

Westhaven Gold Corp.

(An Exploration Stage Company)

Condensed Interim Financial Statements

March 31, 2022

Unaudited – Prepared by Management

(Expressed in Canadian Dollars)

Westhaven Gold Corp.
(An Exploration Stage Company)
Condensed Interim Statements of Financial Position
Unaudited – Prepared by Management
(Expressed in Canadian Dollars)

	March 31 2022	December 31 2021
Assets		
Current		
Cash and cash equivalents	\$ 1,863,854	\$ 3,819,676
Other receivables	80,632	93,138
BCMETS receivable (note 6)	2,040,000	2,040,000
Prepaid expenses	1,966	1,966
	3,986,452	5,954,780
Reclamation Deposits (note 6)	100,000	100,000
Property and Equipment (note 4)	92,696	103,609
Right-of-Use Assets (note 5)	14,675	33,084
Mineral Properties (note 6)	26,183,166	24,366,812
	\$ 30,376,989	\$ 30,558,285
Liabilities		
Current		
Accounts payable and accrued liabilities (note 8)	\$ 502,977	\$ 189,579
Current portion of lease liability (note 5)	19,963	39,180
Current portion of equipment loan (note 4)	4,379	4,379
	527,319	233,138
Flow-through Share Liability (note 7)	601,639	601,639
Non-current Portion of Equipment Loan (note 4)	9,853	10,948
	1,138,811	845,725
Shareholders' Equity		
Capital Stock (note 7)	33,289,924	33,289,924
Reserves (note 7)	6,692,895	6,692,895
Deficit	(10,744,641)	(10,270,259)
	29,238,178	29,712,560
	\$ 30,376,989	\$ 30,558,285

These condensed interim financial statements are signed on behalf of the Board of Directors by:

"Gareth Thomas" (signed)

Director

"Shaun Pollard" (signed)

Director

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

Westhaven Gold Corp.
(An Exploration Stage Company)
Condensed Interim Statements of Loss and Comprehensive Loss
Unaudited – Prepared by Management
(Expressed in Canadian Dollars)

	Three months Ended March 31	Three months Ended March 31
	2022	2021
Expenses		
Salaries and benefits (note 8)	\$ 218,765	\$ 242,592
Advertising and promotion	161,507	153,975
Professional fees	49,820	85,867
Rent (note 8)	18,230	17,112
Regulatory and filing fees	10,540	20,522
General and administrative	9,757	16,854
Travel	5,432	434
Amortization (notes 4, 5 and 6)	1,974	2,756
Interest and bank charges (note 5)	1,843	6,616
	(477,868)	(543,729)
Gain on disposal of vehicle	2,312	
Interest Income	1,174	-
Net Loss and Comprehensive Loss for the Period	\$ (474,382)	\$ (543,729)
Basic and Diluted Loss Per Share	\$ (0.01)	(0.01)
Weighted Average Number of Common Shares Outstanding	126,200,909	111,473,498

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

Westhaven Gold Corp.
(An Exploration Stage Company)
Condensed Interim Statements of Changes in Shareholders' Equity
Unaudited – Prepared by Management
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	Capital Stock		Reserves			Deficit	Total Shareholders' Equity
	Common Shares	Amount	Warrants	Options	Total Reserves		
Balance, December 31, 2020	104,822,409	\$ 20,991,748	\$ 92,687	\$ 3,950,060	\$ 4,042,747	\$ (8,313,630)	\$ 16,720,865
Non flow-through shares issued (note 7)	21,378,500	13,468,455	1,496,495	-	1,496,495	-	14,964,950
Share issue costs	-	(1,167,947)	-	-	-	-	(1,167,947)
Net loss for the period	-	-	-	-	-	(543,729)	(543,729)
Balance, March 31, 2021	126,200,909	\$ 33,292,256	\$ 1,589,182	\$ 3,950,060	\$ 5,539,242	\$ (8,857,359)	\$ 29,974,139
Balance, December 31, 2021	126,200,909	\$ 33,289,924	\$ 1,496,495	\$ 5,196,400	\$ 6,692,895	\$ (10,270,259)	\$ 29,712,560
Net loss for the period	-	-	-	-	-	(474,382)	(474,382)
Balance, March 31, 2022	126,200,909	\$ 33,292,256	\$ 1,496,495	\$ 5,196,400	\$ 6,692,895	\$ (10,744,641)	\$ 29,238,178

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

Westhaven Gold Corp.
(An Exploration Stage Company)
Condensed Interim Statements of Cash Flows
Unaudited – Prepared by Management
(Expressed in Canadian Dollars)

Three months Ended March 31,	2022	2021
Operating Activities		
Net loss for the period	\$ (474,382)	\$ (543,729)
Items not involving cash		
Amortization	1,974	2,756
Accrued interest	883	2,844
Gain on sale of equipment	(2,312)	-
	(473,837)	(538,129)
Changes in non-cash working capital		
Other receivables	12,506	111,337
Accounts payable and accrued liabilities	(12,567)	412,229
Cash (Used in) Provided by Operating Activities	(473,898)	(14,563)
Financing Activities		
Non flow-through shares issued	-	14,964,950
Share issue costs	-	(1,167,947)
Repayment of equipment loan	(1,095)	(2,145)
Repayment of lease obligations	(20,100)	(20,100)
Cash Provided by Financing Activities	(21,195)	13,774,758
Investing Activities		
Expenditures on mineral properties	(1,465,374)	(2,520,820)
Sale of property and equipment	5,577	-
Expenditures on property and equipment	(932)	-
Cash Used in Investing Activities	(1,460,729)	(2,520,820)
Inflow (Outflow) of Cash	(1,955,822)	11,239,375
Cash, Beginning of the Period	3,819,676	131,503
Cash, End of the Period	\$ 1,863,854	\$ 11,370,878
Supplemental Cash Flow Information		
Accounts payable included in mineral properties	\$ 383,231	\$ 387,750
Amortization included in mineral properties	\$ 25,015	\$ 27,635
Interest paid	\$ -	\$ -
Taxes paid	\$ -	\$ -

Westhaven Gold Corp.
(An Exploration Stage Company)
Notes to Condensed Interim Financial Statements
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1. NATURE OF OPERATIONS AND GOING CONCERN

Westhaven Gold Corp. (the “Company”) is an exploration stage company incorporated under the *Business Corporations Act* of British Columbia and commenced operations on May 5, 2010. On July 10, 2020, the Company changed its name from Westhaven Ventures Inc. to Westhaven Gold Corp. The Company is engaged in the acquisition and exploration of mineral properties in Canada.

The head office and records office of the Company is located at 1056 - 409 Granville Street, Vancouver, British Columbia, Canada, V6C 1T2.

These condensed interim financial statements have been prepared on a going concern basis, which assumes the realization of assets and settlement of liabilities in the normal course of business.

The Company has sustained recurring losses and negative cash flows from operations. During the three months ended March 31, 2022, the Company incurred a net loss of \$474,382 (2020 - \$543,729) and, as of that date, had an accumulated deficit of \$10,744,641 (December 31, 2021 - \$10,270,316). The Company has ongoing requirements for capital investment for its mineral property interests. The Company will need to raise substantial additional capital through equity financing to accomplish its business plan over the next several years. There can be no assurance as to the availability or terms upon which such financing might be available.

The business of mineral exploration involves a high degree of risk and there is no assurance that current exploration projects will result in future profitable mining operations. The Company has no source of revenue and has significant cash requirements to meet its administrative overhead, pay its liabilities, and maintain its mineral interests. The recoverability of amounts shown for mineral property interests is dependent on several factors. These include the discovery of economically recoverable reserves, the ability of the Company to obtain the necessary financing to complete the exploration and development of these mineral property interests, and establish future profitable production, or realize proceeds from the disposition of mineral interests. The carrying value of the Company’s mineral property interests does not reflect current or future values.

These matters indicate the existence of material uncertainties that may cast significant doubt about the Company’s ability to continue as a going concern. These condensed interim financial statements do not include any adjustments relating to the recoverability of assets and classification of assets and liabilities that might be necessary should the Company be unable to continue as a going concern. Such adjustments could be material.

In March 2020, the World Health Organization declared coronavirus COVID-19 a global pandemic. This 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 physical distancing, have caused material disruption to business globally resulting in an economic slowdown. Global equity markets have experienced significant volatility and weakness. 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 in future periods.

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2. BASIS OF PRESENTATION

(a) Statement of compliance

These condensed interim financial statements are prepared in accordance with International Financial Reporting Standards (“IFRS”), as issued by the International Accounting Standards Board (“IASB”). These condensed interim financial statements are unaudited and have been prepared in accordance with International Accounting Standard (“IAS”) 34 *Interim Financial Reporting* using accounting policies consistent with IFRS. These condensed interim financial statements do not include all of the information required for full annual financial statements and should be read in conjunction with the annual financial statements for the year ended December 31, 2021.

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

The Company’s functional and presentation currency is the Canadian dollar.

(b) Approval of the condensed interim financial statements

The condensed interim financial statements of the Company as at March 31, 2022, and for the three months then ended were approved and authorized for issue by the Board of Directors on May 26, 2022.

(c) Use of judgments and estimates

The preparation of these condensed interim financial statements requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, revenues, and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances and which form the basis of making judgments about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised, if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Significant assumptions about the future and other sources of estimation uncertainty that management has made 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:

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2. BASIS OF PRESENTATION (Continued)

(c) Use of judgments and estimates (Continued)

Critical accounting estimates

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

Share-based payments

The value of share-based payments is subject to the limitations of the Black-Scholes option pricing model that incorporates market data and involves uncertainty in estimates used by management in the assumptions. Because the Black-Scholes option pricing model requires the input of highly subjective assumptions, including the volatility of share prices, changes in subjective input assumptions can materially affect the fair value estimate.

Recovery of deferred tax assets

The Company estimates the expected manner and timing of the realization or settlement of the carrying value of its assets and liabilities and applies the tax rates that are enacted or substantively enacted on the estimated dates of realization or settlement.

Right of use assets and lease liability

The Company uses estimation in determining the incremental borrowing rate used to measure the lease liability, specific to the asset, underlying currency, and geographic location. Where the rate implicit in the lease is not readily determinable, the discount rate of the lease obligations are estimated using a discount rate similar to the Company's specific borrowing rate. This rate represents the rate that the Company would incur to obtain the funds necessary to purchase the asset of a similar value, with similar payment terms and security in a similar environment.

Critical accounting judgments

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

Recoverability of mineral properties

Assets or cash-generating units are evaluated at each reporting date to determine whether there are any indicators of impairments. The Company considers both internal and external sources of information when making the assessment of whether there are indications of impairment for the Company's minerals properties.

Management uses several criteria in its assessments of economic recoverability and probability of future economic benefit including geologic and metallurgic information, economic assessments/studies, accessible facilities, and existing permits.

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2. BASIS OF PRESENTATION (Continued)

(c) Use of judgments and estimates (Continued)

Going concern

The assessment of the Company's ability to continue as a going concern and to raise sufficient funds to pay for its ongoing operating expenditures and meet its liabilities for the ensuing year as they fall due involves judgment based on historical experience and other factors including expectation of future events that are believed to be reasonable under the circumstances.

Mining exploration tax credits

The Company is entitled to refundable tax credits on qualified mining exploration expenses incurred in the province of British Columbia. Management's judgment is applied in determining whether the mining exploration expenses are eligible for claiming such credits. Those benefits are recognized when the Company estimates that it has reasonable assurance that the tax credits will be realized. Upon review of the mining exploration tax credit claim by the Canada Revenue Agency, any adjustments to the estimate made by the Company are recorded in the period of the tax assessment.

Right of use assets and lease liability

The Company applies judgement in determining whether the contract contains an identified asset, whether they have the right to control the asset, and the lease term. The lease term is based on considering facts and circumstances, both qualitative and quantitative, that can create an economic incentive to exercise renewal options. Management considers all facts and circumstances that create an economic incentive to exercise an extension option, or not to exercise a termination option.

Flow-through expenditures

The Company is required to spend proceeds received from the issuance of flow-through shares on qualifying resources expenditures. Differences in judgment between management and regulatory authorities with respect to qualified expenditures may result in disallowed expenditures by the tax authorities. Any amount disallowed may result in the Company's required expenditures not being fulfilled.

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3. RISK MANAGEMENT AND FINANCIAL INSTRUMENTS

The Company's cash and cash equivalents, other receivables, accounts payable and accrued liabilities, equipment loan and lease liability have carrying values that approximate their fair values due to their short term to maturity.

The Company's risk exposure and the impact on the Company's financial instruments are summarized below.

(a) Credit risk

Credit risk is the risk of financial loss to the Company if a customer or a counterparty to a financial instrument fails to meet its contractual obligations. The Company manages credit risk, in respect of cash and cash equivalents, by ensuring that these financial assets are placed with a major Canadian financial institution with strong investment-grade ratings. Concentration of credit risk exists with respect to the Company's cash and cash equivalents, as amounts are held with a single major Canadian financial institution.

The Company's concentration of credit risk and maximum exposure thereto is as follows:

	March 31, 2022	December 31, 2021
Cash– Canadian dollars	\$ 1,863,854	\$ 3,819,676

(b) 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's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquid funds to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation.

At March 31, 2022, the Company had cash in the amount of \$1,863,854 (December 31, 2021- \$3,819,676) and accounts payable and accrued liabilities of \$502,977 (December 31, 2021 - \$189,579). All of the liabilities presented as accounts payable and accrued liabilities are due within 90 days of March 31, 2022.

(c) Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in market prices. Market risk consists of interest rate risk, loan fixed interest rate risk, foreign currency risk and other price risk. The Company is not exposed to significant market risk.

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4. PROPERTY AND EQUIPMENT

Cost	Computer Equipment and Software	Furniture and Equipment	Vehicles	Leasehold Improvements	Total
As at December 31, 2020	\$ 49,193	\$ 57,037	\$ 55,863	\$ 48,393	\$ 210,486
Additions during the year	-	-	18,200	-	18,200
Disposals during the year	-	-	(23,106)	-	(23,106)
As at December 31, 2021	49,193	57,037	50,957	48,393	205,580
Additions during the period	932	-	-	-	932
Disposals during the period	-	-	(7,840)	-	(7,840)
As at March 31, 2022	\$ 50,125	\$ 57,037	\$ 43,117	\$ 48,393	\$ 198,672
Accumulated Amortization					
As at December 31, 2020	\$ 13,884	\$ 18,179	\$ 11,093	\$ 20,029	\$ 63,185
Charge for the year	10,593	7,772	9,229	16,131	43,725
Disposals for the year	-	-	(4,939)	-	(4,939)
As at December 31, 2021	24,477	25,951	15,383	36,160	101,971
Charge during the period	1,888	1,554	2,080	3,058	8,580
Disposals during the period	-	-	(4,575)	-	(4,575)
As at March 31, 2022	\$ 26,365	\$ 27,505	\$ 12,888	\$ 39,218	\$ 105,976
Carrying Value					
As at December 31, 2021	\$ 24,716	\$ 31,086	\$ 35,574	\$ 12,233	\$ 103,609
As at March 31, 2022	\$ 23,760	\$ 29,532	\$ 30,229	\$ 9,175	\$ 92,696

During the period ended March 31, 2022, \$6,606 (2021 - \$9,226) of amortization of property and equipment was capitalized to the Company's mineral properties.

During the year ended December 31, 2021, the Company entered into a loan agreement for the purchase of equipment for \$18,200 payable over 4 years with an interest rate of 0%. The current portion of the loan is \$4,379. The loan is secured by the equipment purchased.

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5. RIGHT-OF-USE ASSETS AND LEASE LIABILITY

Right-of-use assets		
Value of right-of-use asset as at December 31, 2020	\$	106,720
Amortization		(73,636)
Value of right-of-use assets as at December 31, 2021	\$	33,084
Amortization		(18,409)
Value of right-of-use assets as at March 31, 2022		\$14,675
Lease liability		
Lease liability recognized as at December 31, 2020	\$	111,082
Lease payments		(80,400)
Lease interest		8,498
Lease liability recognized as at December 31, 2021		39,180
Additions		-
Lease payments		(20,100)
Lease interest		883
Lease liability recognized as at March 31, 2022	\$	19,963
Current portion	\$	19,963
Non-current portion		-
	\$	19,963

During the three months ended March 31, 2022, \$18,409 (2021 - \$18,409) of amortization of ROU assets was capitalized to the Company's mineral properties.

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6. MINERAL PROPERTIES

Amounts capitalized as mineral property costs are as follows:

	Shovelnose Gold Property	Prospect Valley Property	Skoonka Creek Property	Skoonka North Property	Total
Balance, December 31, 2020	\$ 14,826,420	\$ 742,519	\$ 269,625	\$ 99,578	\$ 15,938,142
Deferred exploration costs					
Acquisition costs	285,038	2,160	1,410	504	289,112
Geological and assays	2,007,749	7,342	8,725	4,969	2,028,585
Drilling	6,169,749	-	-	-	6,169,749
Lab fees	1,248,243	-	-	-	1,248,243
Share-based payments	535,981	-	-	-	535,981
Amortization	106,337	-	-	-	106,337
Total additions during the year	10,352,897	9,502	10,135	5,473	10,378,007
BCMETC (mining tax credits)	(1,949,337)	-	-	-	(1,949,337)
Net change during the year	8,403,560	9,502	10,135	5,473	8,428,670
Balance, December 31, 2021	23,229,980	752,021	279,760	105,051	24,366,812
Deferred exploration costs					
Acquisition costs	56,780	2,722	1,332	1,278	62,112
Geological and assays	313,418	-	-	-	313,418
Drilling	1,166,818	-	-	-	1,166,818
Lab fees	248,991	-	-	-	248,991
Amortization	25,015	-	-	-	25,015
Total additions during the period	1,811,022	2,722	1,332	1,278	1,816,354
Balance, March 31, 2021	\$ 25,041,002	\$ 754,743	\$ 281,092	\$ 106,329	\$26,183,166

(a) Shovelnose Gold Property, British Columbia, Canada

In January 2011, the Company signed an option agreement (the “Shovelnose Agreement”) with Strongbow Exploration Inc. (“Strongbow”) whereby the Company can earn up to a 70% interest in the Shovelnose Gold Property, a mineral claim near Merritt, British Columbia, staked by Strongbow in 2005 and 2008. A director of the Company is also a director of Strongbow.

Under the terms of the Shovelnose Agreement, the Company would earn an initial 51% interest in the Shovelnose Gold Property by issuing a total of 300,000 common shares (issued) to Strongbow and incurring \$1,500,000 (\$750,000 incurred) in exploration expenditures on the property.

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6. MINERAL PROPERTIES (Continued)

(a) Shovelnose Gold Property, British Columbia, Canada (Continued)

On September 1, 2015, the Company entered into a new purchase agreement with Strongbow to acquire 100% of the Shovelnose Gold Property replacing the January 2011 agreement. Under the terms of the new agreement the Company acquired a 100% interest in the property by issuing 2,000,000 common shares (issued upon completion of the new agreement). In addition, Strongbow was granted a 2% net smelter returns royalty (“NSR”) on the property. The Company will retain the right to reduce the NSR to 1% by paying Strongbow \$500,000 at any time prior to the commencement of commercial production.

The Company has a reclamation deposit of \$40,000 held with the Ministry of Finance relating to exploration activities completed on the Shovelnose Gold Property.

(b) Prospect Valley Gold Property, British Columbia, Canada

On September 21, 2015, the Company entered into an option and purchase agreement with Berkwood Resources Ltd. (“Berkwood”) to acquire a 70% interest the Prospect Valley Gold Property near Merritt. The Company paid \$20,000 to Berkwood upon signing as per the terms of the agreement. On October 22, 2015, the Company exercised the option by making a second and final payment of \$80,000 and issued 500,000 common shares at a price of \$0.065 per share. The common shares have a hold period of five years.

On February 16, 2016, the Company acquired the remaining 30% interest in the property for a cash payment of \$40,000 and the issue of 500,000 common shares at a price of \$0.07 per share. The common shares have a hold period of five years.

The Company has a reclamation deposit of \$35,000 held with the Ministry of Finance relating to exploration activities completed on the Prospect Valley Gold Property.

(c) Skoonka Creek, British Columbia, Canada

On May 24, 2017, the Company signed a purchase agreement with Strongbow, and Almadex Minerals Ltd. (“Almadex”), to acquire 100% interest in the Skoonka Creek gold property, located within the prospective Spences Bridge Gold Belt, British Columbia. Under the terms of the agreement the Company issued 2,000,000 common shares (issued on May 30, 2017) at a price of \$0.09 per share. Almadex retains its original net smelter royalty of 2% from future production.

The Company has a reclamation deposit of \$25,000 held with the Ministry of Finance relating to exploration activities completed on the Skoonka Creek property.

(d) Skoonka North Gold Property, British Columbia, Canada

In May 2018, the Company staked an additional gold mineral property, Skoonka North, within the Spences Bridge Gold Belt, British Columbia.

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6. MINERAL PROPERTIES (Continued)

Realization

The Company's investment in and expenditures on the mineral property interests comprise a substantial portion of the Company's assets. Realization of the Company's investment in the assets is dependent on establishing legal ownership of the property interests, on the attainment of successful commercial production or from the proceeds of its disposal. The recoverability of the amounts shown for the mineral property interests is dependent upon the existence of economically recoverable reserves, the ability of the Company to obtain necessary financing to complete the development of the property interests, and future profitable production or proceeds from the disposition thereof.

Title and environmental

Although the Company has taken steps to verify the title to mineral properties in which it has or had a right to acquire an interest in accordance with industry standards for the current stage of exploration of such properties, these procedures do not guarantee title (whether of the Company or of any underlying vendor(s) from whom the Company may be acquiring its interest). Title to mineral properties may be subject to unregistered prior agreements or transfers, and may also be affected by undetected defects or the rights of indigenous peoples.

Environmental legislation is becoming increasingly stringent and costs and expenses of regulatory compliance are increasing. The impact of new and future environmental legislation on the Company's operations may cause additional expenses and restrictions. If the restrictions adversely affect the scope of exploration and development on the mineral properties, the potential for production on the property may be diminished or negated.

British Columbia mining exploration tax credits (BCMETS)

The Company is eligible for British Columbia mining exploration tax credits ("BCMETS"), based on qualified mineral exploration expenditures incurred for determining the existence, location, and extent or quality of a mineral resource in the province of British Columbia. The tax credit is calculated as 30% (for the area in which the Company operates) of qualified mineral exploration expenditures incurred to the extent such expenditures are not renounced or committed with respect to issued flow-through shares, if any. The filing for the BCMETS is subject to an assessment process, which may include an audit by the taxation authorities. The amount ultimately recoverable may be different from the amount claimed.

During the year ended December 31, 2021, the Company received an aggregate refund of \$1,981,250 (2020 - \$1,436,750) related to BCMETS previously filed claims attributable to qualified mining exploration expenses incurred on its mineral properties.

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7. CAPITAL STOCK

(a) Authorized

Unlimited number of common shares without par value.

(b) Issued and outstanding

On March 3, 2021, the Company closed a bought deal financing (the “Offering”) with Raymond James Ltd. (the “Underwriter”). Pursuant to the Offering, the Company issued 21,378,500 units of the Company, including 2,788,500 units issued in connection with the exercise in full of the over-allotment option granted to the Underwriter. The units were issued at \$0.70 per unit for gross proceeds of \$14,964,950. Each unit consists of one common share and one-half common share purchase warrant. Each whole warrant will entitle the holder to purchase one common share of the Company at an exercise price of \$1.00 per share for a period of 2 years. The Company paid cash share issuance costs of \$1,170,279 in connection with the offering.

(c) Warrants

The following summarizes the Company’s warrants as at March 31, 2022, and December 31, 2021, and changes during the period/year:

	March 31, 2022		December 31, 2021	
	Number of Warrants	Weighted Average Exercise Price	Number of Warrants	Weighted Average Exercise Price
Outstanding and exercisable, beginning of the period	10,689,250	\$ 1.00	3,284,662	\$ 1.50
Issued	-	-	10,689,250	\$ 1.00
Expired	-	-	(3,284,662)	\$ 1.50
Outstanding and exercisable, end of the period	10,689,250	\$ 1.00	10,689,250	\$ 1.00

As at March 31, 2022, the Company had warrants outstanding as follows:

Expiry Date	Exercise Price	Outstanding	Weighted Average Remaining Contractual Life (Years)
March 3, 2023	\$1.00	10,689,250	0.92
		10,689,250	

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7. CAPITAL STOCK (Continued)

As at December 31, 2021, the Company had warrants outstanding as follows:

Expiry Date	Exercise Price	Outstanding	Weighted Average Remaining Contractual Life (Years)
March 3, 2023	\$1.00	10,689,250	1.17
		10,689,250	

(d) Stock options

The Company adopted a stock option plan whereby the number of options granted to one person shall not exceed 10% of the outstanding shares at the time of granting the options. If employment with the Company is terminated, other than through death, options not exercised will expire within 90 days after the termination date.

On November 29, 2021, the Company granted 400,000 stock options at an exercise price of \$0.50 per share. The options vested November 29, 2021, and expire November 29, 2026. Share-based payments of \$133,519 were charged to the statement of loss and comprehensive loss.

On April 22, 2021, the Company granted 2,315,000 stock options at an exercise price of \$0.70 per share. The options vested April 22, 2021, and expire April 22, 2026. Share-based payments totaled \$1,112,821. Share-based payments of \$576,840 were charged to the statement of loss and comprehensive loss and \$535,981 was capitalized to mineral properties.

The following summarizes the Company's stock options as at March 31, 2022, and December 31, 2021, and changes during the period/year.

	March 31, 2022		December 31, 2021	
	Number of Options	Weighted Average Exercise Price	Number of Options	Weighted Average Exercise Price
Outstanding and exercisable, beginning of period	9,945,589	\$ 0.74	7,230,589	\$ 0.77
Granted	-	-	2,715,000	\$ 0.67
Outstanding and exercisable, end of period	9,945,589	\$ 0.74	9,945,589	\$ 0.74

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7. CAPITAL STOCK (Continued)

(d) Stock options (Continued)

As at March 31, 2022, the Company had options outstanding as follows:

Expiry Date	Exercise Price	Outstanding	Weighted Average Remaining Contractual Life (Years)
April 13, 2022	\$ 0.10	1,050,000	0.04
March 21, 2023	\$ 0.14	1,095,589	0.97
November 14, 2023	\$1.20	2,900,000	1.62
July 8, 2024	\$0.70	200,000	2.27
December 23, 2024	\$0.85	1,250,000	2.73
May 20, 2025	\$0.80	475,000	3.14
August 10, 2025	\$0.95	260,000	3.36
April 22, 2016	\$0.70	2,315,000	4.06
November 29, 2026	\$0.50	400,000	4.67
		9,945,589	2.35

The fair value of options granted during the year ended December 31, 2021, were vested immediately and were calculated using the Black-Scholes option pricing model with the following weighted average assumptions:

	December 31, 2020
Expected life (years)	5
Interest rate	1.00%
Volatility	96%
Dividend yield	0%
Forfeiture rate	0%
Market value of common shares at grant date	\$0.64
Fair value	\$0.50

Volatility has been calculated based on the historical volatility of the Company. Interest rates represent rates from the Bank of Canada on bonds with a similar term. The dividend yield represents the expected dividends to be paid by the Company.

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8. RELATED PARTY TRANSACTIONS

The Company entered into the following transactions with related parties in addition to those discussed elsewhere in the condensed interim financial statements.

(a) Key management compensation

Short-term employee benefits for key management compensation were paid to individuals and personal service corporations for the three months ended March 31 as follows:

	2022	2021
Gareth Thomas	\$ 63,333	\$ 76,668
Shaun Pollard	63,333	76,668
Total key management compensation	\$ 126,666	\$ 153,336

Gareth Thomas is the Chief Executive Officer of the Company.

Shaun Pollard is the Chief Financial Officer of the Company.

In addition to the above costs, the Company paid \$18,230 (2021 - \$17,112) of rent and office expenditures to Anglo Celtic Exploration Ltd. ("Anglo"). Anglo is a company controlled by Grenville Thomas, a director of the Company, and Gareth Thomas.

At March 31, 2022, a total of \$19,141 (2021 - \$17,969) due to Anglo is included in accounts payable and accrued liabilities. The amounts are non-interest bearing and subject to normal trade terms.

9. CAPITAL MANAGEMENT

The Company considers its capital structure to consist of shareholders' equity. The Company manages its capital structure and makes adjustments to it based on the funds available to the Company, in order to support the acquisition, exploration and development of mineral properties.

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 properties in which the Company currently has an interest are in the exploration stage; as such, the Company is dependent on external financing to fund its activities. In order to carry out the planned exploration and pay for administrative costs, the Company will spend its existing working capital and raise additional amounts as needed. The Company will continue to assess new properties and seek to acquire an interest in additional properties if it feels there is sufficient geologic or economic potential and if it has adequate financial resources to do so.

Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Company, is reasonable.

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There were no changes in the Company's approach to capital management during the three months ended March 31, 2022. The Company is not subject to externally imposed capital requirements.

10. COMMITMENTS

On December 12, 2019, the Company entered into a three-year lease for building space associated with the Shovelnose project. On June 2, 2020, the Company entered an additional two-year lease for building space. Under the terms of the leases the Company is committed to lease payments totalling \$22,400 for 2022 plus additional occupancy costs.

During the year ended December 31, 2021, the Company entered into a loan to purchase equipment. The Company is committed to payments of \$365 per month over the next 39 months.

On June 16, 2020, the Company issued flow-through shares which require the Company to incur qualifying exploration expenditures of \$5,175,315 within 36 months. Up to December 31, 2021 the Company allocated \$2,000,000 of qualifying expenditures in satisfaction of its obligation.

11. SEGMENTED REPORTING

The Company is organized into business units based on mineral properties and has one reportable operating segment, being that of acquisition and exploration and evaluation activities.

12. SUBSEQUENT EVENTS

In May 2022 the Company entered into 2 additional lease agreements for building space associated with the Shovelnose project. Under the terms of the leases the Company is committed annual lease payments of \$36,000 for one year and \$56,400 for 3 years.