



FARADAY COPPER

(Formerly CopperBank Resources Corp.)

Condensed Interim Consolidated Financial Statements

For the three months ended March 31, 2022 and 2021
(Unaudited - Expressed in Canadian dollars)

Notice of Disclosure of Non-auditor Review of the Condensed Interim Consolidated Financial Statements for the three months ended March 31, 2022 and 2021.

Pursuant to subsection 4.3(3)(a) of National Instrument 51-102 - Continuous Disclosure Obligations, issued by the Canadian Securities Administrators, if an auditor has not performed a review of the interim financial statements, they must be accompanied by a notice indicating that the financial statements have not been reviewed by an auditor.

The accompanying unaudited condensed interim financial statements of Faraday Copper Corp. (formerly CopperBank Resources Corp.) ("the Company") for the interim period ended March 31, 2022 and 2021 have been prepared in accordance with the International Accounting Standard 34 *Interim Financial Reporting* as issued by the International Accounting Standards Board and are the responsibility of the Company's management.

The Company's independent auditors, Smythe LLP, have not performed a review of these interim financial statements.

May 13, 2022

Faraday Copper Corp. (formerly CopperBank Resources Corp.)
Condensed Interim Consolidated Statements of Financial Position
As at March 31, 2022 and December 31, 2021
(Expressed in Canadian dollars)



	Note	March 31, 2022	December 31, 2021
		\$	\$
Assets			
Current assets			
Cash and cash equivalents		1,576,256	4,206,827
Other receivables		39,874	33,050
Prepaid expenses and deposits		59,853	32,194
		1,675,983	4,272,071
Property and equipment	3	371,616	288,094
Reclamation deposit	4	8,235	8,335
Resource properties	4, 9	9,258,768	6,664,736
Total assets		11,314,602	11,233,236
Liabilities			
Current liabilities			
Accounts payable and accrued liabilities	5	897,812	526,832
Due to related parties	9	173,311	163,916
		1,071,123	690,748
Loan payable	7	40,000	40,000
Total liabilities		1,111,123	730,748
Shareholders' equity			
Share capital	8	33,605,087	33,273,379
Reserves	8	28,228,438	27,330,120
Deficit		(51,630,046)	(50,101,011)
Total shareholders' equity		10,203,479	10,502,488
Total liabilities and shareholders' equity		11,314,602	11,233,236

Nature of operations and going concern (Note 1)
Subsequent events (Note 13)

These consolidated financial statements were approved and authorized for issuance on behalf of the Board of Directors on May 13, 2022.

/s/ Russell Ball
Director

/s/ Paul Harbidge
Director

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

Faraday Copper Corp. (formerly CopperBank Resources Corp.)
Condensed Interim Consolidated Statements of Loss and Comprehensive Loss
For the three months ended March 31, 2022 and 2021
(Expressed in Canadian dollars, except number of shares)



	Note	2022	2021
		\$	\$
Operating expenses			
Amortization	3	7,921	3,705
Consulting and management fees	9	13,000	94,500
General and administration	6, 9	362,007	41,195
Professional fees		70,534	6,590
Promotion, advertising, and investor relations		39,061	116,645
Share-based compensation	8, 9	1,006,290	112,947
Travel		34,167	1,307
Total operating expenses		(1,532,980)	(376,889)
Other (expenses) income			
Foreign exchange loss		-	(1,475)
Interest income		3,945	-
Total other (expenses) income		3,945	(1,475)
Net loss		(1,529,035)	(378,364)
Other comprehensive income (loss)			
Foreign currency translation adjustment		120,736	(4,640)
Comprehensive loss		(1,408,299)	(383,004)
Loss per share			
Basic and diluted		(0.02)	(0.00)
Weighted average number of shares outstanding			
Basic and diluted		96,945,352	79,297,699

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

Faraday Copper Corp. (formerly CopperBank Resources Corp.)
Condensed Interim Consolidated Statements of Changes in Shareholders' Equity
(Expressed in Canadian dollars, except number of shares)



	Note	Share capital		Reserves			Accumulated other comprehensive income	Deficit	Total shareholders' equity
		Number	Amount	Warrants	Options	Other			
		#	\$	\$	\$	\$	\$	\$	\$
Balance, December 31, 2020		77,657,480	25,478,317	2,776,475	1,875,138	16,182,235	3,230,601	(44,747,357)	4,795,409
Share-based compensation	8, 9	-	-	-	112,947	-	-	-	112,947
Share issuance for cash	8	3,592,358	1,257,325	-	-	-	-	-	1,257,325
Shares issued on exercise of options	8	125,000	43,450	-	(18,450)	-	-	-	25,000
Foreign currency translation adjustment		-	-	-	-	-	(4,640)	-	(4,640)
Net loss for the period		-	-	-	-	-	-	(378,364)	(378,364)
Balance, March 31, 2021		81,374,838	26,779,092	2,776,475	1,969,635	16,182,235	3,225,961	(45,125,721)	5,807,677
Share-based compensation	8, 9	-	-	-	4,028,548	-	-	-	4,028,548
Unit issuance for cash	8	12,500,000	5,000,000	-	-	-	-	-	5,000,000
Shares issued on exercise of options	8	2,897,500	1,494,287	-	(672,491)	-	-	-	821,796
Foreign currency translation adjustment		-	-	-	-	-	(180,243)	-	(180,243)
Net loss for the period		-	-	-	-	-	-	(4,975,290)	(4,975,290)
Balance, December 31, 2021		96,772,338	33,273,379	2,776,475	5,325,692	16,182,235	3,045,718	(50,101,011)	10,502,488
Share-based compensation	8, 9	-	-	-	1,006,290	-	-	-	1,006,290
Shares issued for option exercise	8	300,000	193,908	-	(90,908)	-	-	-	103,000
Conversion of RSUs	8	190,100	137,800	-	(137,800)	-	-	-	-
Foreign currency translation adjustment		-	-	-	-	-	120,736	-	120,736
Net loss for the period		-	-	-	-	-	-	(1,529,035)	(1,529,035)
Balance, March 31, 2022		97,262,438	33,605,087	2,776,475	6,103,274	16,182,235	3,166,454	(51,630,046)	10,203,479

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

Faraday Copper Corp. (formerly CopperBank Resources Corp.)
Condensed Interim Consolidated Statements of Cash Flows
For the three months ended March 31, 2022 and 2021
(Expressed in Canadian dollars)



	2022	2021
	\$	\$
Operating activities		
Net loss for the period	(1,529,035)	(378,364)
Items not involving cash:		
Amortization	7,921	3,705
Share-based compensation	1,006,290	112,947
Changes in non-cash working capital:		
Other receivables	(6,824)	(8,604)
Prepaid expenses and deposits	(27,659)	(102,706)
Accounts payable and accrued liabilities	794,778	(123,447)
Due to related parties	9,395	(88,950)
Cash provided by (used) in operating activities	254,866	(585,419)
Investing activities		
Resource properties expenditures	(2,892,503)	(23,598)
Property and equipment expenditures	(91,443)	-
Cash used in investing activities	(2,983,946)	(23,598)
Financing activities		
Repayment of loan payable	-	(135,599)
Repayment of note payable	-	(62,608)
Proceeds from exercise of options	103,000	-
Proceeds from private placements	-	1,282,325
Cash provided by financing activities	103,000	1,084,118
Effect of foreign exchange on cash and cash equivalents	(4,491)	(428)
Net (decrease) increase in cash and cash equivalents	(2,630,571)	474,673
Cash and cash equivalents, beginning of the period	4,206,827	36,407
Cash and cash equivalents, end of the period	1,576,256	511,080

Supplemental cash flow information (Note 12)

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



1. NATURE OF OPERATIONS AND GOING CONCERN

Faraday Copper Corp. (formerly CopperBank Resources Corp.) (the “Company”) was incorporated on October 21, 2014 under the Business Corporations Act (British Columbia). The Company’s registered office is Suite 2400, 745 Thurlow Street, Vancouver, British Columbia, V6E 0C5. The Company’s head office and principal address is located at 250 - 200 Burrard St., Vancouver, British Columbia, V6C 3L6. The Company’s shares are traded on the Canadian Securities Exchange (“CSE”) under the symbol “FDY”, and its principal business is the acquisition and development of resource properties.

On April 20, 2022, the Company formerly approved a name change from CopperBank Resources Corp. to Faraday Copper Corp.

As of the date of these condensed interim consolidated financial statements for the three months ended March 31, 2022 and 2021 (the “interim financial statements”), COVID-19 has had no impact on the Company’s ability to access and explore its current properties but may impact the Company’s ability to raise funding or explore its properties should travel restrictions related to COVID-19 be extended or expanded in scope.

On July 8, 2020, the Company consolidated its outstanding common shares on a four-for-one basis. The presentation of number of shares, warrants, stock options and loss per share in these financial statements have been retrospectively adjusted for this share consolidation.

Going Concern

These interim financial statements have been prepared based on accounting principles applicable to a going concern, which assumes that the Company will be able to continue in operation for the foreseeable future and will be able to realize its assets and discharge its liabilities and commitments in the normal course of business. Accordingly, these interim financial statements do not include any adjustments to the amounts and classification of assets and liabilities that might be necessary should the Company be unable to continue as a going concern. Such adjustments could be material.

The Company is a resource exploration stage company, which does not generate any revenue and has been relying on equity-based financing to fund its operations. The Company has recurring losses since inception and had an accumulated deficit of \$51,630,046 as at March 31, 2022 (December 31, 2021 - \$50,101,011). The Company will require additional financing either through equity or debt financing, sale of assets, joint venture arrangements, or a combination thereof to meet its administrative costs and to continue to explore and develop its resource properties. There is no assurance that sufficient future funding will be available on a timely basis or on terms acceptable to the Company. These conditions indicate the existence of material uncertainties that may cast significant doubt as to the ability of the Company to meet its obligations as they come due, and accordingly, the appropriateness of the use of accounting principles applicable to a going concern is in significant doubt.

2. BASIS OF PRESENTATION

a) Statement of compliance

These interim financial statements, including comparatives, have been prepared in accordance with International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards and interpretations of the International Financial Reporting Interpretations Committee applicable to the preparation of interim financial statements including International Accounting Standard 34 *Interim Financial Reporting*. These interim financial statements do not include all disclosures required for annual audited financial statements and accordingly they should be read in conjunction with the Company’s audited consolidated financial statements for the years ended December 31, 2021 and 2020 and notes thereto (the “annual financial statements”), which include the information necessary or useful to understanding the Company’s business and financial statement presentation.

These interim financial statements were prepared using accounting policies consistent with those in the annual financial statements.

These interim financial statements were authorized for issue in accordance with a resolution from the Board of Directors on May 13, 2022.

b) Basis of measurement

These interim financial statements have been prepared on a historical cost basis except for those financial instruments which have been classified at fair value through profit or loss (“FVTPL”). In addition, except for cash flow information, these financial statements have been prepared using the accrual method of accounting.



2. BASIS OF PRESENTATION (continued)

c) Functional and presentation currency

The interim financial statements are presented in Canadian dollars (“Canadian dollar” or “CAD”), except as otherwise noted. The functional currency is the currency of the primary economic environment in which an entity operates. References to “C\$” or “CAD” are to Canadian dollars and references to “USD” are to United States dollars.

d) Basis of consolidation

These interim financial statements include the accounts of the Company and its subsidiaries. All intercompany transactions and balances are eliminated on consolidation. Control exists where the parent entity has power over the investee and is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Subsidiaries are included in the consolidated financial statements from the date control commences until the date control ceases.

Subsequent to December 31, 2021, the Company filed an article of dissolution dissolving the operation of its subsidiary CopperBank Resources Alaska Inc. and Redhawk Resources (USA), Inc.. As such the consolidated financial statements, subsequent to the date of dissolution, comprise the financial statements of the Company and its wholly owned subsidiaries.

These interim financial statements incorporate the accounts of the Company and the following subsidiaries:

Name of subsidiary	Country of incorporation	Percentage ownership	Functional currency	Principal activity
1016079 B.C. Ltd.	Canada	100%	CAD	Mining company
CopperBank Royalties Corp.	Canada	100%	CAD	Mining company
Copper Creek Project LLC	USA	100%	USD	Mining company
Enexco International Inc.	USA	100%	USD	Mining company
Redhawk Copper Inc	USA	100%	USD	Mining company
Redhawk Resources, Inc.	Canada	100%	CAD	Mining company

e) Significant estimates and judgments

Apart from making estimates and assumptions as described below, the Company’s management makes critical judgments in the process of applying its accounting policies that have a significant effect on the amounts recognized in the Company’s consolidated financial statements. The significant judgments that the Company’s management has made in the process of applying the Company’s accounting policies, apart from those involving estimation uncertainties, that have the most significant effect include, but are not limited to:

- The indicators of impairment of property and equipment and resource properties:

Assets or cash-generating units (“CGUs”) are evaluated at each reporting date to determine whether there are any indications of impairment. The Company considers both internal and external sources of information when making the assessment of whether there are indications of impairment for the Company’s property and equipment and resource properties.

Significant judgment is required when determining whether facts and circumstances suggest that the carrying amount of resource properties may exceed its recoverable amount. The retention of regulatory permits and licenses; the Company’s ability to obtain financing for exploration and development activities and its future plans on the resource properties; current and future metal prices; and market sentiment are all factors considered by the Company.

In respect of the carrying value of property and equipment recorded on the consolidated statements of financial position, management has determined that it continues to be appropriately recorded, as there has been no obsolescence or physical damage to the assets and there are no indications that the value of the assets have declined more than what is expected from the passage of time or normal use.

- The determination of the Company and its subsidiaries’ functional currency:

The Company determines the functional currency through an analysis of several indicators such as expenses and cash flow, financing activities, retention of operating cash flows, and frequency of transactions within the reporting entity.



2. BASIS OF PRESENTATION (continued)

- The recognition of deferred income tax assets:

The Company has not recognized a deferred tax asset as management believes that it is not probable that taxable profit will be available against which a deductible temporary difference can be utilized.

Management makes estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements, and the reported amounts of expenses during the reporting period. Significant areas requiring the use of management estimates include:

- Interest rate used in determining the fair value of the liability component of its convertible debentures and long-term debt.
- The inputs used in the Black-Scholes option pricing model to calculate the fair value of options.

While management believes that these estimates are reasonable, actual results could differ from those estimates and could impact future results of operations and cash flows.

f) New accounting policies

The Company has not adopted new accounting policies since its recent year ended December 31, 2021.

3. PROPERTY AND EQUIPMENT

The following table presents a continuity of property and equipment:

	Building	Land	Equipment	Total
	\$	\$	\$	\$
Costs				
Balance, December 31, 2020	210,312	31,830	-	242,142
Additions	60,446	-	39,454	99,900
Foreign exchange adjustment	2,154	326	-	2,480
Balance, December 31, 2021	272,912	32,156	39,454	344,522
Additions	45,570	-	33,557	79,127
Foreign exchange adjustment	3,975	468	7,873	12,316
Balance, March 31, 2022	322,457	32,624	80,884	435,965
Amortization				
Balance, December 31, 2020	41,148	-	-	41,148
Additions	13,622	-	1,237	14,859
Foreign exchange adjustment	421	-	-	421
Balance, December 31, 2021	55,191	-	1,237	56,428
Additions	3,498	-	3,601	7,099
Foreign exchange adjustment	804	-	18	822
Balance, March 31, 2022	59,493	-	4,856	64,349
Net book value				
Balance, December 31, 2021	217,721	32,156	38,217	288,094
Balance, March 31, 2022	262,964	32,624	76,028	371,616



4. RESOURCE PROPERTIES

The following table presents a continuity of resource property:

	Copper Creek	Contact	Total
	\$	\$	\$
Balance, December 31, 2020	5,576,579	-	5,576,579
Permit, maintenance, and land access costs	175,625	-	175,625
Exploration and geological work	627,438	-	627,438
Capitalized payroll	149,177	-	149,177
Deposit on resource properties	37,614	-	37,614
Other capitalized costs	121,703	-	121,703
Foreign exchange adjustment	(23,400)	-	(23,400)
Balance, December 31, 2021	6,664,736	-	6,664,736
Permit, maintenance, and land access costs	2,436	-	2,436
Exploration and geological work	2,077,293	15,303	2,092,596
Capitalized payroll	224,919	43,070	267,989
Other capitalized costs	122,322	11,619	133,941
Foreign exchange adjustment	97,070	-	97,070
Balance, March 31, 2022	9,188,776	69,992	9,258,768

Copper Creek Resource Properties, Arizona

i) The Company acquired 100% of the Copper Creek project through the acquisition of Redhawk Resources Inc. ("Redhawk") for a value of \$4,955,328 in 2018.

ii) D & G Mining Agreement - In November 2005, Redhawk entered into a lease-to-purchase agreement with a third party for additional property within the Copper Creek boundaries. Redhawk paid US\$80,000 in both 2006 and 2007 and was required to pay US\$100,000 in November 2008 and annually thereafter until the end of year fifteen. In May 2018, the agreement was amended to reduce the annual payments to US\$50,000. The Company has paid \$62,926 (US\$50,000) in 2021 and \$68,482 (US\$50,000) in 2020.

Redhawk has the option to purchase the property for US\$3,000,000. Commencing January 1, 2022, 50% of the yearly lease payments made prior to exercising the option to purchase will be applied against the purchase price in the event that Redhawk exercises its property purchase option.

iii) Freeport Mineral Corporation Agreement - In April 2007, Redhawk entered into a purchase agreement with Freeport Mineral Corporation ("Freeport") to acquire additional mining claims within the Copper Creek boundaries. The additional mining claims are subject to a 1% Net Smelter Return royalty.

On May 30, 2018, Redhawk entered into an amendment to the Fourth Workout Agreement with Freeport. The substance of the amended agreement is a conversion of interest and principal owing to Freeport into production decision royalty payments. The total will be US\$3,000,000 paid in six equal annual instalments of US\$500,000 per annum. The payments are contingent upon Redhawk or successors achieving a defined commercial production of minerals. As a result of this amendment, no liabilities in connection with this promissory note has been recorded as of March 31, 2022 and December 31, 2021.

iv) Morgan Agreements - In December 2012, Redhawk acquired patented land from two unrelated parties for total consideration of US\$1,200,000. Redhawk was required to pay \$nil in 2021 (2020 - \$63,660 (US\$50,000)). The outstanding balance related to this obligation of \$63,660 (US\$50,000) was paid in March 2021.

Contact Copper Property, Nevada

The Company owns a 100% interest in the Contact Copper property located in Elko County, Nevada. This property was fully impaired during the year ended December 31, 2015. All permits of this resource property are in good standing.

As at March 31, 2022, the Company had deposited \$8,235 (December 31, 2021 - \$8,335) for the reclamation deposits of the Contact Copper property in Nevada and for the Copper Creek property in Arizona.



5. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	March 31, 2022	December 31, 2021
	\$	\$
Resource properties	794,778	287,694
Office and administration	62,375	210,389
Professional fees	40,659	28,749
Total	897,812	526,832

6. CONVERTIBLE DEBENTURES

On June 17, 2019, the Company closed a non-brokered private placement of convertible debentures (“CDs”) for gross proceeds of \$263,000. Each CD had a face value of \$1,000 and interest rate of 15% per annum, payable monthly. The CDs had a maturity date of June 14, 2021. Each CD was convertible into common shares of the Company at the option of the holder at any time prior to maturity at a conversion price of \$0.28 per common share. The Company had the option to redeem. Each CD at a price equal to its principal amount plus accrued and unpaid interest. The interest rate on the CDs approximated the market interest rate when determining the fair value of the liability component. Thus, no value was assigned to the equity component.

During the year ended December 31, 2021, the Company repaid the outstanding principal and accrued interest of the CDs. The amount of interest paid during the three months ended March 31, 2022 was \$nil (2021 - \$9,525).

7. LOAN PAYABLE AND NOTE PAYABLE

a) CEBA loan

In connection to the outbreak of COVID-19, the Company received \$40,000 in Canada Emergency Business Account (“CEBA”) loan from the Government of Canada. The CEBA loan is non-interest bearing and matures on December 31, 2022. The principal balance of \$40,000 (December 31, 2021 - \$40,000) is included in loan payable as at March 31, 2022. On January 12, 2022, the Canadian Government announced the CEBA loan forgiveness repayment date will be extended to December 31, 2023 for eligible CEBA loan holders in good standing.

b) Debt repayment agreement

In connection with a debt payment agreement (the “Agreement”) with the original optionor (the “Optionor”) of the Pyramid Project, the Company owed the Optionor \$173,710 (US\$125,000) plus interest at 10% per annum, which is due on March 4, 2022. The Company is required to pay to the Optionor at least 20% of the net proceeds from any debt or equity financing or sale of any assets. During the year ended December 30, 2020, the Company paid US\$40,000 towards this debt. During the year ended December 31, 2021, the Company paid \$135,999 to repay the principal and accrued interest.

8. SHARE CAPITAL

a) Authorized

Unlimited number of common shares without par value.

b) Issued and outstanding

Three months ended March 31, 2022

On January 28, 2022, the Company issued 75,000 common shares pursuant to the exercise of 75,000 stock options with the exercise price of \$0.23. The Company received gross proceeds of \$17,250 and reallocated \$23,614 from the Company's options reserve into share capital.

On February 16, 2022, the Company issued 125,000 common shares pursuant to the exercise of 125,000 stock options with the exercise price of \$0.40. The Company received gross proceeds of \$50,000 and reallocated \$39,356 from the Company's options reserve into share capital.



8. SHARE CAPITAL (continued)

On February 24, 2022, the Company issued 25,000 common shares pursuant to the exercise of 25,000 stock options with the exercise price of \$0.40. The Company received gross proceeds of \$10,000 and reallocated \$7,871 from the Company's options reserve into share capital.

On March 3, 2022, the Company issued 25,000 common shares pursuant to the exercise of 25,000 stock options with the exercise price of \$0.23. The Company received gross proceeds of \$5,750 and reallocated \$4,324 from the Company's options reserve into share capital.

On March 7, 2022, the Company issued 50,000 common shares pursuant to the exercise of 50,000 stock options with the exercise price of \$0.40. The Company received gross proceeds of \$20,000 and reallocated \$15,743 from the Company's options reserve into share capital.

During the three months ended March 31, 2022, the Company issued an aggregate of 190,100 common shares, net of 70,566 shares withheld for tax, upon vesting of 260,666 RSUs.

c) Warrants

The following is a summary of the Company's warrants for the three months ended March 31, 2022 and the year ended December 31, 2021:

	Number of warrants outstanding	Weighted average exercise price per share
	#	\$
Balance, December 31, 2020	1,293,341	1.00
Issued	12,500,000	0.60
Balance, December 31, 2021 and March 31, 2022	13,793,341	0.64

Expiry date	Number of warrants outstanding	Weighted average exercise price per share	Weighted average remaining life
	#	\$	years
August 21, 2022	1,293,341	1.00	0.39
September 16, 2026	12,500,000	0.60	4.47
Balance, March 31, 2022	13,793,341	0.64	4.08

d) Options

The Company had a "rolling" stock option plan (the "Legacy Plan") that allowed the Company to grant options to its employees, directors, consultants, and officers for a maximum of 10% of outstanding shares to be issued.

Options have a maximum term of five years and terminate up to 90 days following the date on which an optionee ceases to be an employee, director, consultant or officer, and up to 30 days following the date on which an optionee who is engaged to provide investor relations activities ceases to be engaged to provide such services. In the case of death, the option terminates at the earlier of twelve months after the date of death and the expiration of the option period.

On October 15, 2021, following a vote by shareholders, the Company adopted a new Long-Term Incentive Plan (the "LTIP"), which provides for the granting of deferred share units ("DSU"), restricted share units ("RSU"), performance share units ("PSU"), and stock options ("Options"). The maximum number of common shares reserved for issuance under the LTIP (with any other share-based compensation arrangement, including the Legacy Plan) will be 19,296,967.

Three months ended March 31, 2022

In February 2022, the Company granted 344,000 stock options with exercise prices from \$0.80 to \$0.94 per share to consultants, directors, and officers of the Company. These options can be exercised for a period of five years from the date of grant and are subject to the policies of the CSE. 50% of these options will vest one year from the grant date and 50% will vest two years from the grant date.



8. SHARE CAPITAL (continued)

The following is a summary of the Company's stock options for the three months ended March 31, 2022 and the year ended December 31, 2021:

	Number of options	Weighted average
		exercise price
	#	\$
Outstanding, December 31, 2020	7,575,000	0.31
Cancelled	(1,087,500)	0.38
Exercised	(3,022,500)	0.29
Granted	11,535,000	0.39
Outstanding, December 31, 2021	15,000,000	0.39
Forfeited	(25,000)	0.23
Expired	(300,000)	0.34
Granted	344,000	0.89
Outstanding balance, March 31, 2022	15,019,000	0.40
Exercisable balance, March 31, 2022	8,086,667	0.38

As at March 31, 2022, the following stock options were outstanding:

Expiry date	Exercise price	Number of	Number of
		outstanding options	exercisable options
	\$	#	#
July 28, 2022	0.52	150,000	150,000
May 10, 2023	0.40	1,490,000	1,490,000
February 28, 2024	0.40	250,000	250,000
March 18, 2024	0.65	60,000	30,000
July 24, 2025	0.23	1,450,000	1,325,000
June 8, 2026	0.60	325,000	325,000
July 21, 2026	0.40	1,300,000	1,300,000
September 2, 2026	0.40	9,650,000	3,216,667
February 1, 2027	0.80	120,000	-
February 16, 2027	0.94	224,000	-
Balance, March 31, 2022		15,019,000	8,086,667

The remaining contractual life of the Company's options as at March 31, 2022, was 3.89 years (December 31, 2021 - 4.07 years).

During the three months ended March 31, 2022, the weighted average share price on the date of exercise of the stock options was \$0.40 per share (December 31, 2021 - \$0.39).

During the three months ended March 31, 2022, the Company incurred share-based compensation of \$860,830 in connection with options vested (2021 - \$112,947). The Company used the Black-Scholes option pricing model and the following assumptions to determine the fair values of the stock options:

	February 1, 2022	February 16, 2022
Stock price	\$0.64	\$0.74
Risk-free interest rate	1.65%	1.80%
Expected life of the option (years)	5.00	5.00
Annualized volatility	116%	115%
Dividend rate	0.00%	0.00%

The expected volatility is based on the historical volatility (based on the remaining life of the options), adjusted for any expected changes to future volatility due to publicly available information. The risk-free rate of return is the yield on a zero-coupon Canadian Treasury Bill of a term consistent with the assumed option life. The expected average option term is the average expected period to exercise, based on the historical activity patterns for each individually vesting tranche. Option pricing models require the input of highly subjective assumptions including the expected price volatility. Changes in these assumptions can materially affect the fair value estimate.



e) Restricted share units

On December 1, 2021, the Company granted 500,000 restricted share units (“RSUs”) to an employee of the Company at a price of \$0.68. Of the granted RSUs, one third vested immediately, one third will vest one year from the grant date, and one third will vest two years from the grant date. During the three months ended March 31, 2022, the Company incurred share-based compensation of \$145,460 in connection with RSUs vested (2021 - \$155,833).

In January 2022, the Company granted 162,000 RSUs to employees of the Company. Of these RSUs, one third vested immediately, one third will vest one year from the grant date, and one third will vest two years from the grant date.

On March 1, 2022, the Company granted 120,000 RSUs to an employee of the Company. Of these RSUs, one third vested immediately, one third will vest one year from the grant date, and one third will vest two years from the grant date.

In March 2022, the Company converted 260,666 RSUs to employees of the Company. As a result, \$137,800 was reallocated from the Company's RSU reserve into share capital.

A summary of the status of RSUs outstanding follows:

	Number of RSUs	Weighted average issue price
	#	\$
Non-vested balance, December 31, 2020	-	-
Granted	500,000	0.68
Vested	(166,666)	0.68
Non-vested balance, December 31, 2021	333,334	0.68
Granted	282,000	0.80
Vested	(94,000)	0.80
Non-vested balance, March 31, 2022	521,334	0.72

The following table summarizes the RSUs that remain outstanding as at March 31, 2022:

Vesting date ⁽¹⁾	Issue price	Number of outstanding RSUs
	\$	#
December 1, 2023	0.68	333,334
January 1, 2024	0.72	80,000
March 1, 2024	0.90	80,000
January 10, 2024	0.72	28,000
Non-vested balance, March 31, 2022	0.72	521,334

⁽¹⁾ RSUs vest ratably over a period of two years. Vesting dates listed above, represent the end of the two-year term. At the end of each annual period from date of grant, one half of the units granted will vest.

9. RELATED PARTY TRANSACTIONS

During the three months ended March 31, 2022 and 2021, the Company had the following transactions with key management personnel and the directors of the Company:

	2022	2021
	\$	\$
Consulting and management fees	-	259,000
Office and Administration	200,522	-
Share-based compensation	747,331	200,346
Total	947,852	459,346

As at March 31, 2022, amount due to related parties comprised of amounts owing to key management members and a director totalling \$173,311 (December 31, 2021 - \$163,916). Due to related parties has the same terms as the Company's accounts payable and accrued liabilities, which is unsecured and non-interest-bearing and with no specific terms.



9. RELATED PARTY TRANSACTIONS (continued)

During the three months ended March 31, 2022, amounts capitalized from compensation for related parties totaling \$123,849 (March 31, 2021 - nil).

10. FINANCIAL INSTRUMENTS

The Company's financial instruments are exposed to several financial and market risks, including credit, interest rate, liquidity, and commodity risks. The Company may, or may not, establish from time-to-time active policies to manage these risks. The Company does not currently have in place any active hedging or derivative trading policies to manage these risks since the Company's management does not believe that the current size, scale and pattern of cash flow of its operations would warrant such hedging activities.

Fair value of financial instruments

The fair value hierarchy established by IFRS 13 *Fair Value Measurement* has three levels to classify the inputs to valuation techniques used to measure fair value described as follows:

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

The fair values of the Company's cash and cash equivalents, accounts payable and accrued liabilities, loans payable, and due to related parties are equivalent to their carrying values due to their short-term nature.

Credit risk

Credit risk is the risk of potential loss to the Company if the counterparty to a financial instrument fails to meet its contractual obligations.

The financial instruments that potentially subject the Company to a significant concentration of credit risk consist of cash and cash equivalents. The Company mitigates its exposure to credit loss associated with cash and cash equivalents by placing its cash and cash equivalents in major financial institutions. As at March 31, 2022, the Company had cash equivalents of \$110,000 in term deposits (December 31, 2021 - \$2,300).

Liquidity risk and fair value hierarchy

Liquidity risk is the risk that the Company may be unable to meet its financial obligations as they fall due or that it will be required to meet them at excessive cost. The Company reviews its working capital position regularly to ensure there is sufficient capital in order to meet short-term business requirements, after taking into account the Company's holdings of cash. The Company's cash is invested in business accounts, which are available on demand. The Company manages its liquidity risk mainly through raising funds from private placements and amounts from related parties.

The Company's operating cash requirements are continuously monitored and adjusted as input variables change. As these variables change, liquidity risks may necessitate the need for the Company to pursue equity issuances, obtain project or debt financing, or enter into joint arrangements. There is no assurance that the necessary financing will be available in a timely manner.

Commodity risk

Commodity risk is the risk that the Company is subject to commodity price risk arising from the fluctuation of metal price beyond the Company's control. The Company may have difficulties to identify and acquire economically viable projects for the Company to invest in if metal prices are depressed for an extended period.

Interest rate risk

Interest rate risk is the risk that the Company is exposed to the risk that the value of financial instruments will change due to movements in market interest rates. As of March 31, 2022, the Company did not have debt instruments exposed to variable interest rate. The risk is not significant.



10. FINANCIAL INSTRUMENTS (continued)

Foreign currency risk

Foreign currency risk is the risk that the fair value of the Company's assets and liabilities will fluctuate due to changes in foreign exchange rates.

The Company is exposed to foreign currency risk to the extent that monetary assets and liabilities held by the Company are not denominated in its functional currency. The Company does not manage currency risk through hedging or other currency management tools.

As at March 31, 2022 and December 31, 2021, the Company's exposure to foreign currency risk on its financial instruments is as follows:

	March 31, 2022		December 31, 2021	
Cash	USD	275,774	USD	8,614
Canadian dollar equivalent	\$	344,608	\$	10,967

A 5% change in the US dollar against the Canadian dollar at March 31, 2022 would result in an a \$17,230 impact to the Company.

11. SEGMENTED INFORMATION

The Company operates primarily in one business segment, which is the exploration and development of resource properties located in the United States. As at March 31, 2022, the Company's non-current assets were \$10,653,875 (December 31, 2021 - \$6,961,167), which comprised mainly of resource properties, property and equipment, and reclamation bonds that are in the United States.

12. SUPPLEMENTAL CASH FLOW INFORMATION

	2022	2021
	\$	\$
Non-cash transactions during the period:		
Common shares issued for debt	-	70,000
Resource property additions included in loans payable	-	176,515
Resource property additions included in accounts payable and accrued liabilities	(423,798)	183,676
Cash transactions during the period:		
Interest paid on convertible debt	-	41,071
Interest paid on loan	-	15,084
Income tax paid	-	-

13. SUBSEQUENT EVENTS

On April 1, 2022, the Company granted 500,000 stock options with an exercise price of \$0.86 per share to employees of the Company. These options can be exercised for a period of five years from the date of grant and are subject to the policies of the CSE. One third of these options vest on September 1, 2022, 2023, and 2024 respectively.

On April 25, 2022, the Company granted 350,000 stock options with an exercise price of \$0.91 per share to an employee of the Company. These options can be exercised for a period of five years from the date of grant and are subject to the policies of the CSE. One third of these options vest on September 18, 2022, 2023, and 2024 respectively.

On May 5, 2022, the Company closed a private placement and issued 25,000,000 common shares at a price of \$0.80 per share for gross proceeds of \$20,000,000.

On May 11, 2022, the Company cancelled 28,000 RSUs with an issue price of \$0.72 due to an employee being terminated.