Galway Metals Inc.

Consolidated Financial Statements
For the Years Ended December 31, 2021 and 2020
(Expressed in Canadian Dollars)

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

The accompanying consolidated financial statements of Galway Metals Inc. (the "Company") were prepared by management in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board ("IFRS"). Where necessary, management has made informed judgments and estimates in accounting for transactions which were not complete at the balance sheet date.

Management has established processes which are in place to provide them with sufficient knowledge to support management representations that they have exercised reasonable diligence that (i) the consolidated financial statements do not contain any untrue statement of material fact or omit to state a material fact required to be stated or that is necessary to make a statement not misleading in light of the circumstances under which it is made, as of the date of and for the periods presented by the consolidated financial statements and (ii) the consolidated financial statements fairly present in all material respects the financial condition, financial performance and cash flows of the Company, as of the date of and for the periods presented by the consolidated financial statements.

The Board of Directors is responsible for reviewing and approving the consolidated financial statements together with other financial information of the Company and for ensuring that management fulfills its financial reporting responsibilities. An Audit Committee assists the Board of Directors in fulfilling this responsibility. The Audit Committee meets with management to review the financial reporting process and the consolidated financial statements together with other financial information of the Company. The Audit Committee reports its findings to the Board of Directors for its consideration in approving the consolidated financial statements together with other financial information of the Company for issuance to the shareholders.

Management recognizes its responsibility for conducting the Company’s affairs in compliance with established financial standards, and applicable laws and regulations, and for maintaining proper standards of conduct for its activities.

(signed)
Robert Hinchcliffe
President and Chief Executive Officer

(signed)
Robert D.B. Suttie
Chief Financial Officer

May 2, 2022
Toronto, Canada

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of
Galway Metals Inc.

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the consolidated financial statements of Galway Metals 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, consolidated statements of changes in equity and consolidated statements of cash flows for the years then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying 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.

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 those requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Information Other than the Consolidated Financial Statements and Auditor's Report Thereon

Management is responsible for the other information. The other information comprises the annual management's discussion and analysis, but does not include the consolidated financial statements and our auditor's report thereon.

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.

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 International Financial Reporting Standards, 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 relating 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 scepticism 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.

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.

CLEARHOUSE LLP
CHARTERED PROFESSIONAL ACCOUNTANTS

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 Pat Kenney.

Clearhouse LLP

Chartered Professional Accountants
Licensed Public Accountants

Mississauga, Ontario
May 2, 2022

Galway Metals Inc.
Consolidated Statements of Financial Position
(Expressed in Canadian Dollars)

As at December 31,	2021	2020
Assets		
Current assets		
Cash and cash equivalents	$ **10,681,021**	$ 15,351,359
Prepaids and deposits	**49,057**	36,016
HST receivable	**867,825**	1,664,813
	11,597,903	17,052,188
Non-current asset		
Restricted cash (Note 2)	**53,236**	53,463
Resource property costs (Note 5)	**7,757,552**	7,064,870
Property and equipment (Note 6)	**1,339,909**	565,505
	$ **20,748,600**	$ 24,736,026
Liabilities		
Current liabilities		
Accounts payable and accrued liabilities (Note 13)	$ **965,449**	$ 856,974
Flow-through premium liability (Note 12)	**3,258,690**	3,486,074
Current portion of note payable (Note 14)	**72,115**	-
	4,296,254	4,343,048
Note payable (Note 14)	**186,231**	-
	4,482,485	4,343,048
Shareholders' Equity		
Common shares (Note 7)	**56,637,507**	46,367,260
Contributed surplus	**9,021,237**	7,197,386
Accumulated other comprehensive income	**156,429**	188,731
Deficit	**(49,549,058)**	(33,360,399)
	16,266,115	20,392,978
	$ **20,748,600**	$ 24,736,026

Nature of Operations (Note 1)

Approved by the Board *"Robert Hinchcliffe"* Director

"Larry Strauss" Director

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

Galway Metals Inc.
Consolidated Statements of Loss and Comprehensive Loss
(Expressed in Canadian Dollars)

For the Year Ended December 31,	2021	2020
Expenses		
Administrative expenses (Note 10)	$ **2,320,060**	$ 1,644,234
Stock-based compensation (Note 8)	**1,443,563**	3,729,915
(Gain) loss on foreign exchange	**27,996**	(13,969)
Exploration expenses (Note 11)	**15,872,305**	7,052,926
Amortization	**12,420**	2,789
	19,676,344	12,415,895
Other Income		
Interest income	**(1,611)**	(8,763)
Premium on flow-through shares (Note 12)	**(3,486,074)**	(595,725)
Net Loss	$ **(16,188,659)**	$ (11,811,407)
Other Comprehensive Loss		
Items that will be reclassified subsequently into income:		
Cumulative translation adjustment	$ **(32,302)**	$ (6,908)
Net Comprehensive loss	$ **(16,220,961)**	$ (11,818,315)
Loss per share - basic and diluted	$ **(0.09)**	$ (0.08)
Weighted average number of common shares outstanding - basic and diluted	**176,089,140**	148,671,401

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

Galway Metals Inc.
Consolidated Statements of Changes in Shareholders' Equity
(Expressed in Canadian Dollars)

	Share Capital	Contributed Surplus	Accumulated Other Comprehensive Income (Loss)	Deficit	Total
Balance, December 31, 2019	$ 29,387,007	$ 3,420,899	$ 181,823	$ (21,548,992)	$ 11,440,737
Cumulative translation adjustment	-	-	6,908	-	6,908
Shares issued on private placements	18,457,582	-	-	-	18,457,582
Costs of issue	(1,297,932)	-	-	-	(1,297,932)
Issuance of finders warrants	(803,032)	803,032	-	-	-
Flow-through share premium	(3,486,074)	-	-	-	(3,486,074)
Shares issued for property	1,132,476	-	-	-	1,132,476
Stock-based compensation	-	3,729,915	-	-	3,729,915
Exercise of options	161,478	(78,278)	-	-	83,200
Exercise of warrants	2,815,755	(678,182)	-	-	2,137,573
Net income for the period	-	-	-	(11,811,407)	(11,811,407)
Balance, December 31, 2020	**$ 46,367,260**	**$ 7,197,386**	**$ 188,731**	**$ (33,360,399)**	**$ 20,392,978**
Cumulative translation adjustment	-	-	(32,302)	-	(32,302)
Shares issued on private placements	15,000,105	-	-	-	15,000,105
Flow-through share premium	(3,258,690)	-	-	-	(3,258,690)
Costs of issue	(1,090,880)	-	-	-	(1,090,880)
Issuance of finders warrants	(380,288)	380,288	-	-	-
Stock-based compensation	-	1,443,563	-	-	1,443,563
Net loss for the period	-	-	-	(16,188,659)	(16,188,659)
Balance, December 31, 2021	**$ 56,637,507**	**$ 9,021,237**	**$ 156,429**	**$ (49,549,058)**	**$ 16,266,115**

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

Galway Metals Inc.
Consolidated Statements of Cash Flows
(Expressed in Canadian Dollars)

For the years ended December 31,	2021	2020
Cash provided by (used in):		
Operating activities		
Net loss for the period	**$ (16,188,659)**	$ (11,811,407)
Items not affecting cash:		
Amortization	**12,420**	2,789
Share-based compensation (Note 8)	**1,443,563**	3,729,915
Premium on flow-through shares	**(3,486,074)**	(595,725)
Changes in current assets and liabilities:		
Prepaids and deposits	**(13,041)**	38,787
HST receivable	**796,988**	(980,459)
Accounts payable and accrued liabilities	**108,471**	200,207
	(17,326,332)	(9,415,893)
Investing activities		
Acquisition of property and equipment	**(528,478)**	(568,294)
Resource property acquisition costs	**(692,678)**	(180,799)
Restricted cash	**227**	1,075
	(1,220,929)	(748,018)
Financing activities		
Net proceeds from issuance of shares	**13,909,225**	19,380,423
Unrealized foreign exchange (gain) loss	**(32,302)**	6,908
Net change in cash	**(4,670,338)**	9,223,420
Cash and cash equivalents, beginning of period	**15,351,359**	6,127,939
Cash and cash equivalents, end of period	**$ 10,681,021**	$ 15,351,359
Supplementary Cash Flow Information		
Promissory note payble issued for property	**$ 258,346**	**$ -**
Shares issued for property	**$ -**	**$ 1,132,476**

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

1. Nature of Operations

Galway Metals Inc. ("the Company") was incorporated pursuant to the Business Corporations Act (New Brunswick) on May 9, 2012, and continued to the Province of Ontario on July 21, 2015. The Company's head office is located at 82 Richmond Street East, Toronto, Ontario, M5C 1P1.

The Company is in the process of exploring the Clarence Stream and Estrades gold and polymetallic projects, located in New Brunswick and Quebec, respectively, and has not yet determined whether its mineral properties contain mineral reserves that are economically recoverable. The continuing operations of the Company and the underlying value and recoverability of the amounts shown for mineral properties are entirely dependent upon the existence of economically recoverable mineral reserves, the ability to obtain the necessary financing to complete the exploration and development of the mineral property interests and on future profitable production or proceeds from the disposition of the mineral property interests.

The Company's common shares trade on the TSX Venture Exchange under the symbol "GWM".

2. Significant Accounting Policies

Basis of Preparation

These consolidated financial statements of the Company have been prepared in accordance with the International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and the Interpretations of the International Financial Reporting Interpretations Committee ("IFRIC") which the Canadian Accounting Standards Board has approved for incorporation into Part 1 of the CPA Canada Handbook - Accounting., as issued and effective for the year ended December 31, 2021.

These consolidated financial statements were approved by the Board of Directors on April 28, 2022.

Basis of Measurement

In the preparation of these consolidated financial statements, management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of expenses during the year. Actual results could differ from these estimates.

The consolidated financial statements have been prepared on the historical cost basis.

Basis of Consolidation

These consolidated financial statements incorporate the financial statements of the Company and its wholly owned subsidiaries, Galway Resources US Inc, and Nyak Resources Inc. All intercompany transactions, balances, income and expenses are eliminated upon consolidation.

Segment Reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources and assessing the performance of the operating segments, has been identified as the chief executive officer of the Company. The Company has determined that it has one operating segment, the acquisition, exploration and development of mineral resource properties in Canada.

Covid-19 Impact

Due to the worldwide COVID-19 outbreak, material uncertainties may come into existence that could influence management's going concern assumption. Management cannot accurately predict the future impact COVID-19 may have on:

- Global gold prices;
- The severity and the length of potential measures taken by governments to manage the spread of the virus and their effect on labour availability and supply lines;
- Availability of essential supplies;
- Purchasing power of the Canadian dollar; and
- Ability to obtain funding

2. Significant Accounting Policies (Continued)

Covid-19 Impact (Continued)

At the date of the approval of these consolidated financial statements, the Canadian government has not introduced measures which impede the activities of the Company. Management believes the business will continue and accordingly, the current situation bears no impact on management's going concern assumption. However, 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.

Financial Instruments

Financial Assets

Recognition and Initial Measurement

The Company recognizes financial assets when it becomes party to the contractual provisions of the instrument. Financial assets are measured initially at their fair value plus, in the case of financial assets not subsequently measured at fair value through profit or loss, transaction costs that are directly attributable to their acquisition. Transaction costs attributable to the acquisition of financial assets subsequently measured at fair value through profit or loss are expensed in profit or loss when incurred.

Classification and Subsequent Measurement

On initial recognition, financial assets are classified as subsequently measured at amortized cost, fair value through other comprehensive income (“FVOCI”) or fair value through profit or loss (“FVTPL”). The Company determines the classification of its financial assets, together with any embedded derivatives, based on the business model for managing the financial assets and their contractual cash flow characteristics.

Financial assets are classified as follows:

- Amortized cost - Assets that are held for collection of contractual cash flows where those cash flows are solely payments of principal and interest are measured at amortized cost. Interest revenue is calculated using the effective interest method and gains or losses arising from impairment, foreign exchange and derecognition are recognized in profit or loss. Financial assets measured at amortized cost are comprised of investment and accounts receivable.
- Fair value through other comprehensive income - Assets that are held for collection of contractual cash flows and for selling the financial assets, and for which the contractual cash flows are solely payments of principal and interest, are measured at fair value through other comprehensive income. Interest income calculated using the effective interest method and gains or losses arising from impairment and foreign exchange are recognized in profit or loss. All other changes in the carrying amount of the financial assets are recognized in other comprehensive income. Upon derecognition, the cumulative gain or loss previously recognized in other comprehensive income is reclassified to profit or loss. The Company does not hold any financial assets measured at fair value through other comprehensive income.
- Mandatorily at fair value through profit or loss - Assets that do not meet the criteria to be measured at amortized cost, or fair value through other comprehensive income, are measured at fair value through profit or loss. All interest income and changes in the financial assets’ carrying amount are recognized in profit or loss. Financial assets mandatorily measured at fair value through profit or loss are comprised of cash.
- Designated at fair value through profit or loss – On initial recognition, the Company may irrevocably designate a financial asset to be measured at fair value through profit or loss in order to eliminate or significantly reduce an accounting mismatch that would otherwise arise from measuring assets or liabilities, or recognizing the gains and losses on them, on different bases. All interest income and changes in the financial assets’ carrying amount are recognized in profit or loss. The Company does not hold any financial assets designated to be measured at fair value through profit or loss.

The Company measures all equity investments at fair value. Changes in fair value are recorded in profit or loss. The entity does not hold any equity investments.

2. Significant Accounting Policies (Continued)

Financial Instruments (Continued)

Financial Assets (Continued)

Business Model Assessment

The Company assesses the objective of its business model for holding a financial asset at a level of aggregation which best reflects the way the business is managed and information is provided to management. Information considered in this assessment includes stated policies and objectives.

Contractual Cash Flow Assessment

The cash flows of financial assets are assessed as to whether they are solely payments of principal and interest on the basis of their contractual terms. For this purpose, 'principal' is defined as the fair value of the financial asset on initial recognition. 'Interest' is defined as consideration for the time value of money, the credit risk associated with the principal amount outstanding, and other basic lending risks and costs. In performing this assessment, the Company considers factors that would alter the timing and amount of cash flows such as prepayment and extension features, terms that might limit the Company's claim to cash flows, and any features that modify consideration for the time value of money.

Impairment

The Company recognizes a loss allowance for the expected credit losses associated with its financial assets, other than financial assets measured at fair value through profit or loss. Expected credit losses are measured to reflect a probability-weighted amount, the time value of money, and reasonable and supportable information regarding past events, current conditions and forecasts of future economic conditions.

The Company applies the simplified approach for accounts receivable. Using the simplified approach, the Company records a loss allowance equal to the expected credit losses resulting from all possible default events over the assets' contractual lifetime.

The Company assesses whether a financial asset is credit-impaired at the reporting date. Regular indicators that a financial instrument is credit-impaired include significant financial difficulties as evidenced through borrowing patterns or observed balances in other accounts and breaches of borrowing contracts such as default events or breaches of borrowing covenants. For financial assets assessed as credit-impaired at the reporting date, the Company continues to recognize a loss allowance equal to lifetime expected credit losses.

For financial assets measured at amortized cost, loss allowances for expected credit losses are presented in the statement of financial position as a deduction from the gross carrying amount of the financial asset.

Financial assets are written off when the Company has no reasonable expectations of recovering all or any portion thereof.

Derecognition of Financial Assets

The Company derecognizes a financial asset when its contractual rights to the cash flows from the financial asset expire.

Financial Liabilities

Recognition and Initial Measurement

The Company recognizes a financial liability when it becomes party to the contractual provisions of the instrument. At initial recognition, the Company measures financial liabilities at their fair value plus transaction costs that are directly attributable to their issuance, with the exception of financial liabilities subsequently measured at fair value through profit or loss for which transaction costs are immediately recorded in profit or loss.

Where an instrument contains both a liability and equity component, these components are recognized separately based on the substance of the instrument, with the liability component measured initially at fair value and the equity component assigned the residual amount.

2. Significant Accounting Policies (Continued)

Financial Instruments (Continued)

Financial Liabilities (Continued)

Classification and Subsequent Measurement

Subsequent to initial recognition, all financial liabilities are measured at amortized cost using the effective interest rate method. Interest, gains and losses relating to a financial liability are recognized in profit or loss.

Derecognition of Financial Liabilities

The Company derecognizes a financial liability only when its contractual obligations are discharged, cancelled or expire.

Cash and restricted Cash

Cash in the consolidated statements of financial position comprise cash at banks and on hand. The Company's cash is invested with major financial institutions in business accounts and higher yield investment and savings accounts that are available on demand by the Company for its programs. Restricted cash related to a property reclamation bond as at December 31, 2021 of $53,236 (2020 - $53,463).

Resource Property Costs

The Company is in the exploration stage with respect to its investment in resource property costs and accordingly follows the practice of capitalizing significant acquisition costs on active exploration properties and expensing exploration and evaluation expenditures. Government assistance in connection with the Company's resource properties is recorded in operations, net of exploration and evaluation expense. The aggregate costs related to abandoned mineral properties are charged to operations at the time of any abandonment or when it has been determined that there is evidence of an impairment. An impairment charge relating to a mineral property is subsequently reversed when new exploration results or actual or potential proceeds on sale or farmout of the property result in a revised estimate of the recoverable amount but only to the extent that this does not exceed the original carrying value of the property that would have resulted if no impairment had been recognized.

The recoverability of amounts shown for exploration and evaluation assets is dependent upon the discovery of economically recoverable reserves, the ability of the Company to obtain financing to complete development of the properties, and on future production or proceeds of disposition. The Company recognizes, in income, costs recovered on mineral properties when amounts received or receivable are in excess of the carrying amount of the mineral properties.

All capitalized acquisition expenditures are monitored for indications of impairment. Where a potential impairment is indicated, assessments are performed for each area of interest. To the extent that exploration expenditure is not expected to be recovered, it is charged to the results of operations.

Impairment of Non-Financial Assets

When circumstances or events indicate that impairment may exist, resource property costs are tested for impairment and the Company reviews the carrying amounts of its non-financial assets with finite lives to determine whether there is any indication that those assets have suffered an impairment loss. Where such an indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss. The recoverable amount is the higher of an asset's fair value less costs of disposal or its value in use. An impairment loss is recognized whenever the carrying amount of an asset exceeds its recoverable amount. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). The Company has identified the following cash-generating units: the Clarence Stream Project, and the Estrades Project.

2. Significant Accounting Policies (Continued)

Impairment of Non-Financial Assets (Continued)

Management reviews the following industry-specific indicators for an impairment review when evaluating resource property costs:

- Exploration activities have ceased;
- Exploration results are not promising such that exploration will not be planned for the foreseeable future;
- Lease ownership rights expire;
- Sufficient funding is not expected to be available to complete the mineral exploration program; or
- An exploration property has no material economic value to the Company's business plan.

Management takes into consideration various information including, but not limited to, results of exploration activities conducted to date, estimated future mineral prices, and reports and opinions of outside geologists, mine engineers and consultants.

Provisions

A provision is recognized when the Company has a present legal or constructive obligation as a result of a past event, it is probable that an outflow of economic benefits will be required to settle the obligation, and the amount of the obligation can be reliably estimated. If the effect is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability.

The Company had no material rehabilitation, environmental, or other provisions at December 31, 2021, or 2020.

Income Taxes

Income tax on the profit or loss for the years presented comprises current and deferred tax. Income tax is recognized in profit or loss except to the extent that it relates to items recognized directly in equity, in which case it is recognized in equity.

Current tax expense is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at period end, adjusted for amendments to tax payable with regards to previous years.

Deferred tax is provided using the asset and liability method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The following temporary differences are not provided for: goodwill not deductible for tax purposes and the initial recognition of assets or liabilities that affect neither accounting nor taxable profit. The amount of deferred tax provided is based on the expected manner of realization or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the financial position reporting date.

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. To the extent that the Company does not consider it probable that a future tax asset will be recovered, it provides a valuation allowance against that excess.

Loss Per Share

The Company presents basic and diluted loss per share data for its common shares outstanding, calculated by dividing the loss attributable to common shareholders of the Company by the weighted average number of common shares outstanding during the period. Diluted loss per share is determined by adjusting the loss attributable to common shareholders and the weighted average number of common shares outstanding to include potential common shares for the assumed conversion of all dilutive securities under the treasury stock method.

2. Significant Accounting Policies (Continued)

Share-Based Payments

The Company grants share options to acquire common shares of the Company to directors, officers, consultants and employees.

The fair value of the instruments granted is measured using a Black-Scholes model, taking into account the terms and conditions upon which the instruments are granted. The fair value of the awards is adjusted by the estimate of the number of awards that are expected to vest as a result of non-market conditions and is expensed over the vesting period using the graded vesting method of amortization. At each balance sheet date, the Company reviews its estimates of the number of options that are expected to vest based on the non-market vesting conditions including the impact of the revision to original estimates, if any, with corresponding adjustments to equity.

Flow-through Shares

The Company will, from time to time, issue flow-through shares to finance a portion of its exploration programs. The issue of flow-through shares is in substance an issue of ordinary shares and the sale of tax deductions. The sale of tax deductions is measured using the residual method. At the time the flow-through shares are issued, the sale of tax deductions is deferred and presented as flow-through share premium liability in the statement of financial position. Pursuant to the terms of the flow-through share agreements, the Company agrees to incur qualifying expenditures and renounce the tax deductions associated with these qualifying expenditures to the subscribers at an agreed upon date. The renouncement may occur prospectively or retrospectively based on the flow-through share agreement.

The excess of cash consideration received over the market price of the Company's shares at the date of the announcement of the flow-through share financing is recorded as a liability which is extinguished as eligible expenditures are made when the tax effect of the temporary differences, resulting from the renunciation, is recorded. The difference between the liability and the value of the tax assets renounced is recorded as a deferred tax expense.

A deferred tax liability is recognized for the taxable temporary difference that arises from the difference between the carrying amount of eligible expenditures that are capitalized to exploration and evaluation assets and their tax basis. If the Company has sufficient tax assets to offset the deferred tax liability, the liability will be offset by the recognition of a corresponding deferred tax asset.

Depreciation

Depreciation is calculated over the depreciable amount, which is the cost of an asset, or other amount substituted for cost, less its residual value.

Depreciation is recognized in profit or loss on a declining balance basis over the estimated useful lives of each part of an item of property, plant and equipment, since this most closely reflects the expected pattern of consumption of the future economic benefits embodied in the asset. Land typically has an unlimited useful life and is not depreciated.

Depreciation is calculated on a declining balance basis using the following rates:

Building	4%
Vehicle	20%

2. Significant Accounting Policies (Continued)

Foreign Currencies

The functional currency of the parent company is the Canadian dollar and the US Dollar for its subsidiaries, as determined by management. The Canadian dollar is the currency in which it presents these consolidated financial statements. The Company recognizes transactions in currencies other than the Canadian dollar (foreign currencies) at the rates of exchange prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at the end of reporting period exchange rates are recognized in the consolidated statements of loss and comprehensive loss. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

The results and financial position of all of the Group entities that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

a) assets and liabilities for each statement of financial position date presented are translated at the closing rate at the date of that statement of financial position;
b) income and expenses for each income statement are translated at average exchange rates; and
c) all resulting exchange differences are recognised in other comprehensive income (loss).

Significant Accounting Judgments and Estimates

The preparation of these consolidated financial statements requires management to make certain estimates, judgments and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and reported amounts of expenses during the reporting period. Actual outcomes could differ from these estimates. These consolidated financial statements include estimates that, by their nature, are uncertain. The impacts of such estimates are pervasive throughout the 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.

Significant assumptions about the future 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:

<u>Impairment of Resource Property Costs</u>

Management reviews the carrying values of exploration and evaluation assets whenever events or changes in circumstances indicate that their carrying values may not be recoverable. The recoverable amount of cash-generating units for an exploration stage company requires various subjective assumptions. These assumptions may change significantly over time when new information becomes available and may cause original estimates to change. During the years ended December 31, 2021 and 2020, there were no impairment costs recognized in the Company's statement of loss and comprehensive loss.

<u>Stock-Based Compensation</u>

Management is required to make certain estimates when determining the fair value of stock options awards, and the number of awards that are expected to vest. These estimates affect the amount recognized as stock-based compensation in the statements of income (loss) and comprehensive loss based on estimates of forfeiture, risk free interest rates, volatility of the Company's stock, and expected lives of the underlying stock options.

<u>Going Concern</u>

The assessment of the Company’s ability to continue as a going concern involves judgment regarding future funding available for its operations and working capital requirements

2. Significant Accounting Policies (Continued)

Significant Accounting Judgments and Estimates (Continued)

Impairment of Property and Equipment

The assessment of the existance of indicators of impairment, if any, at period end and, if required, determination of recoverable amounts including assumptions and inputs thereto.

Income Taxes and Recovery of Deferred Tax Assets

The measurement of income taxes payable and deferred income tax assets and liabilities requires management to make judgments in the interpretation and application of the relevant tax laws. The actual amount of income taxes only becomes final upon filing and acceptance of the tax return by the relevant authorities, which occurs subsequent to the issuance of the financial statements. Judgment exists in relation to the eligibility of qualifying exploration and evaluation expenditures on properties in relation to flow-through share financing. Deferred tax assets require management to assess the likelihood that the Company will generate taxable income in future periods in order to utilize recognized deferred tax assets. As at December 31, 2021 and 2020, no deferred tax assets were recognized, as the Company is still in the exploration stage, and management is uncertain when sufficient taxable income will be available to realize the deferred tax assets.

3. Capital Management

The Company manages its capital with the following objectives:

- to ensure sufficient financial flexibility to achieve the ongoing business objectives including funding of future growth opportunities, and pursuit of accretive acquisitions; and
- to maximize shareholder return through enhancing the share value.

The Company monitors its capital structure and makes adjustments according to market conditions in an effort to meet its objectives given the current outlook of the business and industry in general. The Company may manage its capital structure by issuing new shares, repurchasing outstanding shares, adjusting capital spending, or disposing of assets. The capital structure is reviewed by management and the Board of Directors on an ongoing basis.

The Company considers its capital to be equity, comprising share capital, contributed surplus, accumulated other comprehensive loss, and deficit, which at December 31, 2021 totaled $16,266,115 (2020 - $20,392,978). The Company manages capital through its financial and operational forecasting processes. The Company reviews its working capital and forecasts its future cash flows based on operating expenditures, and other investing and financing activities. The forecast is updated based on activities related to its mineral properties, exploration and administration expenditures. Information is provided to the Board of Directors of the Company. The Company's capital management objectives, policies and processes have remained unchanged during the year ended December 31, 2021.

4. Property and Financial Risk Factors

(a) Property Risk

The Company’s significant mineral properties are the Clarence Stream Project and the Estrades Project. Unless the Company acquires or develops additional significant properties, the Company will be solely dependent upon these Projects. If no additional mineral properties are acquired by the Company, any adverse development affecting these projects would have a material adverse effect on the Company’s financial condition and results of operations.

4. Property and Financial Risk Factors (Continued)

(b) Financial Risk

The Company's activities expose it to a variety of financial risks: credit risk, liquidity risk, market risk (including interest rate, foreign exchange rate, and commodity price risk).

Risk management is carried out by the Company's management team with guidance from the Audit Committee under policies approved by the Board of Directors. The Board of Directors also provides regular guidance for overall risk management.

Credit Risk

Credit risk is the risk of loss associated with a counterparty's inability to fulfil its payment obligations. The Company's credit risk is primarily attributable to cash. Cash consists of cash at banks and on hand. The cash has been invested and held with reputable financial institutions, from which management believes the risk of loss to be remote.

Liquidity Risk

Liquidity risk refers to the risk that the Company will not be able to meet its financial obligations as they become due, or can only do so at excessive cost. The Company's liquidity and operating results may be adversely affected if the Company's access to the capital market is hindered, whether as a result of a downturn in stock market conditions generally or as a result of conditions specific to the Company. As at December 31, 2021, the Company had a cash balance of $10,681,021 (2020 - $15,351,359) to settle current liabilities of $4,296,255 (2020 - $4,343,048). The Company regularly evaluates its cash position to ensure preservation and security of capital as well as maintenance of liquidity. As the Company does not generate revenue, managing liquidity risk is dependent upon the ability to secure additional financing, controlling expenses, and preserving cash.

Most of the Company's financial liabilities have contractual maturities of less than 30 days and are subject to normal trade terms.

Market Risks

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

(i) Interest Rate Risk

The Company has cash balances and regularly monitors its cash management policy. As a result, the Company is not subject to significant interest rate risk.

(ii) Foreign Exchange Risk

The Company's functional currency is the Canadian dollar and it transacts major purchases primarily in Canadian dollars. To fund exploration expenses, it maintains United States dollar and Canadian dollar denominated bank accounts containing sufficient funds to support monthly forecasted cash outflows. Management believes the foreign exchange risk derived from currency conversions is minimal, and therefore does not hedge its foreign exchange risk.

(iii) Price Risk

The Company is exposed to price risk with respect to commodity and equity prices. Equity price risk is defined as the potential adverse impact on the Company's earnings due to movements in individual equity prices or general movements in the level of the stock market. 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 commodity prices of precious metals, individual equity movements, and the stock market to determine the appropriate course of action to be taken by the Company.

4. Property and Financial Risk Factors (Continued)

(b) Financial Risk (Continued)

Sensitivity Analysis

Based on management's knowledge and experience of the financial markets, the Company believes the following movements are reasonably possible over the next twelve months:

(i) Cash is subject to floating interest rates. Sensitivity to a plus or minus 10 percentage point change in interest rates would impact on the reported net loss for the year ended December 31, 2021 by approximately $1,068,000.

(ii) The Company is exposed to foreign currency risk on fluctuations of financial instruments related to cash, prepaids and deposits and accounts payable denominated in United States dollars. Sensitivity to a plus or minus one percentage point change in exchange rates would be insignificant for the years ended December 31, 2021 and 2020.

(iii) Commodity price risk could adversely affect the Company. In particular, the Company's future profitability and viability of development depends upon the world market price of precious and base metals. These metal prices have fluctuated significantly in recent years. There is no assurance that, even if commercial quantities of these metals may be produced in the future, a profitable market will exist for them.

As of December 31, 2021, the Company was not a producing entity. As a result, commodity price risk may affect the completion of future equity transactions such as equity offerings and the exercise of stock options and warrants. This may also affect the Company's liquidity and its ability to meet its ongoing obligations.

(Expressed in Canadian Dollars)

5. Resource Property Costs

	2021	2020
Clarence Stream Project, New Brunswick, Canada		
Balance, beginning of year	$ 5,244,893	$ 3,934,213
Acquisition costs	663,697	1,310,680
Balance, end of year	**$ 5,908,590**	$ 5,244,893
Estrades Project, Quebec, Canada		
Balance, beginning of year	$ 1,819,977	$ 1,817,382
Acquisition costs	28,985	2,595
Balance, end of year	**$ 1,848,962**	$ 1,819,977
Total Resource Property Costs, End of Year	**$ 7,757,552**	$ 7,064,870

i) Clarence Stream Project, New Brunswick, Canada

On August 3, 2016 Galway entered into an Option Agreement to acquire a 100% undivided interest in Wolfden Resources Corporation's Clarence Stream property in south-western New Brunswick, Canada. In conjunction with this acquisition, Galway acquired Jubilee Gold Exploration Ltd.'s Birneys Lake property, which is adjacent on the south side of Wolfden's Clarence Stream property, and the Company staked a significant number of additional claims both to the east and west of Clarence Stream.

Cash payments for the initial Clarence Stream acquisitions will be $3.5 million over three years plus 1% Net Smelter Return (NSR) royalties on portions of the project, with Galway retaining rights to acquire most of the NSR's. Galway has completed cash payments of $2.75 million of the $3.5 million total.

Jubilee: Galway acquired the Birneys Lake project at Clarence Stream for $200,000 (paid) plus a 1% NSR royalty with a buyback option for half (0.5%) at any time for $500,000.

Globex: Subsequent to the original acquisition on August 3, 2016, Galway Acquired 100% of the Lower Tower Hill Property from Globex Mining Enterprises for 260,000 shares plus a 2.5% Gross Metal Royalty on those claims.

Wolfden: Galway has the option to acquire 100% of Wolfden's interest in the Clarence Stream property by making the following payments:

- $750,000 upon closing (2016 - paid)
- $750,000 upon the first anniversary of closing (2017 - paid)
- $1.0 million upon the second anniversary of closing (paid July 10, 2018)
- $750,000 upon the third anniversary of closing (paid July 2019)
- 1% NSR royalty with a full buyback option at any time for $2.0 million.

On July 21, 2020, the Company closed an agreement dated July 15, 2020 with an arm's length third party royalty holder to buy back a two percent (2.0%) net smelter returns royalty (the "Royalty") on the Wolfden option covering certain mineral claims at the Company's Clarence Stream property in southwest New Brunswick. The mineral claims fully cover the South, North and George Murphy Zones, the gap area between the George Murphy and Richard Zones, and potential extensions to these zones and other prospective targets.

5. Resource Property Costs (Continued)

i) Clarence Stream Project, New Brunswick, Canada (Continued)

The original option agreement allowed only for buyback of one percent (1.0%) of the royalty for $500,000 for each 0.5%. Galway was able to negotiate with the royalty holder to purchase the royalty in its entirety. Under terms of the Agreement, Galway Metals will pay a total purchase price of $3,000,000 in six equal annual instalments of $500,000, with each partial payment representing the purchase of one-sixth (1/6) of the Royalty. Pursuant to the Agreement, on closing Galway issued 434,783 common shares (ascribed a fair value of $500,000 on the date of issuance) in the capital of the Company to the royalty holder, which represented the first Partial Payment. Each subsequent $500,000 partial payment shall be paid as follows: (i) $125,000 in cash; and, (ii) the remaining $375,000, at the sole election of the Company, shall be paid either in cash, through the issuance of shares or a combination thereof as shall equal $375,000 with the shares valued at a deemed price equal to the higher of: (A) the closing price of the Shares on the TSX Venture Exchange (“TSXV”) on the day that is two (2) business days prior to the date of the respective share issuance, and (B) the lowest price of shares that shall be acceptable to the TSXV. The shares will be subject to the statutory hold periods of four months and one day. In July 2021, the Company settled the second installment through a cash payment of $500,000.

On July 27, 2020, Galway entered into an agreement with an arm’s length third party royalty holder to buy back a one percent (1.0%) net smelter returns royalty. This was a separate royalty and is in addition to the royalty purchase noted above. The mineral claims subject to the royalty cover the Jubilee Zone, parts of the Richard Zone and other prospective properties. Under terms of the agreement, the Company paid a total purchase price of $580,000 comprised of a cash payment of $100,000 and 400,000 common shares (ascribed a fair value of $620,000 on the date of issuance).

On August 25, 2020, the Company optioned 5 claim groups consisting of a total of 79 claim units. The Company is required to pay the vendor an aggregate of $500,000, divided in seven (7) equal installments of $71,429. The first payment was made upon the approval of the TSX Venture Exchange (“TSXV”), with each subsequent payment occurring on or before the anniversary of this agreement for the following six years. The first payment shall, and at the sole election of the Company, each subsequent payment may be paid either in cash, or 80% in cash and 20% in Galway shares. As such, each payment will be comprised of $57,143 in cash and $14,286 worth of Galway shares or in cash, with the Galway shares valued at a deemed price equal to the higher of: (A) the closing price of the Galway shares on the TSXV on the day that is two (2) business days prior to the date of the respective share issuance, and (B) the lowest price of Galway shares that shall be acceptable to the TSXV. The Galway shares will be subject to the statutory hold periods of four months and one day. For the first share issuance, a total of 9,524 Galway shares were issued, and were ascribed a fair value of $12,476 on the date of issuance.

ii) Estrades Project, Quebec, Canada

On August 18, 2016, Galway acquired an undivided 100% ownership interest in the former producing, Estrades mine, related Newiska concessions, and adjacent Casa Berardi claims in western Quebec, Canada.

In order to consolidate the Estrades, Newiska and Casa Berardi claim blocks, Galway completed deals with Mistango River Resources Inc., CR Capital Corporation, First Quantum Minerals Ltd., Globex Mining Enterprises Inc. and a private company, plus the Company staked additional claims. Galway Staked additional claims along the Estrades and Newiska felsic rhyolite horizons. Subsequent to the original acquisition on August 18, 2016, Galway acquired 34 claims adjacent to its Estrades, Newiska and Casa Berardi concessions from GREG Exploration, Inc. for $34,000.

(Expressed in Canadian Dollars)

3. Resource Property Costs (Continued)

ii) Estrades Project (Continued)

Cash payment for all the properties Galway acquired, including the Estrades, Newiska and Casa Berardi claims, was $1.35 million. In addition, Galway issued 800,000 units, valued at $0.25, with each unit comprised of a share and a three-year warrant exercisable at $0.52. The 800,000 common share component was valued at $122,297 and the warrant component was valued at $77,703 using the Black-Scholes pricing model and applying the relative fair value allocation to the share and warrant components. The following assumptions were used in the Black-Scholes model for initial warrant valuation: a risk-free rate of 0.57%, an expected life of 3 years, an expected volatility of 102.46% and an expected dividend yield of 0%. The Company has also agreed to issue three royalties on portions of the properties.

Mistango River Resources:	Cash payment of $700,000 (2016 - paid), plus a 1% NSR royalty on portions of three claims. This royalty has a buyout option at any time for $1 million. On May 8, 2019, Galway purchased the 1% NSR royalty for $75,000.
CR Capital:	Cash payment of $150,000 (2016 - paid) on CR Capital's property in which it held an approximate 64.6% interest.
First Quantum Minerals:	No cash or share payment. First Quantum exchanged its approximate 35.4% minority interest in CR Capital's property for a 2% NSR royalty. There is no buyout option on this royalty. First Quantum's share of the CR Capital property hosts a portion of the East Zone and the Newiska Block.
Private Company:	$300,000 (2016 - paid) cash and 800,000 units as described above, subject to regulatory approval. The private company held rights to all historic data on the Estrades property.
Globex Mining Enterprises:	$200,000 (2016 - paid) cash and a 1% Gross Metal Royalty (similar to an NSR royalty). There is no buyout option on this royalty.
Greg Exploration:	Subsequent to the original acquisition on August 18, 2016, Galway acquired 34 claims adjacent to its Estrades, Newiska and Casa Berardi concessions from GREG Exploration, Inc. for $34,000.
Radisson Mining:	Subsequent to the original acquisition on August 18, 2016, Galway acquired 14 additional claims adjacent to its Estrades and Newiska concessions from Radisson Mining Resources Inc. for 150,000 shares (ascribed a fair value of $42,000) plus 75,000 share purchase warrants exercisable during a two-year period from February 5, 2018 at $0.50 per warrant.
	There are pre-existing NSR royalties of 2.0% on portions of Mistango's and Globex's Casa Berardi claims. On Globex's claims, 1.5% of the 2.0% royalty can be purchased at any time for $1.5 mm.

(Expressed in Canadian Dollars)

5. Resource Property Costs (Continued)

ii) Estrades Project (Continued)

On February 5, 2018, the Company acquired 14 additional claims adjacent to its Estrades polymetallic VMS property located in the northern Abitibi of western Quebec. The claims were purchased from Radisson Mining Resources Inc. for 150,000 (ascribed a fair value of $42,000) shares plus 75,000 share purchase warrants exercisable during a two-year period from the day of closing at $0.50 per warrant.

The fair value of the 75,000 warrants issued was $8,483 as calculated using the Black-Scholes option pricing model with the following assumptions: a 24 months expected average life; share price of $0.28; 102.67% expected volatility; risk free interest rate of 1.82%; and an expected dividend yield of 0%. Volatility is calculated based on the changes in historical stock prices over the expected life of the warrants.

On May 8, 2019, Galway purchased the 1% NSR royalty from Mistango River Resources for $75,000. Original terms included a cash payment of $700,000, plus a 1% NSR royalty on portions of three claims with a buyout option at any time for $1 million.

6. Property and Equipment

Cost	Land	Building	Vehicle	Total
Balance, December 31, 2019	$ -	$ -	$ -	$ -
Additions	350,821	202,117	15,356	568,294
Balance, December 31, 2020	$ 350,821	$ 202,117	$ 15,356	$ 568,294
Additions	773,665	-	13,159	786,824
Balance, December 31, 2021	**$1,124,486**	**$ 202,117**	**$ 28,515**	**$1,355,118**
Accumulated Depreciation				
Balance, December 31, 2019	$ -	$ -	$ -	$ -
Depreciation	-	2,021	768	2,789
Balance, December 31, 2020	$ -	$ 2,021	$ 768	$ 2,789
Depreciation	-	8,186	4,234	12,420
Balance, December 31, 2021	**$ -**	**$ 10,207**	**$ 5,002**	**$ 15,209**
Carrying Value				
At December 31, 2020	$ 350,821	$ 200,096	$ 14,588	$ 565,505
At December 31, 2021	**$1,124,486**	**$ 191,910**	**$ 23,513**	**$1,339,909**

(Expressed in Canadian Dollars)

7. Share Capital

Authorized: Unlimited number of common shares
Unlimited number of preferred shares issuable in series, the terms of which may be fixed by the Board of Directors before the issuance thereof

Common shares issued:

	Number of Shares	Amount
Balance, December 31, 2019	**125,102,251**	**$ 29,387,007**
Shares issued on private placement (i)(ii)	35,198,633	18,457,581
Costs of issue (i)(ii)	-	(1,297,931)
Issuance of finders warrants (ii)	-	(803,032)
Shares issued for property (Note 3(i))	844,307	1,132,476
Exercise of options	325,000	161,478
Exercise of warrants	6,010,110	2,815,755
Flow-through share premium	-	(3,486,074)
Balance, December 31, 2020	167,480,301	$ 46,367,260
Shares issued on private placement (iii)	11,182,300	15,000,105
Costs of issue (iii)	-	(1,090,880)
Issuance of finders warrants (iii)	-	(380,288)
Flow-through share premium	-	(3,258,690)
Balance, December 31, 2021	**178,662,601**	**$ 56,637,507**

i) On January 21, 2020, the Company completed a non-brokered private placement financing consisting of the sale of 3,684,933 shares at a price of $0.30 per share for total gross proceeds of $1,105,480. Cash costs of issue amounted to $67,086.

ii) On June 25, 2020, the Company closed a private placement, consisting of the issuance of 17,877,300 common shares of the Company that qualify as flow-through shares (within the meaning of subsection 66(15) of the Income Tax Act (Canada)) (the "flow-through shares") at a price of $0.635 per flow through share, and 13,636,400 common shares of the Company at a price of $0.44 per share (the "hard dollar shares"). A total of 31,513,700 hard dollar and flow-through shares were issued for aggregate gross proceeds of $17,352,102. Cash costs of issue in connection with this private placement were $1,230,845, and 1,890,822 finders warrants were issued. Each finders warrant is exercisable to acquire one common share of the Company, issued on a non-flow through basis (each, a “Compensation Option Share”) at a price of $0.44 per Compensation Option Share, for a period of twenty-four (24) months after the Closing Date.

The fair value of the 1,890,822 finders warrants issued in conjunction with this private placement was estimated at $803,032 using the Black-Scholes option pricing model at $0.42 per warrant, based on the following assumptions: an exercise price of $0.44, underlying share price of $0.68 per share, expected annualized volatility of 100.42% based on comparable companies; risk free interest rate of 0.30%; expected dividend yield of 0%; and expected life of 2 years.

iii) On March 25, 2021, the Company closed a brokered private placement, consisting of the issuance of 5,999,900 flow-through common shares of the Company that qualify as National flow-through shares "National FT Shares" (with the meaning of subsection 66(15) of the Income Tax Act (Canada)) (the "flow-through shares") at a price of $1.45 per share per National FT Share, and 1,087,000 Quebec Flow Through Shares "Quebec FT Shares"(with the meaning of subsection 66(15) of the Income Tax Act (Canada) and section 359.1 on the Taxation Act (Quebec)) at a price of $1.84 per QC FT Share and 4,095,400 HD Shares at a price of $1.05 per HD Share for aggregate gross proceeds of $15,000,105. Cash costs of issue, including commissions amounted to $1,090,880. In connection with this financing, 670,938 finders warrants were issued on a non-flow through basis with an exercise price of $1.05 per warrant for a period of two years from the close of the private placement.

(Expressed in Canadian Dollars)

7. Share Capital Continued)

iii) (Continued)

The fair value of the 670,938 finders warrants issued in conjunction with this brokered private placement was estimated at $380,288 using the Black-Scholes option pricing model at $0.57 per warrant, based on the following assumptions: an exercise price of $1.05, underlying share price of $0.99 per share, expected annualized volatility of 115%; risk free interest rate of 0.23%; expected dividend yield of 0%; and expected life of 2 years.

8. Stock Options

The following table reflects the continuity of stock options for the year ended December 31, 2021 and 2020.

	Number of Stock Options	**Weighted Average Exercise Price**
Balance, December 31, 2019	9,125,000	$0.23
Granted	6,935,000	$0.82
Exercised	(325,000)	$0.26
Expired/Cancelled	(200,000)	$0.33
Balance, December 31, 2020	**15,535,000**	**$0.49**
Granted	545,000	$0.98
Expired/Cancelled	(960,000)	$0.20
Balance, December 31, 2021	**15,120,000**	**$0.53**

On January 21, 2020, the Company granted 1,150,000 stock options to advisors and employees of the Company. The options are exercisable at $0.32 per share, have a ten year term, vesting at a rate of 20% after 12 months, 20% after 24 months and 60% every twelve months after. The resulting fair value of $308,775 was estimated using the Black-Scholes option pricing model with the following assumptions: expected dividend yield of 0%, expected volatility of 100%; a risk-free rate of 1.3%; and expected life of 10 years and a forfeiture rate of nil.

On January 27, 2020, the Company granted 640,000 stock options to consultants and employees of the Company. The options are exercisable at $0.30 per share, have a ten year term, with 640,000 vesting at a rate of 25% after six months, 25% after twelve months, with the remaining 50% vesting after 18 months. The resulting fair value of $171,840 was estimated using the Black-Scholes option pricing model with the following assumptions: expected dividend yield of 0%; expected volatility of 100%; a risk-free interest rate of 1.30% an expected life of 10 years, and a forfeiture rate of nil.

On February 18, 2020, the Company granted 250,000 stock options to a consultant the Company. The options are exercisable at $0.33 per share, have a ten year term, vesting at a rate of 20% after twelve months, 20% after 24 months and 60% after 36 months. The resulting fair value of $77,400 was estimated using the Black-Scholes option pricing model with the following assumptions: expected dividend yield of 0%; expected volatility of 100%; a risk-free interest rate of 1.30% an expected life of 10 years, and a forfeiture rate of nil.

On May 21, 2020, the Company granted 1,300,000 stock options to directors and two employees of the Company. The options are exercisable at $0.42 per share, have a ten year term, and vest immediately upon grant. The resulting fair value of $492,570 was estimated using the Black-Scholes option pricing model with the following assumptions: expected dividend yield of 0%; expected volatility of 100%; a risk-free interest rate of 0.55% an expected life of 10 years, and a forfeiture rate of nil.

8. Stock Options (Continued)

On November 12, 2020, the Company granted 1,020,000 stock options to a employees and consultants of the Company. The options are exercisable at $1.22 per share, have a ten year term, vesting 33.33% every 12 months thereafter. The resulting fair value of $1,161,678 was estimated using the Black-Scholes option pricing model with the following assumptions: expected dividend yield of 0%; expected volatility of 115%; a risk-free interest rate of 0.72% an expected life of 10 years, and a forfeiture rate of nil.

On November 16, 2020, the Company granted 2,575,000 stock options to directors, officers, employees, advisors, and consultants of the Company. The options are exercisable at $1.28 per share and have a ten year term. 2,275,000 options vested immediately, with the remaining 300,000 subject to vesting at a rate of 50% after six months, 25% after twelve months and the remaining 25% after 18 months. The resulting fair value of $3,151,800 was estimated using the Black-Scholes option pricing model with the following assumptions: expected dividend yield of 0%; expected volatility of 115%; a risk-free interest rate of 0.74% an expected life of 10 years, and a forfeiture rate of nil.

On February 2, 2021, the Company granted 150,000 stock options to employees of the Company. The options are exercisable at $1.16 per share and have a ten year term. The options are subject to vesting at a rate of 50% after six months, 25% after twelve months and the remaining 25% after 18 months. The resulting fair value of $162,540 was estimated using the Black-Scholes option pricing model with the following assumptions: expected dividend yield of 0%; expected volatility of 115%; a risk-free interest rate of 0.91% an expected life of 10 years, and a forfeiture rate of nil.

On March 30, 2021, the Company granted 20,000 stock options to consultants of the Company. The options are exercisable at $0.94 per share and have a ten year term. The options are subject to vesting at a rate of 50% after six months, 25% after twelve months and the remaining 25% after 18 months. The resulting fair value of $17,794 was estimated using the Black-Scholes option pricing model with the following assumptions: expected dividend yield of 0%; expected volatility of 115%; a risk-free interest rate of 1.53% an expected life of 10 years, and a forfeiture rate of nil.

On June 2, 2021, the Company granted 300,000 stock options to two consultants of the Company. The options are exercisable at $0.99 per share and have a ten year term. The options are subject to vesting at a rate of 50% after six months, 25% after twelve months and the remaining 25% after 18 months. The resulting fair value of $262,271 was estimated using the Black-Scholes option pricing model with the following assumptions: expected dividend yield of 0%; expected volatility of 97%; a risk-free interest rate of 1.49% an expected life of 10 years, and a forfeiture rate of nil.

On September 30, 2021, the Company granted 75,000 stock options to a consultant of the Company. The options are exercisable at $0.62 per share and have a ten year term. The options are subject to vesting at a rate of 50% after six months, 25% after twelve months and the remaining 25% after 18 months. The resulting fair value of $42,228 was estimated using the Black-Scholes option pricing model with the following assumptions: expected dividend yield of 0%; expected volatility of 95%; a risk-free interest rate of 1.47% an expected life of 10 years, and a forfeiture rate of nil.

(Expressed in Canadian Dollars)

8. Stock Options (Continued)

The following table reflects the stock options outstanding as at December 31, 2021:

Expiry Date	Exercise Price	Weighted Average Life Remaining	Options Outstanding	Black-Scholes Value
December 4, 2023	$ 0.10	1.93 years	3,260,000	$ 416,216
September 21, 2026	$ 0.51	4.73 years	1,205,000	594,781
April 24, 2027	$ 0.28	5.31 years	385,000	99,215
November 16, 2027	$ 0.35	5.88 years	820,000	225,165
June 13, 2028	$ 0.23	6.45 years	500,000	104,550
October 10, 2028	$ 0.16	6.78 years	250,000	36,275
November 5, 2028	$ 0.175	6.85 years	800,000	126,880
August 21, 2029	$ 0.330	7.64 years	510,000	190,008
September 27, 2029	$ 0.330	7.75 years	120,000	33,948
May 21, 2030	$ 0.420	8.39 years	1,300,000	492,570
January 21, 2030	$ 0.320	8.06 years	1,150,000	308,775
January 27, 2030	$ 0.300	8.08 years	520,000	171,840
February 18, 2030	$ 0.330	8.14 years	250,000	77,400
November 12, 2030	$ 1.220	8.87 years	930,000	1,161,678
November 16, 2030	$ 1.280	8.87 years	2,575,000	3,151,800
February 2, 2031	$ 1.160	9.10 years	150,000	162,540
March 30, 2031	$ 0.940	9.25 years	20,000	17,794
June 2, 2031	$ 0.990	9.42 years	300,000	262,271
September 30, 2031	$ 0.620	9.75 years	75,000	42,228
	$ 0.53	6.41 years	15,120,000	$ 7,675,934

Of the 15,120,000 options outstanding as at December 31, 2021, 12,995,000 were exercisable.

9. Warrants

The following table reflects the continuity of warrants for the year ended December 31, 2021 and 2020:

	Number of Warrants	Weighted Average Exercise Price
Balance, December 31, 2019	5,706,946	$ 0.35
Issued	1,890,822	$ 0.44
Exercised	(6,010,110)	$ 0.35
Expired	(75,000)	$ 0.50
Balance, December 31, 2020	**1,512,658**	**$ 0.44**
Issued	670,938	$ 1.05
Balance, December 31, 2021	**2,183,596**	**$ 0.63**

(Expressed in Canadian Dollars)

9. Warrants (Continued)

The following table reflects the warrants outstanding as at December 31, 2021:

Expiry Date	Exercise Price	Weighted Average Life Remaining	Warrants Outstanding	Black-Scholes Value
June 25, 2022	$ 0.44	0.48 years	1,512,658	$ 642,426
March 25, 2023	$ 1.05	1.23 years	670,938	$ 380,288
	$ 0.63	**0.71 years**	**2,183,596**	**$ 1,022,714**

10. Administrative Expenses

	2021	2020
Salaries and benefits	**$ 797,213**	$ 348,281
Office and general	**210,368**	245,130
Public company costs	**459,685**	410,744
Insurance	**102,468**	79,383
Professional fees	**657,591**	496,091
Travel expense	**92,735**	64,605
	$ 2,320,060	$ 1,644,234

(Expressed in Canadian Dollars)

11. Exploration Expenditures

Estrades Project

For the year ended December 31,	2021	2020
Drilling	**$ 4,504,626**	$ 121,095
Survey	**190,437**	96,283
Geological	**506,054**	79,020
Assays	**178,767**	7,352
Camp Support	**156,420**	69,993
Field supplies	**16,973**	2,745
Transportation	**55,099**	1,088
Travel	**6,369**	2,133
	$ 5,614,745	$ 379,709

Clarence Stream Project

For the year ended December 31,	2021	2020
Geological	**$ 2,223,146**	$ 1,778,252
Drilling	**6,212,831**	3,434,924
Assays	**1,113,680**	709,248
Geochemical soil analysis	**-**	239,936
Survey	**125,144**	-
Travel	**233,904**	201,823
Camp support	**122,323**	166,116
Transportation	**177,581**	132,853
Field supplies	**62,201**	67,215
Grants	**(13,250)**	(57,150)
	$ 10,257,560	$ 6,673,217
Total Exploration Expenses	**$ 15,872,305**	$ 7,052,926

12. Flow-through Premium Liability

(i) The Flow-Through Common Shares issued in the brokered private placement completed on June 25, 2020 were issued at a premium to the market price in recognition of the tax benefits accruing to subscribers. The flow-through premium was calculated to be $3,486,074. As at December 31, 2020, the Company was committed to spend $11,352,086 in eligible flow-through expenditures by December 31, 2021. During the year ended December 31, 2021, the Company satisfied its $11,352,086 flow-through expenditure commitment by incurring eligible expenditures and as a result the flow-through premium was reduced to $nil.

(ii) The Flow-Through Common Shares issued in the brokered private placement completed on March 25, 2021 were issued at a premium to the market price in recognition of the tax benefits accruing to subscribers. The flow-through premium was calculated to be $3,258,690. As at December 31, 2021, the Company was committed to spend $10,699,935 in eligible flow-through expenditures by December 31, 2022.

(Expressed in Canadian Dollars)

13. Related Party Transactions

Remuneration of directors and officers included in administrative expenses are as follows:

		2021		2020
Remuneration paid for CEO and CFO services	**$**	**268,760**	$	286,300
Management fees paid to two directors	**$**	**641,982**	$	443,935
Stock-based compensation	**$**	**-**	$	2,681,190

During the year ended December 31, 2021, the Company expensed $103,355 (2020 - $79,553) to Marrelli Support Services Inc. ("Marrelli Support") and DSA Corporate Services Inc. ("DSA"), together known as the "Marrelli Group" for:

(i) Robert D.B. Suttie, President of Marrelli Support, to act as Chief Financial Officer ("CFO") of the Company;
(ii) Bookkeeping and office support services;
(iii) Regulatory filing services
(iv) Corporate secretarial services

The Marrelli Group is also reimbursed for out of pocket expenses.

As of December 31, 2021, the Marrelli Group was owed $13,438 (2020 - $11,787). These amounts are included in accounts payable and accrued liabilities.

During the year ended December 31, 2021, the Company incurred $641,982 (2020 - $443,935) pertaining to consulting services provided by two directors. As at December 31, 2021, $60,000 (2020 - $nil) was included in accounts payable and accrued liabilities pertaining to these fees and ancillary expense reimbursements.

14. Note Payable

On June 18, 2021, the Company entered into an interest free $300,000 promissory note in conjunction with an agreement to acquire certain surface rights for its Clarence Stream Project. The Company is obligated to pay $75,000 on each of the four successive anniverary dates of the agreeement. The carrying value of the note has been discounted at an equivalent interest rate of 8%, representing the approximate market rate of a similar debt instrument, and subject to accretion over the life of the debt. The note is secured by a collateral mortgage made by the Company in favour of the lender, with the surface rights as serving as collateral. As at December 31, 2021, the present value of the note was $258,346, of which $72,115 was payable within the next twelve months.

(Expressed in Canadian Dollars)

15. Income Taxes

The statutory tax rate is 26.5% (2020 - 26.5%). The reconciliation of the combined Canadian federal and provincial statutory income tax rate on the net loss for the years ended December 31, 2021 and 2020 are as follows:

	2021	2020
Income (loss) before recovery of income taxes	$ (16,188,659)	$ (11,811,405)
Expected income tax (recovery) expense	$ (4,289,995)	$ (3,130,020)
Difference in foreign tax rates	19,119	9,660
Effect of flow-through renunciation	2,077,221	-
Premium on flow-through shares	2,691,134	(250,750)
Stock-based compensation	382,544	988,430
Change in tax benefits not recognized	(880,023)	2,382,680
Income tax expense reflected in the consolidated statements of loss and comprehensive loss	$ -	$ -

Unrecognized Deferred Tax Assets

Deferred income taxes are provided as a result of temporary differences that arise due to the differences between the income tax values and the carrying amount of assets and liabilities. Deferred income tax assets have not been recognized with respect to the following deductible temporary differences:

Deferred Income Tax Assets	**2021**	2020
Mineral interests	$ 12,435,982	$ 21,105,980
Non-capital losses carried forward - US	29,440,634	28,319,640
Non-capital losses carried forward - Canada	7,565,285	5,346,710
Other deductible temporary differences	1,823,474	(258,028)
Other deductible temporary differences	-	-
Deferred tax assets	51,265,375	54,514,302
Less: deferred tax assets not recognized	(51,265,375)	(54,514,302)
Net deferred tax assets	-	-

The U.S. non-capital loss carryforwards generated before 2018 expire between 2034 and 2037. US non-capital losses generated from 2018 onwards can be carried forward indefinitely. The Canadian non-capital loss carryforwards will expire in 2041. The remaining deductible temporary differences may be carried forward indefinitely. Deferred tax assets have not been recognized in respect of these items because it is not probable that future taxable profit will be available against which the group can utilize the benefits therefrom.

(Expressed in Canadian Dollars)

15. Income Taxes (Continued)

A summary of the non-capital losses with their expiry dates is as follows:

2026	$ 382,659
2027	1,341,523
2028	2,317,685
2029	2,102,924
2030	963,388
2031	3,538,658
2032	2,542,875
2033	2,816,677
2034	2,770,483
2035	3,397,480
2036	3,217,836
2037	3,116,356
2038	1,894,300
2039	1,589,566
2040	1,673,940
2041	2,981,603
	$ 36,647,953