

**Galway Metals Inc.**

**Condensed Interim Consolidated Financial Statements  
For the Three and Six Months Ended June 30, 2022 and 2021  
(Expressed in Canadian Dollars)  
(Unaudited)**

## **MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING**

The accompanying unaudited condensed interim consolidated financial statements of Galway Metals Inc. (the "Company") are the responsibility of management and the Board of Directors.

The unaudited condensed interim consolidated financial statements have been prepared by management, on behalf of the Board of Directors, in accordance with the accounting policies disclosed in the notes to the unaudited condensed interim consolidated financial statements. Where necessary, management has made informed judgments and estimates in accounting for transactions which were not complete at the statement of financial position date. In the opinion of management, the unaudited condensed interim consolidated financial statements have been prepared within acceptable limits of materiality and are in accordance with International Accounting Standard 34 - Interim Financial Reporting using accounting policies consistent with International Financial Reporting Standards appropriate in the circumstances.

Management has established processes, which are in place to provide it with sufficient knowledge to support management representations that it has exercised reasonable diligence in that (i) the unaudited condensed interim 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 unaudited condensed interim consolidated financial statements and (ii) the unaudited condensed interim consolidated financial statements fairly present in all material respects the financial condition, results of operations and cash flows of the Company, as of the date of and for the periods presented by the unaudited condensed interim consolidated financial statements.

The Board of Directors is responsible for reviewing and approving the unaudited condensed interim 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 unaudited condensed interim 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 unaudited condensed interim 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.

## **NOTICE TO READER**

The Company's independent auditor has not performed a review of these condensed interim consolidated financial statements in accordance with standards established by the Chartered Professional Accountants of Canada for a review of condensed interim consolidated financial statements by an entity's auditor.

**Galway Metals Inc.**  
**Condensed Interim Consolidated Statements of Financial Position**  
**(Expressed in Canadian Dollars)**  
**(Unaudited)**

<b>As at</b>	<b>June 30, 2022</b>	<b>December 31, 2021</b>
<b>Assets</b>		
Current assets		
Cash and cash equivalents	\$ 10,780,666	\$ 10,681,021
Prepays and deposits	85,004	49,057
HST receivable	1,085,075	867,825
	<b>11,950,745</b>	<b>11,597,903</b>
Non-current asset		
Restricted cash (Note 2)	-	53,236
Resource property costs (Note 3)	7,778,312	7,757,552
Property and equipment (Note 4)	1,331,364	1,339,909
	<b>\$ 21,060,421</b>	<b>\$ 20,748,600</b>
<b>Liabilities</b>		
Current liabilities		
Accounts payable and accrued liabilities (Note 11)	\$ 1,118,544	\$ 965,449
Flow-through premium liability (Note 10)	1,166,673	3,258,690
Current portion of note payable (Note 12)	68,801	72,115
	<b>2,354,018</b>	<b>4,296,254</b>
Note payable (Note 12)	124,879	186,231
	<b>2,478,897</b>	<b>4,482,485</b>
<b>Shareholders' Equity</b>		
Common shares (Note 5)	64,903,708	56,637,507
Contributed surplus	9,378,023	9,021,237
Accumulated other comprehensive income	111,337	156,429
Deficit	(55,811,544)	(49,549,058)
	<b>18,581,524</b>	<b>16,266,115</b>
	<b>\$ 21,060,421</b>	<b>\$ 20,748,600</b>

**Nature of Operations** (Note 1)

Approved by the Board "Robert Hinchcliffe" Director

"Larry Strauss" Director

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

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

	Three Months Ended June 30,		Six Months Ended June 30,	
	2022	2021	2022	2021
<b>Expenses</b>				
Administrative expenses (Note 8)	\$ 594,445	\$ 476,720	\$ 1,166,179	\$ 967,602
Stock-based compensation (Note 6)	37,416	447,022	105,641	1,046,671
(Gain) loss on foreign exchange	(48,560)	15,600	(44,150)	39,031
Exploration expenses (Note 9)	3,288,454	4,068,019	8,286,849	8,084,710
Amortization	1,921	3,389	8,545	6,777
	<b>3,873,676</b>	<b>5,010,750</b>	<b>9,523,064</b>	<b>10,144,791</b>
<b>Other Income</b>				
Interest income	-	(356)	(1,888)	(1,048)
Premium on flow-through shares (Note 10)	-	-	(3,258,690)	(1,307,604)
<b>Net Loss</b>	<b>\$ (3,873,676)</b>	<b>\$ (5,010,394)</b>	<b>\$ (6,262,486)</b>	<b>\$ (8,836,139)</b>
<b>Other Comprehensive Loss</b>				
Items that will be reclassified subsequently into income:				
Cumulative translation adjustment	\$ (43,477)	\$ -	\$ (45,092)	\$ (28,852)
<b>Net Comprehensive loss</b>	<b>\$ (3,917,153)</b>	<b>\$ (5,010,394)</b>	<b>\$ (6,307,578)</b>	<b>\$ (8,864,991)</b>
<b>Loss per share - basic and diluted</b>	<b>\$ (0.02)</b>	<b>\$ (0.03)</b>	<b>\$ (0.03)</b>	<b>\$ (0.05)</b>
<b>Weighted average number of common shares outstanding - basic and diluted</b>	<b>187,109,101</b>	<b>168,215,576</b>	<b>182,932,776</b>	<b>168,215,576</b>

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

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

	Share Capital	Contributed Surplus	Accumulated Other Comprehensive Income (Loss)	Deficit	Total
Balance, December 31, 2020	\$ 46,367,260	\$ 7,197,386	\$ 188,731	\$ (33,360,399)	\$ 20,392,978
Cumulative translation adjustment	-	-	(28,852)	-	(28,852)
Shares issued on private placements	15,000,105	-	-	-	15,000,105
Costs of issue	(1,078,539)	-	-	-	(1,078,539)
Issuance of finders warrants	(380,288)	380,288	-	-	-
Flow-through share premium	(3,258,690)	-	-	-	(3,258,690)
Stock-based compensation	-	1,046,671	-	-	1,046,671
Net income for the period	-	-	-	(8,836,139)	(8,836,139)
<b>Balance, June 30, 2021</b>	<b>56,649,848</b>	<b>8,624,345</b>	<b>159,879</b>	<b>(42,196,538)</b>	<b>23,237,534</b>
<b>Balance, December 31, 2021</b>	<b>\$ 56,637,507</b>	<b>\$ 9,021,237</b>	<b>\$ 156,429</b>	<b>\$ (49,549,058)</b>	<b>\$ 16,266,115</b>
Cumulative translation adjustment	-	-	(45,092)	-	(45,092)
Shares issued on private placement	10,500,055	-	-	-	10,500,055
Flow-through share premium	(1,166,673)	-	-	-	(1,166,673)
Costs of issue	(816,036)	-	-	-	(816,036)
Issuance of finders warrants	(251,145)	251,145	-	-	-
Stock-based compensation	-	105,641	-	-	105,641
Net loss for the period	-	-	-	(6,262,486)	(6,262,486)
<b>Balance, June 30, 2022</b>	<b>\$ 64,903,708</b>	<b>\$ 9,378,023</b>	<b>\$ 111,337</b>	<b>\$ (55,811,544)</b>	<b>\$ 18,581,524</b>

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**Galway Metals Inc.**  
**Condensed Interim Consolidated Statements of Cash Flows**  
**(Expressed in Canadian Dollars)**  
**(Unaudited)**

<b>For the Six Months Ended June 30,</b>	<b>2022</b>	<b>2021</b>
<b>Cash provided by (used in):</b>		
<b>Operating activities</b>		
Net loss for the period	\$ (6,262,486)	\$ (8,836,139)
Items not affecting cash:		
Amortization	8,545	6,777
Share-based compensation (Note 6)	105,641	1,046,671
Premium on flow-through shares	(3,258,690)	(1,307,604)
Accretion of note payable	10,334	-
Changes in current assets and liabilities:		
Prepays and deposits	(35,947)	6,862
HST receivable	(217,250)	691,389
Accounts payable and accrued liabilities	153,095	221,759
	<b>(9,496,758)</b>	<b>(8,170,285)</b>
<b>Investing activities</b>		
Acquisition of property and equipment	(75,000)	(13,159)
Resource property acquisition costs	(20,760)	(570,168)
Restricted cash	53,236	1,419
	<b>(42,524)</b>	<b>(581,908)</b>
<b>Financing activities</b>		
Net proceeds from issuance of shares	9,684,019	13,921,564
Unrealized foreign exchange (gain) loss	(45,092)	(28,852)
<b>Net change in cash</b>	<b>99,645</b>	<b>5,140,519</b>
Cash and cash equivalents, beginning of period	10,681,021	15,351,359
<b>Cash and cash equivalents, end of period</b>	<b>\$ 10,780,666</b>	<b>\$ 20,491,878</b>

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

**Galway Metals Inc.**  
**Notes to Condensed Interim Consolidated Financial Statements**  
**(Expressed in Canadian Dollars)**  
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**(Unaudited)**

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**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. Accounting Policies**

**Statement of Compliance**

These unaudited condensed interim financial statements have been prepared in accordance with International Accounting Standard 34, Interim Financial Reporting. Accordingly, they do not include all of the information required for full annual financial statements required by IFRS as issued by IASB and interpretations issued by IFRIC. These unaudited condensed interim consolidated financial statements should be read in conjunction with the Company's audited consolidated financial statements for the year ended December 31, 2021.

These unaudited condensed interim consolidated financial statements were authorized for issuance by the Board of Directors of the Company on August 29, 2022.

**Basis of Presentation**

In the preparation of these unaudited condensed interim 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 period. Actual results could differ from these estimates.

**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 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.

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**2. Significant Accounting Policies (Continued)**

**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

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.

**3. Resource Property Costs**

	<b>Six Months Ended June 30, 2022</b>	<b>Year Ended December 31 2021</b>
<b>Clarence Stream Project, New Brunswick, Canada</b>		
Balance, beginning of period	\$ 5,908,590	\$ 5,244,893
Acquisition costs	12,130	663,697
<b>Balance, end of period</b>	<b>\$ 5,920,720</b>	<b>\$ 5,908,590</b>
<b>Estrades Project, Quebec, Canada</b>		
Balance, beginning of period	\$ 1,848,962	\$ 1,819,977
Acquisition costs	8,630	28,985
<b>Balance, end of period</b>	<b>\$ 1,857,592</b>	<b>\$ 1,848,962</b>
<b>Total Resource Property Costs, End of Period</b>	<b>\$ 7,778,312</b>	<b>\$ 7,757,552</b>

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.



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**3. Resource Property Costs (Continued)**

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

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.

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).

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**Notes to Consolidated Financial Statements**  
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**3. Resource Property Costs (Continued)**

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

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.

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.

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**3. Resource Property Costs (Continued)**

ii) Estrades Project (Continued)

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.

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.

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**4. Property and Equipment**

<b>Cost</b>	<b>Land</b>	<b>Building</b>	<b>Vehicle</b>	<b>Total</b>
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
Additions	-	-	-	-
<b>Balance, June 30, 2022</b>	<b>\$ 1,124,486</b>	<b>\$ 202,117</b>	<b>\$ 28,515</b>	<b>\$ 1,355,118</b>

**Accumulated Depreciation**

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
Depreciation	-	3,842	4,703	8,545
<b>Balance, June 30, 2022</b>	<b>\$ -</b>	<b>\$ 14,049</b>	<b>\$ 9,705</b>	<b>\$ 23,754</b>

**Carrying Value**

At December 31, 2021	\$ 1,124,486	\$ 191,910	\$ 23,513	\$ 1,339,909
<b>At June 30, 2022</b>	<b>\$ 1,124,486</b>	<b>\$ 188,068</b>	<b>\$ 18,810</b>	<b>\$ 1,331,364</b>

**5. 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:

	<b>Number of Shares</b>	<b>Amount</b>
Balance, December 31, 2020	167,480,301	\$ 46,367,260
Shares issued on private placement	11,182,300	15,000,105
Costs of issue	-	(1,078,539)
Issuance of finders warrants	-	(380,288)
Flow-through share premium	-	(3,258,690)
<b>Balance, June 30, 2021</b>	<b>178,662,601</b>	<b>\$ 56,649,848</b>
Balance, December 31, 2021	178,662,601	\$ 56,637,507
Shares issued on private placement	21,960,900	10,500,055
Costs of issue	-	(816,036)
Issuance of finders warrants	-	(251,145)
Flow-through share premium	-	(1,166,673)
<b>Balance, June 30, 2022</b>	<b>200,623,501</b>	<b>\$ 64,903,708</b>

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**5. Share Capital (Continued)**

On May 26, 2022, the Company closed a a bought deal private placement financing for total proceeds of \$10,500,055, consisting of 6,666,700 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 “FT Shares”) at a price of \$0.60 per FT Share and 14,117,700 common shares of the Company (“Hard Dollar Shares”) at a price of \$0.425 per Hard Dollar Share. Cash costs of issue amounted to \$816,036.

1,317,654 finders warrants were issued in conjunction with this private placement, with an exercise price of \$0.425 for two years from the date of issuance. The fair value of the finders warrants was estimated at \$251,445 using the Black-Scholes option pricing model at \$0.19 per warrant, based on the following assumptions: an exercise price of \$0.425, underlying share price of \$0.38 per share, expected annualized volatility of 98%; risk free interest rate of 3.50%; expected dividend yield of 0%; and expected life of 2 years.

**6. Stock Options**

The following table reflects the continuity of stock options for the six months ended June 30, 2022 and 2021.

	<b>Number of Stock Options</b>	<b>Weighted Average Exercise Price</b>
Balance, December 31, 2020	15,535,000	\$0.49
Granted	170,000	\$1.13
<b>Balance, June 30, 2021</b>	<b>15,705,000</b>	<b>\$0.49</b>
<b>Balance, December 31, 2021 and June 30, 2022</b>	<b>15,120,000</b>	<b>\$0.53</b>

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**6. Stock Options (Continued)**

The following table reflects the stock options outstanding as at June 30, 2022:

<b>Expiry Date</b>	<b>Exercise Price</b>	<b>Weighted Average Life Remaining</b>	<b>Options Outstanding</b>	<b>Black-Scholes Value</b>
December 4, 2023	\$ 0.10	1.43 years	3,260,000	\$ 416,216
September 21, 2026	\$ 0.51	4.23 years	1,205,000	594,781
April 24, 2027	\$ 0.28	4.81 years	385,000	99,215
November 16, 2027	\$ 0.35	5.38 years	820,000	225,165
June 13, 2028	\$ 0.23	5.95 years	500,000	104,550
October 10, 2028	\$ 0.16	6.28 years	250,000	36,275
November 5, 2028	\$ 0.175	6.35 years	800,000	126,880
August 21, 2029	\$ 0.330	7.14 years	510,000	190,008
September 27, 2029	\$ 0.330	7.25 years	120,000	33,948
May 21, 2030	\$ 0.420	7.89 years	1,300,000	492,570
January 21, 2030	\$ 0.320	7.56 years	1,150,000	308,775
January 27, 2030	\$ 0.300	7.58 years	520,000	171,840
February 18, 2030	\$ 0.330	7.64 years	250,000	77,400
November 12, 2030	\$ 1.220	8.37 years	930,000	1,161,678
November 16, 2030	\$ 1.280	8.37 years	2,575,000	3,151,800
February 2, 2031	\$ 1.160	8.60 years	150,000	162,540
March 30, 2031	\$ 0.940	8.75 years	20,000	17,794
June 2, 2031	\$ 0.990	8.92 years	300,000	262,271
September 30, 2031	\$ 0.620	9.25 years	75,000	42,228
	\$ 0.53	5.91 years	15,120,000	\$ 7,675,934

Of the 15,120,000 options outstanding as at June 30, 2022, 13,037,500 were exercisable.

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**7. Warrants**

The following table reflects the continuity of warrants for the six months ended June 30, 2022 and 2021:

	Number of Warrants	Weighted Average Exercise Price
Balance, December 31, 2020	1,512,658	\$ 0.44
Issued	670,938	\$ 1.05
<b>Balance, June 30, 2021</b>	<b>2,183,596</b>	<b>\$ 0.62</b>
Balance, December 31, 2021	2,183,596	\$ 0.63
Issued	1,317,654	\$ 0.425
Expired	(1,512,658)	\$ 0.44
<b>Balance, June 30, 2022</b>	<b>1,988,592</b>	<b>\$ 0.56</b>

The following table reflects the warrants outstanding as at June 30, 2022:

Expiry Date	Exercise Price	Weighted Average Life Remaining	Warrants Outstanding	Black-Scholes Value
May 26, 2024	\$ 0.425	1.95 years	1,317,654	\$ 251,145
March 25, 2023	\$ 1.05	0.73 years	670,938	\$ 380,288
	<b>\$ 0.56</b>	<b>1.54 years</b>	<b>1,988,592</b>	<b>\$ 631,433</b>

**8. Administrative Expenses**

	Three Months Ended June 30,		Six Months Ended June 30,	
	2022	2021	2022	2021
Salaries and benefits	\$ 207,086	\$ 161,950	\$ 419,443	\$ 277,166
Office and general	76,025	36,301	141,432	122,757
Public company costs	112,342	104,960	222,193	228,289
Insurance	39,684	22,152	88,339	35,582
Professional fees	136,328	150,188	256,017	292,293
Travel expense	22,980	1,169	38,755	11,515
	<b>\$ 594,445</b>	<b>\$ 476,720</b>	<b>\$ 1,166,179</b>	<b>\$ 967,602</b>

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**9. Exploration Expenditures**

**Estrades Project**

	Three Months Ended June 30,		Six Months Ended June 30,	
	2022	2021	2022	2021
Drilling	\$ 768,505	\$ 1,705,350	\$ 2,979,981	\$ 2,966,821
Survey	110,591	37,235	110,591	63,874
Geological	49,065	96,935	267,602	210,826
Assays	17,763	61,879	47,129	85,394
Camp Support	21,141	27,059	51,283	58,691
Field supplies	1,727	3,641	12,777	6,818
Transportation	11,145	17,704	22,290	38,616
Travel	3,429	-	3,592	5,230
	<b>\$ 983,366</b>	<b>\$ 1,949,803</b>	<b>\$ 3,495,245</b>	<b>\$ 3,436,270</b>

**Clarence Stream Project**

	Three Months Ended June 30,		Six Months Ended June 30,	
	2022	2021	2022	2021
Geological	\$ 687,615	\$ 495,488	\$ 1,225,298	\$ 1,004,307
Drilling	825,999	1,247,431	2,046,181	2,666,632
Assays	466,175	227,946	986,414	571,645
Survey	-	627	-	113,486
Travel	76,486	54,349	135,045	107,246
Camp support	156,771	38,608	256,846	68,826
Transportation	63,227	53,835	100,628	105,910
Field supplies	28,815	13,182	41,192	23,638
Grants	-	(13,250)	-	(13,250)
	<b>\$ 2,305,088</b>	<b>\$ 2,118,216</b>	<b>\$ 4,791,604</b>	<b>\$ 4,648,440</b>
<b>Total Exploration Expenses</b>	<b>\$ 3,288,454</b>	<b>\$ 4,068,019</b>	<b>\$ 8,286,849</b>	<b>\$ 8,084,710</b>

**10. Flow-through Premium Liability**

- (i) 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. During the six months ended June 30, 2022, 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.
- (i) The Flow-Through Common Shares issued in the brokered private placement completed on May 26, 2022 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 \$1,166,673. As at June 30, 2022, the Company was committed to spend \$4,000,020 in eligible flow-through expenditures by December 31, 2023.



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**11. Related Party Transactions**

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

	<b>Three Months Ended</b>		<b>Six Months Ended</b>	
	<b>June 30,</b>		<b>June 30,</b>	
	<b>2022</b>	2021	<b>2022</b>	2021
Remuneration paid for CEO and CFO services	\$ 54,782	\$ 65,140	\$ 170,075	\$ 132,940
Management fees paid to two directors	\$ 102,622	\$ 117,843	\$ 220,985	\$ 282,549

During the three and six months ended June 30, 2022, the Company expensed \$20,702 and \$49,190, respectively (three and six months ended June 30, 2021 - \$31,440 and \$50,320, respectively) 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 June 30, 2022, the Marrelli Group was owed \$13,731 (December 31, 2021 - \$13,438). These amounts are included in accounts payable and accrued liabilities.

During the three and six months ended June 30, 2022, the Company incurred \$102,622 and \$220,985, respectively (three and six months ended June 30, 2021 - \$117,843 and \$282,549, respectively) pertaining to consulting services provided by two directors. As at June 30, 2022, \$45,000 (December 31, 2021 - \$60,000) was included in accounts payable and accrued liabilities pertaining to these fees and ancillary expense reimbursements.

**12. 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 anniversary dates of the agreement. In June 2022, the first payment was made under the terms of the agreement. 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 June 30, 2022, the present value of the note was \$193,680 (December 31, 2021 - \$258,346), of which \$68,801 (December 31, 2021 - \$72,115) was payable within the next twelve months.