated financial statements requires management to make judgements regarding the going concern of the Company, as discussed in Note 1.

(Expressed in Canadian Dollars) – Page 3

2. BASIS OF PREPARATION (continued)

c) Basis of Consolidation

These consolidated financial statements include the accounts of the Company and its wholly-owned subsidiaries. All inter-company balances, transactions, income and expenses have been eliminated upon consolidation.

d) Subsidiaries

Subsidiaries are entities controlled by the Company. Control exists when the Company has power over an investee, when the Company is exposed, or has rights, to variable returns from the investee and when the Company has the ability to affect those returns through its power over the investee. Subsidiaries are included in the consolidated financial results of the Company from the effective date of acquisition up to the effective date of disposition or loss of control. Where necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with those used by the Company.

The principal subsidiaries of the Company as of December 31, 2021 are as follows:

Name of subsidiary	Principal activity	Place of Incorporation	Ownership Interest December 31, 2021	Ownership Interest December 31, 2020
Sienna Resources Sweden AB	Holding company	Sweden	100%	100%
Sienna Resources (US) Inc.	Holding company	USA	100%	100%

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies set out below have been applied consistently to all periods presented in these consolidated financial statements, unless otherwise indicated.

a) Exploration and evaluation assets

Pre-exploration costs

Costs incurred prior to acquiring the right to explore an area of interest are expensed as incurred.

Exploration and evaluation expenditures

Once the legal right to explore a property has been acquired, costs directly related to exploration and evaluation expenditures are recognized and capitalized, in addition to the acquisition costs. These direct expenditures include such costs as materials used, surveying costs, drilling costs, and payments made to contractors during the exploration phase. Costs not directly attributable to exploration and evaluation activities, including general administrative overhead costs, are expensed as incurred.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

a) Exploration and evaluation assets (continued)

When a project is deemed to no longer have commercially viable prospects to the Company, exploration and evaluation expenditures in respect of that project are deemed to be impaired. As a result, those exploration and evaluation expenditure costs, in excess of estimated recoveries, are written off to the statement of loss and comprehensive loss.

The Company assesses exploration and evaluation assets for impairment when facts and circumstances suggest that the carrying amount of an asset may exceed its recoverable amount.

Once the technical feasibility and commercial viability of extracting the mineral resource has been determined, the property is considered to be a mine under development and is classified as "mines under construction". Exploration and evaluation assets are also tested for impairment before the assets are transferred to development properties.

As the Company currently has no operational income, any incidental revenues earned in connection with exploration activities are applied as a reduction to capitalized exploration costs.

b) Impairment of tangible and intangible assets

Tangible and intangible assets with finite useful lives are subject to impairment tests whenever events or changes in circumstances indicate that their carrying amount may not be recoverable. Where the carrying value of an asset exceeds its recoverable amount, which is the higher of value in use and fair value less costs to sell, the asset is written down accordingly.

Where it is not possible to estimate the recoverable amount of an individual asset, the impairment test is carried out on the assets' cash-generating unit, which is the lowest group of assets in which the asset belongs for which there are separately identifiable cash inflows that are largely independent of the cash inflows from other assets.

An impairment loss is charged to profit or loss except to the extent it reverses gains previously recognized in other comprehensive loss/income. Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but to an amount that does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset (or cash-generating unit) in prior periods. A reversal of an impairment loss is recognized in profit or loss.

c) Rehabilitation provision

The Company is subject to various government laws and regulations relating to environmental disturbances caused by exploration and evaluation activities. The Company records the present value of the estimated costs of legal and constructive obligations required to restore the exploration sites in the period in which the obligation is incurred. The nature of the rehabilitation activities includes restoration, reclamation and re-vegetation of the affected exploration sites.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

c) Rehabilitation provision (continued)

The rehabilitation provision generally arises when the environmental disturbance is subject to government laws and regulations. When the liability is recognized, the present value of the estimated costs is capitalized by increasing the carrying amount of the related mining assets. Over time, the discounted liability is increased for the changes in present value based on current market discount rates and liability specific risks.

Additional environment disturbances or changes in rehabilitation costs will be recognized as additions to the corresponding assets and rehabilitation liability in the period in which they occur.

The Company does not have any significant rehabilitation obligations.

d) Financial instruments

Classification

The Company determines the classification of its financial instruments at initial recognition. Upon initial recognition, a financial asset is classified as measured at: amortized cost, fair value through profit and loss ("FVTPL"), or fair value through other comprehensive income ("FVOCI"). The classification of financial assets is generally based on the business model in which a financial asset is managed and its contractual cash flow characteristics. A financial liability is classified as measured at amortized cost or FVTPL.

A financial asset is measured at amortized cost if it meets both of the following conditions and is not designated as FVTPL:

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

A debt investment is measured at FVOCI if it meets both of the following conditions and is not designated as FVTPL:

- it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

An equity investment that is held for trading is measured at FVTPL. For other equity instruments that are held for trading, the Company may irrevocably elect to designate them as FVOCI. This election is made on an investment-by-investment basis.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

d) Financial instruments (continued)

All financial assets not classified as measured at amortized cost or FVOCI as described above are measured at FVTPL. This includes all derivative financial assets. On initial recognition, the Company may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortized cost or at FVOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

Financial liabilities are measured at amortized cost, unless they are required to be measured at FVTPL (such as instruments held for trading or derivatives) or the Company has elected to measure them at FVTPL.

Under IFRS 9, the Company classifies its financial instruments as follows:

Cash and cash equivalents	FVTPL
Receivables	Amortized cost
Accounts payable and accrued liabilities and loan payable	Amortized cost

Measurement

Initial measurement

On initial recognition, all financial assets and financial liabilities are measured at fair value adjusted for directly attributable transaction costs except for financial assets and liabilities classified as FVTPL, in which case the transaction costs are expensed as incurred.

Subsequent measurement

The following accounting policies apply to the subsequent measurement of financial instruments:

Financial assets at FVTPL
These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognized in profit or loss.

Financial assets at amortized cost
These assets are subsequently measured at amortized costs using the effective interest method. The amortized cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognized in profit or loss. Any gain or loss on derecognition is recognized in profit or loss.

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

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

d) Financial instruments (continued)

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

Impairment of financial instruments

The Company assesses at each reporting date whether there is an objective evidence that a financial asset or a group of financial assets is impaired.

For financial assets measured at amortized cost, and debt investments at FVOCI, the Company applies the expected credit loss impairment model. On adoption of the expected credit loss model there was no material adjustment.

An expected credit loss impairment model applies which requires a loss allowance to be recognized based on expected credit losses. The estimated present value of future cash flows associated with the asset is determined and an impairment loss is recognized for the difference between this amount and the carrying amount as follows: the carrying amount of the asset is reduced to estimated present value of the future cash flows associated with the asset, discounted at the financial asset's original effective interest rate, either directly or through the use of an allowance account and the resulting loss is recognized in profit or loss for the period.

In a subsequent period, if the amount of the impairment loss related to financial assets measured at amortized cost decreases, the previously recognized impairment loss is reversed through profit or loss to the extent that the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortized cost would have been had the impairment not been recognized.

e) Income taxes

Income tax expense comprises current and deferred tax. Current tax and deferred tax are recognized in profit or loss except to the extent that it relates to a business combination, or items recognized directly in equity or in other comprehensive income.

Current income tax is the expected tax payable or receivable on the taxable income or loss 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.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

e) 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 purposes. 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 substantively enacted by the reporting date. Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, 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 only to the extent that it is probable that future taxable profits will be available against which the asset 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.

f) Flow-through shares

The Company will from time to time, issue flow-through common shares to finance a significant portion of its exploration program. Pursuant to the terms of the flow-through share agreements, these shares transfer the tax deductibility of qualifying resource expenditures to investors. On issuance, the Company bifurcates the flow-through share into i) a flow-through share premium, equal to the estimated premium, if any, investors pay for the flow-through feature, which is recognized as a liability; and ii) share capital.

Upon expenses being renounced and incurred, the Company derecognizes the liability and the premium is recognized as other income.

Proceeds received from the issuance of flow-through shares are restricted to be used only for Canadian resource property exploration expenditures within a two-year period.

The Company may also be subject to a Part XII.6 tax on flow-through proceeds renounced under the Look-back Rule, in accordance with Government of Canada flow-through regulations. When applicable, this tax is accrued as a financial expense until paid.

g) Valuation of equity units issued in private placements

The Company has adopted a residual value method with respect to the measurement of shares and warrants issued as private placement units. The residual value method first allocates value to the most easily measured component based on fair value and then the residual value, if any, to the less easily measurable component.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

g) Valuation of equity units issued in private placements (continued)

The fair value of the common shares issued in a private placement was determined to be the more easily measurable component and were valued at their fair value, as determined by the closing quoted bid price on the announcement date. The balance, if any, was allocated to the attached warrants. Any fair value attributed to the warrants is recorded as a warrant reserve.

h) Investment tax credit

Investment tax credits are recorded as either a reduction of the cost of applicable assets or credited in the statement of loss and comprehensive loss depending on the nature of the expenditures which gave rise to the credits. Claims for tax credits are accrued upon the Company attaining reasonable assurance of collections from the Canada Revenue Agency.

i) Earnings (loss) per share

Basic earnings (loss) per share is calculated by dividing the net income or loss attributable to the common shareholders of the Company by the weighted average number of common shares outstanding during the reporting period. Diluted earnings (loss) per share is calculated by dividing the net income or loss applicable to common shares by the sum of the weighted average number of common shares issued and outstanding and all additional common shares that would have been outstanding if potentially dilutive instruments were converted.

j) Share-based payments

The Company grants stock options to buy common shares of the Company to directors, officers, employees and consultants. An individual is classified as an employee when the individual is an employee for legal or tax purposes or provides services similar to those performed by an employee.

The fair value of stock options is measured on the date of grant, using the Black-Scholes option pricing model and is recognized over the vesting period. Consideration paid for the shares on the exercise of stock options is credited to share capital.

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

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

k) Foreign currency translation

These consolidated financial statements are presented in Canadian dollars. The functional currency and reporting currency of the Company and its subsidiaries is the Canadian dollar. Accordingly, monetary assets and liabilities denominated in a foreign currency are translated at the exchange rate in effect at the statement of financial position date while non-monetary assets and liabilities denominated in a foreign currency are translated at historical rates. Revenue and expense items denominated in a foreign currency are translated at exchange rates prevailing when such items are recognized in the statement of comprehensive loss. Exchange gains or losses arising on translation of foreign currency items are included in profit or loss.

4. CASH AND CASH EQUIVALENTS

The Company's cash and cash equivalents are denominated in the following currencies and include the following components:

	December 31, 2021	December 31, 2020
Cash at bank in Canadian dollars	$ 611,096	$ 1,064,120
Cash at bank in Sweden krona	113,595	138,493
Short-term deposits	34,500	34,500
	$ 759,191	$ 1,237,113

5. RECEIVABLES

The Company's receivables comprise of goods and services tax ("GST") and value-added tax ("VAT") receivable due from government taxation authorities.

	December 31, 2021	December 31, 2020
GST recoverable	$ 4,874	$ 7,179
VAT recoverable	10,739	29,658
Total receivables	$ 15,613	$ 36,837

All amounts are short-term and the net carrying value of receivables is considered a reasonable approximation of fair value. The Company anticipates full recovery of these amounts and therefore no impairment has been recorded against receivables. The Company's receivables are all considered current and are not past due or impaired. The Company does not possess any collateral related to these assets.

(Expressed in Canadian Dollars) – Page 11

6. PREPAIDS

The Company's prepaids are comprised of fees prepaid to vendors of the Company and include the following components:

	December 31, 2021	December 31, 2020
Corporate branding	$ 1,373	$ 8,023
Other prepaids	1,314	3,461
Total prepaids	$ 2,687	$ 11,484

7. EXPLORATION AND EVALUATION ASSETS

	YK White Gold	ON Marathon North Palladium Property	US Blue Clay Lithium Project	Nevada Clayton Valley Deep Basin Lithium Brine Project	Finland Kuusamo PGE-Ni-Cu-Co Project	Norway Bleka Gold Project	Sweden Slättberg Cobalt - Nickel - Copper Project	Total
Balance, December 31 2019	$ 5,080	$ -	$ -	$ 78,178	$ -	$ -	$ 1,223,824	$ 1,307,082
Acquisition costs	-	15,700	-	-	39,868	46,408	-	101,976
Deferred exploration expenditures								
Assay	-	-	-	-	7,324	11,314	2,474	21,112
Claim maintenance fees	-	-	-	14,381	-	13,878	7,676	35,935
Drilling	-	-	-	-	-	-	130,472	130,472
Geological consulting	-	4,091	-	-	6,673	55,431	24,896	91,091
Sampling	-	51,202	-	-	2,426	26,962	-	80,590
Travel and miscellaneous	-	14,855	-	-	4,411	24,280	27,229	70,775
Write-down of exploration and evaluation assets	-	-	-	-	-	-	(1,416,571)	(1,416,571)
Balance, December 31, 2020	5,080	85,848	-	92,559	60,702	178,273	-	422,462
Acquisition costs	-	-	250,000	-	5,139	-	-	255,139
Deferred exploration expenditures								
Assay	-	-	-	-	30,755	9,793	-	40,548
Claim maintenance fees	210	-	21,593	13,762	-	13,395	-	48,960
Drilling	-	-	2,575	-	-	321,518	-	324,093
Geological consulting	-	4,625	-	-	35,287	6,543	-	46,455
Geological report	-	4,139	-		-	-		4,139
Survey	-	46,456	-	-	26,473	-	-	72,929
Travel and miscellaneous	-	12,428	-	-	20,011	11,696	-	44,135
Advance for exploration	-	-	-	-	27,577	-	-	27,577
Balance, December 31, 2021	$ 5,290	$ 153,496	$274,168	$ 106,321	$ 205,944	$ 541,218	$ -	$ 1,286,437

Title to Mineral Property Interests

Title to exploration and evaluation asset interests involves certain inherent risks due to the difficulties of determining the validity of certain claims as well as the potential for problems arising from the frequently ambiguous conveyancing history characteristic of many exploration and evaluation assets. The Company has investigated title to all of its exploration and evaluation assets and, to the best of its knowledge, title to all of its interests are in good standing. However, this should not be construed as a guarantee of title. The concessions may be subject to prior claims, agreements or transfers, and rights of ownership may be affected by undetected defects.

7. EXPLORATION AND EVALUATION ASSETS (continued)

White Gold, Yukon

During the year ended December 31, 2009, the Company acquired a 100% interest in certain gold claims in the region of the White and Yukon Rivers for staking costs incurred of $106,896.

During the years ended December 31, 2011, 2013 and 2015, the Company decided not to renew certain claims and allowed them to lapse when they became due. Prior acquisition costs of $106,273 and exploration costs of $114,319 associated with these lapsed claims were written off.

The Company continues to hold a 100% interest in the remaining White Gold claims. As at December 31, 2021, the Company had spent a total of $4,667 in exploration expenditures on the remaining claims of this property.

Marathon North Palladium Property, Ontario – Staking

In January 2020, the Company acquired a 100% interest in certain mineral claims in Northern Ontario for staking costs of $15,700.

As at December 31, 2021, the Company had spent a total of $137,796 in exploration expenditures on this property.

Blue Clay Lithium Project, Nevada, U.S.A. – Option Agreement

On September 30, 2021, the Company entered into an option agreement (the "Blue Clay Agreement") with an arm's length party (the "Seller"), whereby the Seller granted an option to the Company to acquire a 100% interest in certain mineral claims (the "Blue Clay Lithium Project") located in the Esmeralda County in the Clayton Valley of Nevada, USA. In consideration, the Company is required to the following:

- Pay $30,000 and issue 2,000,000 common shares (paid & issued at a value of $220,000) to the Seller within five days of Exchange approval;
- Pay $30,000 and issue 1,000,000 common shares (paid & issued subsequently) to the Seller prior to the date that is six months from the date of Exchange approval; and
- Issue 1,000,000 common shares to the Seller prior to the date that is twelve months from the date of Exchange approval.

The Seller will retain a 1.5% NSR Royalty on this property. The Company will have the right to purchase 0.75% NSR Royalty for $500,000 at any time up to the commencement of production.

As at December 31, 2021, the Company had spent a total of $24,168 in exploration expenditures on this property.

7. EXPLORATION AND EVALUATION ASSETS (continued)

Clayton Valley Deep Basin Lithium Brine Project, Nevada, U.S.A. – Staking

In May 2016, the Company acquired a 100% interest in certain mineral claims of the Clayton Valley Deep Basin Lithium Brine Project in Nevada, U.S.A., for staking costs of $23,609.

As at December 31, 2021, the Company had incurred a total of $82,712 in claim maintenance fees on this property.

Kuusamo Property, Finland

In December 2017, the Company entered into an exploration and option agreement (the "Slättberg Option Agreement") with an arm's length party, a company organized under the laws of Sweden (the "Slättberg Vendor"). The Slättberg Option Agreement was subsequently amended a few times to extend the option period and to include additional projects. On May 18, 2020, the Company entered into the Fifth Amendment with the Slättberg Vendor to include future additional projects. Pursuant to the Fifth Amendment, the Slättberg Vendor has agreed to grant an option to the Company to acquire the mineral licence comprising the Kuusamo exploration project (the “Additional Project” or the “Kuusamo Property”) located in Finland.

Summary of commercial terms – Kuusamo Property: The Company can earn a 100% interest in the Kuusamo Property in Finland, subject to a 3% NSR royalty to the Slättberg Vendor by:

- Issuing to the Slättberg Vendor 500,000 common shares within five business days upon Exchange approval (issued at a value of $35,000).
- Reimbursing the Slättberg Vendor for the acquisition costs and expenses related to the Kuusamo Property (reimbursed).
- Incurring exploration expenditures of at least $250,000 on or before May 27, 2022.
- To exercise the Option to acquire a 100% interest in the Kuusamo Property, the Company will issue to the Slättberg Vendor an additional 1,500,000 common shares at the end of the two year option period, which is on or before May 27, 2022.

If the Company satisfies the conditions of the option agreement and elects to acquire the Kuusamo Property, the Slättberg Vendor will receive annual advance royalty (“AAR”) payments of US$25,000 commencing on the first anniversary of the option exercise date, with each AAR payment increasing by US$5,000 per year until reaching a cap of US$75,000 per year.

Under certain conditions, the Company may purchase 0.5% of the NSR royalty for a cash payment of $1.5 million subject to Exchange approval, leaving the Slättberg Vendor with a 2.5% NSR royalty.

As of December 31, 2021, the Company had incurred a total exploration expenditures of $133,360 and prepaid $27,577 in exploration costs on the Kuusamo Property.

7. EXPLORATION AND EVALUATION ASSETS (continued)

Bleka and Vekselmyr Projects, Norway

On August 24, 2020, the Company entered into the Sixth Amendment with the Slättberg Vendor to include the Bleka and Vekselmyr Projects (the "BLE Projects") in Norway. Pursuant to the Sixth Amendment, the Slättberg Vendor has agreed to grant an option to the Company to acquire 100% of the interest in the BLE Projects.

Summary of commercial terms – BLE Projects: The Company can earn a 100% interest in the BLE Projects in Norway, subject to a 3% NSR royalty to the Slättberg Vendor by:

- Issuing to the Slättberg Vendor 500,000 common shares within five business days upon Exchange approval (issued at a value of $45,000).
- Reimbursing the Slättberg Vendor for the acquisition costs and expenses related to the BLE Projects (reimbursed).
- Incurring exploration expenditures of at least $250,000 by September 1, 2021 (incurred).
- Incurring exploration expenditures of an additional $250,000 by September 1, 2022.
- To exercise the Option to acquire a 100% interest in the BLE Projects, the Company will issue to the Slättberg Vendor an additional 1,500,000 common shares at the end of the two year option period, which is on or before September 1, 2022.

If the Company satisfies the conditions of the option agreement and elects to acquire the BLE Projects, the Slättberg Vendor will receive annual advance royalty ("AAR") payments of US$25,000 commencing on the first anniversary of the option exercise date, with each AAR payment increasing by US$5,000 per year until reaching a cap of US$75,000 per year.

Under certain conditions, the Company may purchase 0.5% of the NSR royalty for a cash payment of $1.5 million subject to Exchange approval, leaving the Slättberg Vendor with a 2.5% NSR royalty.

As of December 31, 2021, the Company had incurred a total of $494,810 in exploration expenditures on the BLE Projects.

(Expressed in Canadian Dollars) – Page 15

7. EXPLORATION AND EVALUATION ASSETS (continued)

Slättberg Cobalt-Nickel-Copper Project, Sweden – Exploration and Option Agreement

In December 2017, the Company entered into the Slättberg Option Agreement with the Slättberg Vendor. Pursuant to the Slättberg Option Agreement, the Slättberg Vendor granted an option to the Company to acquire the Slättberg Cobalt-Nickel-Copper Project in Sweden. In consideration, the Company was required to issue 3,000,000 common shares to the Slättberg Vendor within five business days upon Exchange approval (issued at a value of $735,000) and spend at least $500,000 in exploration expenditures on or before December 8, 2018, and such exploration expenditures shall include the drilling of at least 750 metres on the project (which has been satisfied as of the date of the Fifth Amendment).

The Slättberg Option Agreement was subsequently amended a few times to extend the option period and to include additional projects.

During the year ended December 31, 2020, the Company decided not to renew one Slättberg mineral license. In April 2021, the Company decided not to exercise the Slättberg Option and fully wrote off the carrying value of the entire Slättberg Project in the amount of $1,416,571 as of December 31, 2020.

8. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

Accounts payable and accrued liabilities recognized in the statement of financial position can be analyzed as follows:

	December 31, 2021	December 31, 2020
Trade payables	$ 31,361	$ 329,798
Accrued liabilities	33,214	33,214
Total accounts payable and accrued liabilities	$ 64,575	$ 363,012

All amounts are short-term.

9. FLOW-THROUGH SHARE PREMIUM LIABILITY

Balance at December 31, 2019	$ -
Liability incurred on flow-through shares issued	22,222
Liability derecognized due to exploration expenditures renounced to shareholders	(7,729)
Balance at December 31, 2020	14,493
Liability derecognized due to exploration expenditures renounced to shareholders	(7,516)
Balance at December 31, 2021	$ 6,977

In October 2020, the Company issued 2,222,222 flow-through shares at $0.09 per share for gross proceeds of $200,000. The premium received on the flow-through shares issued was determined to be $22,222 and was recorded as a share capital reduction. An equivalent premium liability was also recorded.

(Expressed in Canadian Dollars) – Page 16

9. FLOW-THROUGH SHARE PREMIUM LIABILITY (continued)

During the year ended December 31, 2020, the Company renounced and incurred the exploration expenditures. Accordingly, the Company derecognized the flow-through share premium liability of $7,729 and recognized it as other income.

During the year ended December 31, 2021, the Company renounced and incurred the exploration expenditures. Accordingly, the Company derecognized the flow-through share premium liability of $7,516 and recognized it as other income.

10. LOANS PAYABLE

On May 6, 2020, the Company received the Canada Emergency Business Account ("CEBA") loan which is an interest-free loan to cover operating costs. The CEBA loan was launched by the government of Canada to support businesses by providing financing for their expenses that cannot be avoided or deferred, and assisting businesses for successful relaunch when the economy recovers from COVID-19. Repaying the balance of the loan on or before December 31, 2022 will result in a loan forgiveness of $10,000. Pursuant to IAS 20 Accounting for Government Grants and Disclosure of Government Assistance, the benefit of a government loan at below-market rate is treated as a government grant and measured in accordance with IFRS 9 Financial Instruments: the benefit of below-market rate shall be measured as the difference between initial carrying value of the loan (being the present value of a similar loan at market rates) and the proceeds received. The Company has estimated the initial carrying value of the CEBA Loan at $30,671, using a discount rate of 10%, which was the estimated

rate for a similar loan without interest-free component. The difference of $9,329 has been accredited to the loan liability of the CEBA Loan and offset to other income on the statement of loss and comprehensive loss.

Balance at December 31, 2019	$	-
Loan received		40,000
Interest free benefit		(9,329)
Finance expense		2,105
Balance at December 31, 2020		32,776
Finance expense		3,432
Balance at December 31, 2021	$	36,208

(Expressed in Canadian Dollars) – Page 17

11. SHARE CAPITAL AND RESERVES

Authorized: An unlimited number of common shares, without par value
100,000,000 Class A preferred shares, par value $10
100,000,000 Class B preferred shares, par value $50

(a) Private placements

Year ended December 31, 2021:

During the year ended December 31, 2021, the Company did not close any private placement.

Year ended December 31, 2020:

In August 2020, the Company closed a private placement (the "Offering") consisting of 40,000,000 units at $0.05 per unit for gross proceeds of $2,000,000. Each unit consisted of one common share and one share purchase warrant which entitles the holder to purchase one additional common share of the Company at a price of $0.08 per share until August 14, 2025. The Company incurred filing and legal fees of $14,987, paid an aggregate finders' fees of $76,600, and issued 1,532,000 broker warrants (the "Broker Warrants") in connection with the Offering. Each Broker Warrant is exercisable at $0.08 per share into one common share until August 14, 2025. The Broker Warrants were valued at $124,520, using the Black-Scholes pricing model with the following assumptions: dividend yield 0%, expected volatility 145.4%, risk-free interest rate 0.42% and an expected life of five years.

In October 2020, the Company closed a private placement (the "Offering") consisting of 2,222,222 flow-through shares at $0.09 per share for gross proceeds of $200,000. No warrants were issued for the Offering. The Company incurred filing fees of $2,277 and paid an aggregate finders' fees of $12,000 in connection with the Offering.

(b) Share purchase warrants

The following is a summary of changes in share purchase warrants from December 31, 2019 to December 31, 2021:

	Number	Weighted Average Exercise Price
Balance, December 31, 2019	25,130,800	$0.18
Issued	41,532,000	$0.08
Exercised	(3,540,000)	$0.05
Expired	(3,150,000)	$0.05
Balance, December 31, 2020	59,972,800	$0.13
Exercised	(12,234,712)	$0.07
Balance, December 31, 2021	47,738,088	$0.14

(Expressed in Canadian Dollars) – Page 18

11. SHARE CAPITAL AND RESERVES (continued)

At December 31, 2021, the Company had 47,738,088 share purchase warrants outstanding. Each warrant entitles the holder the right to purchase one common share as follows:

Number	Exercise Price	Expiry Date
13,110,800	$0.30	January 16, 2023
3,248,000	$0.05	July 2, 2024
31,379,288	$0.08	August 14, 2025
47,738,088		

(c) Share-based payments

The Company has a stock option plan whereby the maximum number of shares reserved for issue under the plan shall not exceed 10% of the outstanding common shares of the Company, as at the date of grant. The maximum number of common shares reserved for issue to any one person under the plan cannot exceed 5% of the issued and outstanding number of common shares at the date of grant and the maximum number of common shares reserved for issue to a consultant or a person engaged in investor relations activities cannot exceed 2% of the issued and outstanding number of common shares at the date of grant. The exercise price of each option granted under the plan may not be less than the Discounted Market Price (as that term is defined in the policies of the TSX-V). Options may be granted for a maximum term of five years from the date of grant.

The following is a summary of changes in share purchase options from December 31, 2019 to December 31, 2021:

	Number	Weighted Average Exercise Price
Outstanding and exercisable, December 31, 2019	5,000,000	$0.07
Granted	6,000,000	$0.10
Exercised	(200,000)	$0.07
Expired	(4,800,000)	$0.07
Outstanding and exercisable, December 31, 2020	6,000,000	$0.10
Granted	8,000,000	$0.13
Expired	(6,000,000)	$0.10
Forfeited	(200,000)	$0.14
Outstanding and exercisable, December 31, 2021	7,800,000	$0.13

(Expressed in Canadian Dollars) – Page 19

11. SHARE CAPITAL AND RESERVES (continued)

(c) Share-based payments (continued)

As of December 31, 2021, 7,800,000 share purchase options were outstanding entitling the holders thereof the right to purchase one common share of the Company for each option held as follows:

Number Outstanding	Exercise Price	Expiry Date	
5,300,000	$0.135	March 19, 2022	(Note 19)
2,500,000	$0.12	November 1, 2022	(Note 19)
7,800,000			

During the year ended December 31, 2021, Nil stock options were exercised (year ended December 31, 2020: 200,000 stock options were exercised at a price of $0.065 per share for gross proceeds of $13,000). The previously recognized share-based payment expense relating to these stock options were reclassified from share-based payment reserve to share capital in the amount of $4,076 during the year ended December 31, 2020.

During the year ended December 31, 2021, the Company granted 8,000,000 stock options with exercise prices ranging from $0.12 to $0.135 and expiry dates ranging from March 19, 2022 to November 1, 2022 (year ended December 31, 2020: 6,000,000 stock options were granted with an exercise price of $0.095 and an expiry date of October 1, 2021). The weighted average fair value of the options issued during the year ended December 31, 2021 was estimated at $0.06 (year ended December 31, 2020: $0.04) per option at the grant date using the Black-Scholes option pricing model with the following assumptions:

	Year ended December 31, 2021	Year ended December 31, 2020
Weighted average expected dividend yield	0.0%	0.0%
Weighted average expected volatility*	131.6%	130.8%
Weighted average risk-free interest rate	0.52%	0.24%
Weighted average expected term	1 year	1 year

* Expected volatility has been based on historical volatility of the Company's publicly traded shares.

Total expenses arising from share-based payment transactions recognized during the year ended December 31, 2021 were $495,390 (year ended December 31, 2020: $212,762).

(Expressed in Canadian Dollars) – Page 20

12. LOSS PER SHARE

The calculation of basic and diluted loss per share was based on the following data:

	Year ended December 31, 2021	Year ended December 31, 2020
Net Loss	$ (973,154)	$ (2,557,959)
Weighted average number of common shares for the purpose of basic and diluted loss per share	119,373,293	81,516,760

Basic loss per share is computed by dividing loss by the weighted average number of common shares outstanding during the period. Diluted loss per share reflects the potential dilution of common share equivalents, such as stock options and share purchase warrants, in the weighted average number of common shares outstanding during the period, if dilutive. All of the stock options and share purchase warrants currently issued (see Note 11) were anti-dilutive for the year ended December 31, 2021 and 2020.

Basic and diluted loss per share for the year ended December 31, 2021 was $(0.01) (year ended December 31, 2020: $(0.03)).

13. RELATED PARTY TRANSACTIONS

Key management personnel compensation

Key management personnel include persons having the authority and responsibility for planning, directing and controlling the actions of the Company and its subsidiaries as a whole. Their remuneration includes the following:

	Year ended December 31, 2021	Year ended December 31, 2020
Directors' fees	$ 15,000	$ 12,500
Management fees	181,500	152,500
Professional fees	42,122	47,466
Share-based payments *	245,431	147,159
	$ 484,053	$ 359,625

* Share-based payments are the fair value of options granted to key management personnel as at the grant date.

Related party balances

At December 31, 2021, accounts payable and accrued liabilities include $17,399 (December 31, 2020: $220,248) payable to four directors of the Company, one private company with one common director, and two private companies controlled by two directors of the Swedish subsidiary for unpaid fees. These amounts are unsecured, non-interest bearing and payable on demand.

(Expressed in Canadian Dollars) – Page 21

14. INVESTMENTS

The Company's investments consist of an investment in 700,000 common shares of Andora Energy Corporation ("Andora"), a private company in the oil and gas industry in Alberta, Canada. There was a severe decline in crude oil prices due to geopolitical events and the collapse of global demand for crude oil and related products resulting from COVID-19. The Company decided to fully write off the value of its interest in Andora during the year ended December 31, 2020.

15. SEGMENTAL REPORTING

The Company operates in one business segment, being the acquisition and exploration of mineral properties. The Company's exploration and evaluation assets are distributed by geographic location as follows:

	December 31, 2021	December 31, 2020
Canada	$ 158,786	$ 90,928
Finland	205,944	60,702
Norway	541,218	178,273
U.S.A.	380,489	92,559
	$ 1,286,437	$ 422,462

16. INCOME TAXES

A reconciliation of income taxes at statutory rates with the reported taxes is as follows:

	2021	**2020**
Loss for the year	$ (973,154)	$ (2,557,959)
Expected income tax (recovery)	(263,000)	(691,000)
Change in statutory tax rates and other	(6,000)	56,000
Permanent differences	134,000	61,000
Impact of flow through share	-	19,000
Share issue cost	-	(29,000)
Adjustments to prior years provisions versus statutory tax returns	92,000	57,000
Change in unrecognized deductible temporary differences	43,000	527,000
Total income tax expense (recovery)	$ -	$ -

(Expressed in Canadian Dollars) – Page 22

16. INCOME TAXES (continued)

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

		2021		2020
Deferred Tax Assets				
Exploration and evaluation assets	$	732,000	$	851,000
Share issue costs		32,000		38,000
Capital assets		8,000		8,000
Marketable securities		160,000		160,000
Non-capital losses		2,368,000		2,200,000
Net Unrecognized Deferred Tax Assets	$	3,300,000	$	3,257,000

No net deferred tax asset has been recognized in respect of the above for the years ended December 31, 2021 and 2020 because the amount of future taxable profit that will be available to realize such assets is not probable.

The Company has non-capital losses for Canadian income tax purposes of approximately $8,726,000 and for U.S. tax purposes of approximately $17,000 and for Swedish tax purpose of approximately $38,000, which may be carried forward and applied against taxable income in future years. These losses, if not utilized, will expire through to 2039.

17. CAPITAL DISCLOSURE

The Company's objectives when managing capital are to safeguard its ability to continue as a going concern to pursue the development of its exploration and evaluation assets and to maintain a flexible capital structure which optimizes the cost of capital within a framework of acceptable risk. In the management of capital, the Company includes the components of shareholders' equity, which at December 31, 2021 was $1,956,168 (2020: $1,297,615).

The Company manages the 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 its capital structure, the Company may issue new shares, issue new debt and acquire or dispose of assets. As at December 31, 2021, the Company has not entered into any debt financing with any financial institution.

The Company is dependent on the capital markets as its sole source of operating capital and the Company's capital resources are largely determined by the strength of the junior resource markets and by the status of the Company's projects in relation to these markets, and its ability to compete for investor support of its projects. The Company is not subject to any externally imposed capital requirements. There has been no change in the Company's approach to capital management during the year ended December 31, 2021.

18. FINANCIAL INSTRUMENTS AND RISK

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

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

The fair value of the Company's receivables, loan payable and accounts payable and accrued liabilities approximates their carrying values due to the short term nature of the financial instruments. The Company's cash and cash equivalents are measured at fair value using Level 1 inputs.

The Company is exposed to varying degrees to a variety of financial instrument related risks:

Foreign Exchange Risk

Foreign exchange risk is the risk that the fair value of future cash flows will fluctuate as a result of changes in foreign exchange rates. As at December 31, 2021, the Company has a minimal exposure to the US$ that is subject to fluctuations as a result of exchange rate variations to the extent that transactions are made in this currency. The Company considers this risk to be insignificant and therefore does not hedge its foreign exchange risk.

Credit Risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The Company's cash and cash equivalents, and receivables are exposed to credit risk. The Company reduces its credit risk on cash and cash equivalents by placing these instruments with institutions of high credit worthiness. As at December 31, 2021, the Company is not exposed to any significant credit risk.

Interest Rate Risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company has non-interest bearing debt instruments and is therefore not exposed to risk in the event of interest rate fluctuations. As at December 31, 2021, the Company is not exposed to any significant interest rate risk.

Liquidity Risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting obligations associated with financial liabilities. The Company manages liquidity risk by maintaining sufficient cash balances to enable settlement of transactions on the due date. The Company addresses its liquidity through equity financing obtained through the sale of common shares and the exercise of warrants and options. While the Company has been successful in securing financings in the past, there is no assurance that it will be able to do so in the future.

18. FINANCIAL INSTRUMENTS AND RISK (continued)

Price Risk

The Company is exposed to price risk with respect to commodity prices. Commodity price risk is defined as the potential adverse impact on earnings and economic value due to commodity price movements and volatilities. The Company closely monitors the commodity prices of precious metals and the stock market to determine the appropriate course of action to be taken by the Company.

Based on management's knowledge and experience of the financial markets, management does not believe that the Company's current financial instruments will be affected by foreign exchange risk, credit risk, interest rate risk and price risk.

19. SUPPLEMENTAL DISCLOSURE WITH RESPECT TO CASH FLOWS

Investing and financing activities that do not have a direct impact on cash flows are excluded from the statement of cash flows. The following transactions were excluded from the statements of cash flows:

Year ended December 31, 2021:

a) As at December 31, 2021, the Company accrued exploration and evaluation assets of $2,566 in accounts payable and accrued liabilities.

b) The Company issued 2,000,000 common shares to the Seller valued at $220,000 pursuant to the Blue Clay Agreement.

Year ended December 31, 2020:

a) As at December 31, 2020, the Company accrued exploration and evaluation assets of $43,992 in accounts payable and accrued liabilities.

b) The Company issued a total of 1,000,000 common shares to the Slättberg Vendor valued at $80,000 pursuant to the Fifth and Sixth Amendment to the Slättberg Option Agreement.

c) The Company issued broker warrants at a value of $124,520 as share issue costs (Note 11).

20. SUBSEQUENT EVENTS

Subsequent to December 31, 2021, the following occurred:

a) 150,000 share purchase warrants were exercised into common shares at a price of $0.08 per share and 40,000 share purchase warrants were exercised into common shares at a price of $0.05 per share for gross proceeds of $14,000;

b) 5,300,000 stock options at an exercise price of $0.135 per share expired unexercised; and

c) The Company acquired a 100% interest in certain mineral claims for staking costs of $29,227 to expand the size of its Blue Clay Lithium Project.

d) The Company paid $30,000 and issued 1,000,000 common shares to the Seller pursuant to the Blue Clay Agreement.