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**GOLD BASIN RESOURCES CORPORATION**  
**CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020**  
**(Expressed in Canadian Dollars)**

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**INDEPENDENT AUDITORS' REPORT**

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To the Shareholders and Directors of  
Gold Basin Resources Corporation

**Opinion**

We have audited the consolidated financial statements of Gold Basin Resources Corporation and its subsidiaries (the "Company") which comprise the consolidated statement of financial position as at December 31, 2021 and 2020, and the consolidated statements of loss and comprehensive loss, changes in equity and cash flows for the years then ended, and the related notes comprising a summary of significant accounting policies and other explanatory information (together, the "Financial Statements").

In our opinion, the accompanying 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 as issued by the International Accounting Standards Board.

**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 *Auditors' Responsibilities for the Audit of the 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 Financial Statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

**Emphasis of Matter - Material Uncertainty Related to Going Concern**

We draw attention to Note 1 of the accompanying Financial Statements, which describes matters and conditions that indicate the existence of a material uncertainty that may cast significant doubt about the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

**Other Information**

Management is responsible for the other information, which comprises the information included in the Company's Management Discussion & Analysis to be filed with the relevant Canadian securities commissions.

Our opinion on the 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 Financial Statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the Financial Statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed on this other information, 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 Financial Statements**

Management is responsible for the preparation and fair presentation of the Financial Statements in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board, and for such internal control as management determines is necessary to enable the preparation of Financial Statements that are free from material misstatement, whether due to fraud or error.

In preparing the Financial Statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

## **Auditors' Responsibilities for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the Financial Statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' 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 Financial Statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the 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 auditors' report to the related disclosures in the 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 auditors' 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 Financial Statements, including the disclosures, and whether the Financial Statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the consolidated Financial Statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

The engagement partner on the audit resulting in this independent auditors' report is Fernanda J. Costa.

*Manning Elliott LLP*

CHARTERED PROFESSIONAL ACCOUNTANTS  
Vancouver, Canada  
May 2, 2022



**GOLD BASIN RESOURCES CORPORATION**  
**CONSOLIDATED STATEMENTS OF LOSS AND COMPREHENSIVE LOSS**  
(Expressed in Canadian dollars)

	Note	Year ended December 31, 2021 \$	Year ended December 31, 2020 \$
<b>EXPENSES</b>			
Advertising and promotion		173,638	5,490
Amortization; right-of-use asset	11	11,086	2,315
Consulting		4,281	34,750
Depreciation		1,896	-
Filing fees		12,049	16,596
Foreign exchange		11,625	12,923
Insurance		17,500	13,300
Interest and accretion	11	2,622	603
Listing fees		124,784	7,143
Management fees	10	515,994	237,573
Office and administrative		22,637	41,483
Professional fees	10	565,779	773,399
Rent	10	-	9,000
Share-based payments	7,10	455,542	1,816,435
Travel		4,765	1,054
<b>LOSS BEFORE OTHER ITEMS</b>		<b>1,924,198</b>	<b>2,972,064</b>
<b>OTHER ITEMS</b>			
Impairment of exploration and evaluation assets	6	-	174,488
Other income		(7,387)	-
<b>NET LOSS</b>		<b>1,916,811</b>	<b>3,146,552</b>
<b>OTHER COMPREHENSIVE LOSS</b>			
Item that may be reclassified subsequently to loss:			
Unrealized foreign exchange translation		57,257	(6,230)
<b>COMPREHENSIVE LOSS</b>		<b>1,974,068</b>	<b>3,140,322</b>
<b>LOSS PER SHARE – Basic and diluted</b>		<b>\$ (0.03)</b>	<b>\$ (0.09)</b>
<b>WEIGHTED AVERAGE NUMBER OF COMMON SHARES OUTSTANDING</b>		<b>78,781,587</b>	<b>35,655,609</b>

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

**GOLD BASIN RESOURCES CORPORATION**  
**CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY**  
(Expressed in Canadian dollars)

	<b>Common Shares</b>		<b>Contributed Surplus</b>	<b>Accumulated Other Comprehensive Income</b>	<b>Deficit</b>	<b>Total</b>
	<b>Number of Shares</b>	<b>Amount</b>				
		\$				
Balance, December 31, 2019	13,298,001	477,058	93,301	-	(268,641)	301,718
Options exercised	200,000	20,000	-	-	-	20,000
Shares issued for cash	23,647,826	4,729,565	-	-	-	4,729,565
Shares issued for exploration and evaluation assets	33,000,001	11,825,000	-	-	-	11,825,000
Warrants exercised	770,700	39,570	-	-	-	39,570
Share issuance costs	-	(543,147)	283,681	-	-	(259,466)
Share-based payments	-	-	1,816,435	-	-	1,816,435
Net loss and comprehensive loss	-	-	-	6,230	(3,146,552)	(3,140,322)
<b>Balance, December 31, 2020</b>	<b>70,916,528</b>	<b>16,548,046</b>	<b>2,193,417</b>	<b>6,230</b>	<b>(3,415,193)</b>	<b>15,332,500</b>
Shares issued for cash	15,422,683	5,282,317	115,657	-	-	5,397,974
Share issuance costs	-	(281,364)	-	-	-	(281,364)
Warrants exercised	4,931,900	263,115	-	-	-	263,115
Share-based payments	-	-	455,542	-	-	455,542
Net loss and comprehensive loss	-	-	-	(57,257)	(1,916,811)	(1,974,068)
<b>Balance, December 31, 2021</b>	<b>91,271,111</b>	<b>21,812,114</b>	<b>2,764,616</b>	<b>(51,027)</b>	<b>(5,332,004)</b>	<b>19,193,699</b>

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

**GOLD BASIN RESOURCES CORPORATION**  
**CONSOLIDATED STATEMENTS OF CASH FLOWS**  
(Expressed in Canadian dollars)

	Year ended December 31, 2021	Year ended December 31, 2020
	\$	\$
<b>CASH PROVIDED BY (USED IN):</b>		
<b>OPERATING ACTIVITIES</b>		
Net loss for the year	(1,916,811)	(3,146,552)
Item not involving cash:		
Share-based payments	455,542	1,816,435
Impairment of exploration and evaluation assets	-	174,488
Amortization; right-of-use asset	11,086	2,315
Depreciation	1,896	-
Interest and accretion expense	2,622	603
Changes in non-cash working capital balances:		
Amounts receivable	(48,632)	(26,663)
Prepaid expenses	70,472	(110,732)
Accounts payable and accrued liabilities	(232,393)	167,407
Cash used in operating activities	(1,656,218)	(1,122,699)
<b>INVESTING ACTIVITIES</b>		
Exploration and evaluation assets	(1,823,699)	(1,352,211)
Equipment acquisition	-	(7,772)
Cash used in investing activities	(1,823,699)	(1,367,654)
<b>FINANCING ACTIVITIES</b>		
Issuance of common shares, net of issuance costs	5,116,575	4,470,099
Warrants exercised	263,115	39,570
Lease payments	(9,797)	(7,671)
Options exercised	-	20,000
Cash provided by financing activities	5,369,893	4,529,669
CHANGE IN CASH	1,889,976	2,039,316
EFFECT OF FOREIGN EXCHANGE RATE ON CASH	(56,740)	6,230
CASH, BEGINNING OF YEAR	2,208,496	162,950
CASH, END OF YEAR	4,041,732	2,208,496
<b>SUPPLEMENTAL CASH DISCLOSURES</b>		
Interest paid	\$ -	\$ -
Income taxes paid	\$ -	\$ -
<b>NON-CASH TRANSACTIONS</b>		
Shares issued for mineral property	\$ -	\$ 11,825,000

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

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**GOLD BASIN RESOURCES CORPORATION**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE YEARS ENDED DECEMBER 31, 2021 AND DECEMBER 31, 2020**  
(Expressed in Canadian dollars)

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1. NATURE OF BUSINESS AND CONTINUING OPERATIONS

Gold Basin Resources Corporation (the "Company") was incorporated on November 24, 2017 under the laws of British Columbia. The address of the Company's corporate office and its principal place of business is Suite 1170 – 1040 West Georgia Street, Vancouver, British Columbia, Canada. The Company's common shares trade on the TSXV under the symbol "GXX" and are listed on the OTCQB Venture Market under the symbol "GXXFF".

The Company's principal business activities include the acquisition and exploration of mineral property assets. As at December 31, 2021, the Company had not yet determined whether the Company's mineral property assets contain ore reserves that are economically recoverable. The recoverability amount shown for exploration and evaluation assets is dependent upon the discovery of economically recoverable reserves, confirmation of the Company's interest in the underlying mineral claims, the ability of the Company to obtain the necessary financing to complete the development of and the future profitable production from the property or realizing proceeds from its disposition. The outcome of these matters cannot be predicted at this time and the uncertainties cast significant doubt upon the Company's ability to continue as a going concern.

The Company had a deficit of \$5,332,004 as at December 31, 2021 (2020: \$3,415,193), which has been funded by the issuance of equity. The Company's ability to continue its operations and to realize its assets at their carrying values is dependent upon obtaining additional financing and generating revenues sufficient to cover its operating costs.

These consolidated financial statements do not give effect to any adjustments which would be necessary should the Company be unable to continue as a going concern and therefore be required to realize its assets and discharge its liabilities in other than the normal course of business and at amounts different from those reflected in these consolidated financial statements.

In March 2020, the World Health Organization declared coronavirus COVID-19 a global pandemic. This contagious disease outbreak, which has continued to spread, and any related adverse public health developments, has adversely affected workforces, economies, and financial markets globally, potentially leading to an economic downturn. At this point, the impact on the Company has been minimal. The Company continues to monitor the situation and is taking all necessary precautions in order to follow rules and best practices as set out by the federal and provincial governments.

2. BASIS OF CONSOLIDATION

The consolidated financial statements include the accounts of the Company and its wholly-owned subsidiaries. All significant intercompany balances, transactions and any unrealized gains and losses arising from intercompany transactions, have been eliminated. The Company's subsidiaries are presented in the table below.

<b>Entity</b>	<b>Country of Incorporation</b>	<b>Effective Economic Interest</b>
Gold Basin Resources (Arizona), Inc. ("Gold Basin Arizona")	USA	100%
Gold Basin Resources (Australia) Pty Ltd ("Gold Basin Australia")	Australia	100%



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**GOLD BASIN RESOURCES CORPORATION**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE YEARS ENDED DECEMBER 31, 2021 AND DECEMBER 31, 2020**  
(Expressed in Canadian dollars)

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3. SIGNIFICANT ACCOUNTING POLICIES

a) Statement of compliance

These consolidated financial statements have been prepared in accordance with IFRS issued by the IASB.

These consolidated financial statements were authorized for issue in accordance with a resolution from the Board of Directors on May 2, 2022.

b) Basis of presentation

The consolidated financial statements have been prepared on the historical cost basis, with the exception of financial instruments which are measured at fair value, as explained in the accounting policies set out below. In addition, these consolidated financial statements have been prepared using the accrual basis of accounting, except for cash flow information.

These consolidated financial statements are presented in Canadian dollars, which is the Company's functional currency. The functional currency of Gold Basin Arizona is the U.S. dollar and the functional currency of Gold Basin Australia is the Australian dollar. The assets and liabilities of Gold Basin Arizona and Gold Basin Australia are translated into Canadian dollars at the rate of exchange prevailing at the reporting date and their income and expense items are translated at the spot exchange rate for the period. Exchange differences arising on the translation are recognized in other comprehensive income.

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

c) Cash and cash equivalents

Cash in the consolidated statements of financial position is comprised of cash in banks and on hand, and short term deposits with an original maturity of three months or less, which are readily convertible into a known amount of cash.

d) Exploration and evaluation assets

All costs related to the acquisition, exploration and development of mineral properties are capitalized. Upon commencement of commercial production, the related accumulated costs are amortized against projected income using the units-of-production method over estimated recoverable reserves.

Management annually assesses carrying values of non-producing properties and properties for which events and circumstances may indicate possible impairment. Impairment of a property is generally considered to have occurred if the property has been abandoned, there are unfavourable changes in the property economics, there are restrictions on development, or when there has been an undue delay in development, which exceeds three years. In the event that estimated discounted cash flows expected from its use or eventual disposition is determined by management to be insufficient to recover the carrying value of the property, the carrying value is written-down to the estimated recoverable amount.

The recoverability of mineral properties and exploration and development costs is dependent on the existence of economically recoverable reserves, the ability to obtain the necessary financing to complete the development of the reserves, and the profitability of future operations. The Company has not yet determined whether or not any of its future mineral properties contain economically recoverable reserves. Amounts capitalized to mineral properties as exploration and development costs do not necessarily reflect present or future values.

When options are granted on mineral properties or properties are sold, proceeds are credited to the cost of the property. If no future capital expenditure is required and proceeds exceed costs, the excess proceeds are reported as a gain.

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**GOLD BASIN RESOURCES CORPORATION**  
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3. SIGNIFICANT ACCOUNTING POLICIES (continued)

e) Share-based payments

Share-based payments to employees and others providing similar services are measured at the estimated fair value of the instruments issued on the grant date and amortized over the vesting periods. Share-based payments to non-employees are measured at the fair value of the goods or services received or the fair value of the equity instruments issued if it is determined the fair value of the goods or services cannot be reliably measured, and are recorded at the date the goods or services are received. The amount recognized as an expense is adjusted to reflect the number of awards expected to vest. The offset to the recorded cost is to equity settled share-based payments reserve.

Consideration received on the exercise of stock options is recorded as share capital and the related equity settled share-based payments reserve is transferred to share capital. Charges for options that are forfeited before vesting are reversed from equity settled share-based payment reserve.

Share-based compensation expense relating to deferred share units is accrued over the vesting period of the units based on the quoted market price. As these awards can be settled in cash, the expense and liability are adjusted each reporting period for changes in the underlying share price.

f) Flow-through shares

The resource expenditure deductions for income tax purposes related to exploration and development activities funded by flow-through share arrangements are renounced to investors in accordance with Canadian tax legislation. On issuance, the premium recorded on the flow-through share, being the difference in price over a common share with no tax attributes, is recognized as a liability. As expenditures are incurred, the liability associated with the renounced tax deductions is recognized through profit and loss with a pro-rata portion of the deferred premium.

To the extent that the Company has deferred tax assets in the form of tax loss carry-forwards and other unused tax credits as at the reporting date, the Company may use them to reduce its deferred tax liability relating to tax benefits transferred through flow-through shares.

g) Foreign currency

Transactions and balances in currencies other than the Canadian dollar, the currency of the primary economic environment in which the Company operates (the "functional currency"), are translated into the functional currency using the exchange rates 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 exchange prevailing on the statement of financial position date are recognized in the statement of comprehensive loss.

h) Decommissioning, restoration and similar liabilities

An obligation to incur restoration, rehabilitation and environmental costs arises when environmental disturbance is caused by the exploration or development of a mineral property interest. Such costs arising from the decommissioning of plant and other site preparation work, discounted to their net present value, are provided for and capitalized at the start of each project to the carrying amount of the asset, along with a corresponding liability as soon as the obligation to incur such costs arises. The timing of the actual rehabilitation expenditure is dependent on a number of factors such as the life and nature of the asset, the operating license conditions and, when applicable, the environment in which the mine operates.

Discount rates using a pre-tax rate that reflects the time value of money are used to calculate the net present value. These costs are charged against profit or loss over the economic life of the related asset, through amortization using either the units-of-production or the straight-line method. The

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**GOLD BASIN RESOURCES CORPORATION**  
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(Expressed in Canadian dollars)

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3. SIGNIFICANT ACCOUNTING POLICIES (continued)

h) Decommissioning, restoration and similar liabilities (continued)

corresponding liability is progressively increased as the effect of discounting unwinds creating an expense recognized in profit or loss.

Decommissioning costs are also adjusted for changes in estimates. Those adjustments are accounted for as a change in the corresponding capitalized cost, except where a reduction in costs is greater than the unamortized capitalized cost of the related assets, in which case the capitalized cost is reduced to nil and the remaining adjustment is recognized in profit or loss.

The operations of the Company have been, and may in the future be, affected from time to time in varying degree by changes in environmental regulations, including those for site restoration costs. Both the likelihood of new regulations and their overall effect upon the Company are not predictable.

The Company has no material restoration, rehabilitation and environmental obligations as the disturbance to date is immaterial.

i) Loss per share

The Company presents basic and diluted loss per share data for its common shares, 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 does not adjust the loss attributable to common shareholders or the weighted average number of common shares outstanding when the effect is anti-dilutive.

j) Income taxes

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the balance sheet date, and includes any adjustments to tax payable or receivable in respect of previous years.

Deferred income taxes are recorded using the liability method whereby deferred tax is recognized in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purpose.

Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the statement of financial position date. Deferred tax is not recognized for temporary differences which arise on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting, nor taxable profit or loss.

A deferred tax asset is recognized for unused tax losses, tax credits and deductible temporary differences, to the extent that it is probable that future taxable profits will be available against which they can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

k) Financial instruments

On initial recognition financial assets are classified as measured at:

- i. Amortized cost;
- ii. Fair value through other comprehensive income ("FVOCI"); and
- iii. Fair value through profit and loss ("FVTPL").

Financial assets are not reclassified subsequent to their initial recognition unless the Company

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**GOLD BASIN RESOURCES CORPORATION**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE YEARS ENDED DECEMBER 31, 2021 AND DECEMBER 31, 2020**  
(Expressed in Canadian dollars)

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3. SIGNIFICANT ACCOUNTING POLICIES (continued)

k) Financial instruments (continued)

changes its business model for managing financial assets in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

At initial recognition, the Company measures a financial asset at its fair value plus, in the case of a financial asset not at FVTPL, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVTPL are expensed in profit or loss. Financial assets are considered in their entirety when determining whether their cash flows are solely payment of principal and interest.

Subsequent measurement of financial assets depends on their classification:

i. Amortized cost

Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortized cost. A gain or loss on a debt investment that is subsequently measured at amortized cost is recognized in profit or loss when the asset is derecognized or impaired. Interest income from these financial assets is included as finance income using the effective interest rate method.

The Company classifies its amounts receivable at amortized cost.

ii. FVOCI

Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at FVOCI. Movements in the carrying amount are taken through OCI, except for the recognition of impairment gains and losses, interest revenue, and foreign exchange gains and losses which are recognized in profit or loss. When the financial asset is derecognized, the cumulative gain or loss previously recognized in OCI is reclassified from equity to profit or loss and recognized in other gains (losses). Interest income from these financial assets is included as finance income using the effective interest rate method.

The Company does not have any assets classified at FVOCI.

iii. FVTPL

Assets that do not meet the criteria for amortized cost or FVOCI are measured at FVTPL. A gain or loss on an investment that is subsequently measured at FVTPL is recognized in profit or loss and presented net as revenue in the Statement of Loss and Comprehensive Loss in the period in which it arises.

The Company's cash is classified at FVTPL.

Financial Liabilities and Equity

Debt and equity instruments are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangement. An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the group entities are recorded at the proceeds received, net of direct issue costs.

Financial liabilities are classified as measured at (i) FVTPL; or (ii) amortized cost.

A financial liability is classified as at FVTPL if it is classified as held-for-trading or is designated as

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3. SIGNIFICANT ACCOUNTING POLICIES (continued)

k) Financial instruments (continued)

such on initial recognition. Directly attributable transaction costs are recognized in profit or loss as incurred. The amount of change in the fair value that is attributable to changes in the credit risk of the liability is presented in OCI and the remaining amount of the change in the fair value is presented in profit or loss.

The Company does not classify any financial liabilities at FVTPL.

Other non-derivative financial liabilities are initially measured at fair value less any directly attributable transaction costs. Subsequent to initial recognition, these liabilities are measured at amortized cost using the effective interest method.

The Company classifies its accounts payable and lease liability at amortized cost.

A financial liability is derecognized when the contractual obligation under the liability is discharged, cancelled or expires or its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognized at fair value.

l) Share issuance costs

Professional, consulting, regulatory and other costs directly attributable to financing transactions are recorded as deferred financing costs until the financing transactions are completed, if the completion of the transaction is considered likely; otherwise they are expensed as incurred. Share issue costs are charged to share capital when the related shares are issued. Deferred financing costs related to financing transactions that are not completed are expensed.

m) Leases

Leases in which the Company assumes substantially all risks and rewards of ownership are classified as finance leases. Assets held under finance leases are recognized at the lower of the fair value and present value of the minimum lease payments at inception of the lease, less accumulated depreciation and impairment losses. The corresponding liability is recognized as a finance lease obligation. Lease payments are apportioned between finance charges and reduction of the lease obligation to achieve a constant rate of interest on the remaining liability. Finance charges are recorded as a finance expense within profit and loss, unless they are attributable to qualifying assets, in which case they are capitalized. Operating lease payments are recognized on a straight-line basis over the lease term, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed, in which case that systematic basis is used. Operating lease payments are recorded within profit and loss unless they are attributable to qualifying assets, in which case they are capitalized.

n) Equipment

Equipment is measured at cost less accumulated depreciation, less any accumulated impairment losses. The Company uses the following amortization rates for the following equipment:

Computer equipment	3 years	Straight line
Office equipment	5 years	Straight line

Gains and losses on disposal of an item of equipment are determined by comparing the proceeds from disposal with the carrying amount and are recognized net within other income in profit or loss.

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**FOR THE YEARS ENDED DECEMBER 31, 2021 AND DECEMBER 31, 2020**  
(Expressed in Canadian dollars)

4. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGMENTS

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 consolidated financial statements and reported amounts of expenses during the reporting period. Actual outcomes could differ from these estimates. These consolidated financial statements include estimates which, 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 and other sources of estimation uncertainty that management has made at the financial position reporting date, that could result in a material adjustment to the carrying amounts of assets and liabilities, in the event that actual results differ from assumptions made, relate to, but are not limited to, the following:

*Significant accounting estimates*

- i. the measurement of deferred income tax assets and liabilities; and
- ii. the inputs used in accounting for share-based payments.

*Significant accounting judgments*

- i. the determination of categories of financial assets and financial liabilities;
- ii. the evaluation of the Company's ability to continue as a going concern; and
- iii. the assessment of indications of impairment of the mineral property and related determination of the net realizable value and write-down of the mineral property where applicable.

5. ACCOUNTING STANDARDS, AMENDMENTS AND INTERPRETATIONS NOT YET EFFECTIVE

The Company has performed an assessment of new standards issued by the IASB that are not yet effective and has determined that any standards that have been issued would have no or very minimal impact on the Company's consolidated financial statements.

6. EXPLORATION AND EVALUATION ASSETS

	Acquisition Costs	Exploration Costs	Total
	\$	\$	\$
Balance, December 31, 2019	20,000	86,488	106,488
Additions	12,798,090	629,697	13,427,787
Impairment	(25,000)	(149,488)	(174,488)
Balance, December 31, 2020	12,793,090	566,697	13,359,787
Additions	95,939-	1,727,760	1,823,699
<b>Balance, December 31, 2021</b>	<b>12,889,029</b>	<b>2,294,457</b>	<b>15,183,486</b>

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6. EXPLORATION AND EVALUATION ASSETS (continued)

**Gold Basin Property**

The Company entered into two assignment and assumption agreements dated June 16, 2020 with Centric Minerals Corporation ("Centric"), an arm's length private British Columbia corporation, whereby Centric assigned to the Company all of its rights under two letter agreements with third party vendors that were at arm's length to the Company. The Company was assigned the right to acquire an approximate aggregate 75% interest in and to the Gold Basin Project (the "Assignment"), located approximately 70 miles southeast of Las Vegas, Nevada, and 50 miles northwest of Kingman, Arizona, in the Gold Basin mining district of Mohave County, Arizona, U.S.A, and the area is comprised of 5 split estate mineral rights (2,389 acres) and 290 unpatented federal mining claims (5,280 acres), which together total approximately 7,669 acres (roughly 12 mi<sup>2</sup>) of land surface. In consideration, the Company issued 8,000,000 common shares in its capital valued at \$1,200,000 and subsequently the Company negotiated the acquisition of a 100% interest in the Project.

Following the Assignment, the Company entered into a relinquishment of rights and release deed, and a relinquishment of rights agreement and termination, whereby certain third parties with existing rights to the Project (the "Vendors") agreed to relinquish all of their right, title and interest in the Project (the "Relinquishment") in favour of the underlying owner of the Project, Aurum Exploration Inc. ("Aurum"), effective September 3, 2020. As consideration for the Relinquishment, the Company made a cash payment of AU\$1,000,000 and issued an aggregate of 10,000,001 common shares in its capital, valued at \$4,625,000, to the Vendors.

The Company acquired its 100% interest in the Project through its wholly-owned subsidiary Gold Basin Arizona pursuant to a purchase and sale agreement made as of September 3, 2020 (the "Purchase Agreement") among the Company, Gold Basin Arizona, and Aurum (the "Property Acquisition"). All of Aurum's right, title and interest in the 290 unpatented federal mining claims which comprise the bulk of the Project area was transferred to Gold Basin Arizona by Quitclaim Deed on September 14, 2020. Pursuant to the Purchase Agreement, the Company issued an aggregate of 15,000,000 common shares in its capital to Aurum's nominees with the value of \$6,000,000. The closing of the Property Acquisition took place on September 18, 2020.

The 290 unpatented federal mining claims are also subject to a 1% Gross Returns Royalty (the "Centric Royalty") held by Centric Minerals Management Pty Ltd ("Centric (AUS)") pursuant to a gross returns royalty agreement dated as of January 1, 2020 between Aurum and Centric (AUS) (the "Centric Royalty Agreement"). The Centric Royalty Agreement was assigned to Gold Basin Arizona by Aurum pursuant to an assignment and assumption agreement made effective as of September 14, 2020 among Aurum, Gold Basin Arizona and Centric (AUS), whereby Aurum assigned all of its right, title, benefit and interest in the Centric Royalty Agreement to Gold Basin Arizona and Gold Basin Arizona assumed all of Aurum's obligations thereunder, including the payment of the Centric Royalty thereunder.

The split estate mineral rights are subject to a perpetual production royalty held by Newmont Corporation of 3.5% gross returns from the sale or other disposition of all metals and minerals produced from those portions of the Project area previously owned by Sante Fe Pacific Railroad Company pursuant to the terms of an option agreement entered into by Sante Fe Pacific Railroad Company and Aurumbank Incorporated as of February 9, 2004.

As at December 31, 2020, the Company has earned a 100% right and title in the Project through its wholly-owned subsidiary Gold Basin Arizona, subject to the abovementioned royalties. In July 2021, the Company completed the purchase of surface rights associated with the Gold Basin Project, totaling approximately 160 acres in the Gold Basin Mining District, Mohave County, Arizona.

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7. SHARE CAPITAL

a) Authorized:

The Company is authorized to issue an unlimited number of common shares without par value.

b) Escrow Shares:

The Company entered into an escrow agreement, whereby 1,772,089 common shares will be held in escrow and are scheduled for release at 10% on the listing date and 15% after every six months from date of listing. At December 31, 2021, there were 531,629 (2020 – 2,100,001) common shares held in escrow.

c) Issued and Outstanding as at December 31, 2021: 91,271,111 (2020 – 70,916,528) common shares.

During the year ended December 31, 2021, the Company had the following share capital transactions:

- (i) On August 19, 2021, the Company completed a non-brokered private placement of 15,416,200 units ("the offering") in the capital of the Company at a price of \$0.35 per unit for aggregate gross proceeds of \$5,395,705. Each unit consisted of one common share in the capital of the Company and one-half of one common share purchase warrant, with each whole warrant entitling the holder to purchase one common share at an exercise price of \$0.45 per common share expiring August 19, 2022. The warrants issued had a residual value of \$115,657. The Company paid aggregate cash finder's fees of \$281,364. All securities issued in connection with the Offering will be subject to a four-month and one day hold period in Canada.
- (ii) On October 19, 2021, the Company issued 6,483 units at a price of \$0.35 per unit for aggregate gross proceeds of \$2,269 (the "Offering"). Each unit consisted of one common share in the capital of the Company and one-half of one common share purchase warrant with each whole warrant entitling the holder to purchase one common share at exercisable price of \$0.45 per common share expiring October 19, 2022. The securities issued in connection with the Offering were subject to a four-month and one day hold period in Canada.
- (iii) The Company issued an aggregate of 4,931,900 common shares pursuant to the exercise of warrants for total gross proceeds of \$263,115.

During the year ended December 31, 2020, the Company had the following share capital transactions:

- (i) On June 18, 2020, the Company issued 8,000,000 common shares with a fair value of \$1,200,000 related to the acquisition of the Gold Basin Property described in Note 6.
- (ii) On July 10, 2020, the Company issued 200,000 common shares pursuant to the exercise of stock options at an exercise price of \$0.10 per share for gross proceeds of \$20,000.
- (iii) On July 23, 2020, the Company closed a non-brokered private placement of 7,275,000 units in the capital of the Company at a price of \$0.20 per unit for aggregate gross proceeds of \$1,455,000.



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7. SHARE CAPITAL (continued)

Each unit consists of one common share and one-half of one common share purchase warrant, with each whole warrant entitling the holder to purchase one common share at a price of \$0.40 per common share for a period of 12 months.

In connection with the private placement, the Company issued 418,250 finder warrants, at the same terms as the private placements, with a fair value of \$94,739, calculated using the Black-Scholes option pricing model assuming an expected life of 12 months, a risk-free interest rate of 0.24%, an expected dividend rate of 0%, a price on grant date of \$0.40 and an expected annual volatility of 160%.

- (iv) On July 31, 2020, the Company closed a non-brokered private placement of 16,372,826 units in the capital of the Company at a price of \$0.20 per unit for aggregate gross proceeds of \$3,274,565.

Each unit consists of one common share and one-half of one common share purchase warrant, with each whole warrant entitling the holder thereof to purchase one common share at a price of \$0.40 per Common Share for a period of 12 months.

In connection with the private placement, the Company issued 690,500 finder warrants, at the same terms as the private placements, with a fair value of \$188,942, calculated using the Black-Scholes option pricing model assuming an expected life of 12 months, a risk-free interest rate of 0.22%, an expected dividend rate of 0%, a price on grant date of \$0.45 and an expected annual volatility of 162%.

In connection with the private placement on July 23, 2020 and July 31, 2020, the Company paid a total cash finder's fee of \$259,466.

- (v) On August 7, 2020, the Company issued 2,500,000 common shares with a fair value of \$1,250,000 related to the Gold Basin Property described in Note 6.
- (vi) On August 31, 2020, the Company issued 7,500,001 common shares with a fair value of \$3,375,000 related to the Gold Basin Property described in Note 6.
- (vii) On September 23, 2020, the Company issued 15,000,000 common shares with a fair value of \$6,000,000 related to the Gold Basin Property described in Note 6.
- (viii) The Company issued an aggregate of 770,700 common shares pursuant to the exercise of warrants for a total gross proceeds of \$39,570.

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7. SHARE CAPITAL (continued)

d) Warrants

A continuity of the warrants outstanding as at December 31, 2021 and 2020 is as follows:

	Number of warrants	Weighted average exercise price
Balance, December 31, 2019	7,342,600	\$0.05
Issued	12,932,663	\$0.19
Exercised	(770,700)	\$0.01
Balance, December 31, 2020	19,504,563	\$0.28
Issued	7,711,342	\$0.45
Exercised	(4,931,900)	\$0.05
Expired	(14,572,663)	\$0.36
<b>Balance, December 31, 2021</b>	<b>7,711,342</b>	<b>\$0.45</b>

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

Number of warrants	Exercise price	Weighted average years outstanding	Expiry date
7,711,342	\$0.45	0.63	August 19, 2022 – October 19, 2022

At the date of this report, there were 7,708,100 warrants (Exercise price - \$0.45) and 3,242 warrants (Exercise price - \$0.45) expiring on August 19, 2022 and October 19, 2022 respectively.

e) Stock options

The Company has a Stock Option Plan ('Plan') for directors, officers, employees and consultants of the Company. The Company may grant options to individuals, options are exercisable over periods of up to ten years, as determined by the Board of Directors of the Company, to buy shares of the Company at the fair market value on the date the option is granted. The maximum number of shares which may be issuable under the Plan cannot exceed 10% of the total number of issued and outstanding shares on a non-diluted basis.

A continuity of the stock options outstanding as at December 31, 2021 is as follows:

	Number of Stock options	Weighted average exercise
Balance, December 31, 2019	800,000	\$0.10
Granted	6,100,000	\$0.36
Exercised	(200,000)	\$0.10
Balance, December 31, 2020	6,700,000	\$0.46
Granted	2,300,000	\$0.38
Cancelled	(500,000)	\$0.40
<b>Balance, December 31, 2021</b>	<b>8,500,000</b>	<b>\$0.35</b>

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7. SHARE CAPITAL (continued)

The fair value of the stock options granted in the year ended December 31, 2021 - \$455,542, (2020 - \$1,816,435) which was calculated using the Black-Scholes pricing model. The weighted average inputs used in the Black-Scholes calculation for the options are as follows:

	2021	2020
Share price	\$0.37	\$0.36
Risk-free interest rate	0.23%	0.30%
Expected life	2 years	3 years
Dividend rate	-%	-%
Annualized volatility	104%	156%

As at December 31, 2021 the Company had the following outstanding stock options:

Number of options	Exercise price	Remaining contractual life in	Expiry date
600,000	\$0.10	2.06	January 22, 2024
1,300,000	\$0.22	1.52	July 10, 2023
4,300,000	\$0.40	1.85	November 6, 2023
600,000	\$0.35	2.19	March 9, 2024
300,000	\$0.38	0.47	June 22, 2022
1,400,000	\$0.40	1.69	September 10, 2023
<b>8,500,000</b>			

8. MANAGEMENT OF CAPITAL

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to pursue the sourcing and exploration of its resource property. The Company does not have any externally imposed capital requirements to which it is subject.

The Company considers the aggregate of its share capital, contributed surplus and deficit as capital. The Company manages the capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust the capital structure, the Company may attempt to issue new shares or dispose of assets or adjust the amount of cash.

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9. EQUIPMENT

	Computer Equipment	Office Equipment	Total
<b>Cost</b>	\$	\$	\$
Balance, December 31, 2019	-	-	-
Additions	2,408	5,364	7,772
Balance, December 31, 2020	2,408	5,364	7,772
Exchange rate movements	-	(321)	(321)
Balance, December 31, 2021	2,408	5,043	7,451
<b>Accumulated Depreciation</b>			
Balance, December 31, 2019 and 2020	-	-	-
Additions	803	1,093	1,896
Exchange rate movements	-	(20)	(20)
Balance, December 31, 2021	803	1,073	1,876
<b>Net book value</b>			
Balance, December 31, 2020	2,408	5,364	7,772
Balance, December 31, 2021	1,605	3,970	5,575

10. RELATED PARTY BALANCES AND TRANSACTIONS

Parties are considered to be related if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions. Related parties may be individuals or corporate entities and include officers and directors. A transaction is considered to be a related party transaction when there is a transfer of resources or obligations between related parties.

The Company had incurred the following key management personnel cost from related parties:

	Year ended December 31, 2021	Year ended December 31, 2020
	\$	\$
Chief Financial Officer fees	94,200	32,000
Management fees	413,421	204,515
Share-based payments	389,828	1,454,435

During the year ended December 31, 2020, the Company paid management fees of \$42,000 and rent of \$9,000 to the former Chief Executive Officer and President of the Company. For the year ended December 31, 2021, the former Chief Executive Officer and President of the Company was no longer considered to be a related party.

During the year ended December 31, 2020, the Company paid the former Chief Financial Officer total fees of \$32,000 and professional accounting fees of \$19,828. For the year ended December 31, 2021, the former Chief Financial Officer was no longer considered to be a related party.

During the year ended December 31, 2020, the Company incurred \$332,724 in legal fees from a firm controlled by the family member of a former director and officer identified as key management personnel.

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10. RELATED PARTY BALANCES AND TRANSACTIONS (continued)

For the year ended December 31, 2021, the firm controlled by the family member of a former director and officer was no longer considered to be a related party.

During the year ended December 31, 2021, the Company paid the Chief Financial Officer total fees of \$94,200 (2020 - \$32,000).

During the year ended December 31, 2021, the Company paid the directors of the Company total fees of \$413,421 (2020 - \$204,515) for management services. At December 31, 2021, there was \$22,438 (2020 - \$nil) in accounts payable owing to certain directors of the Company.

11. LEASE LIABILITY

Right-of-use Asset

The following is the continuity of the cost and accumulated amortization of right-of-use asset, for the year ended December 31, 2021 and 2020:

	2021 \$	2020 \$
Opening balance	25,470	27,785
Effect of foreign exchange	(1,324)	-
Amortization expense for the year	(11,086)	(2,315)
<b>Balance</b>	<b>13,060</b>	<b>25,470</b>

Lease liability

The following is the continuity of lease liability, for the year ended December 31, 2021:

	2021 \$	2020 \$
Opening balance	20,717	27,785
Effect of foreign exchange	(1,108)	-
Lease payments	(9,797)	(7,671)
Interest expense on lease liability	2,622	603
<b>Balance</b>	<b>12,434</b>	<b>20,717</b>
<b>Current portion</b>	<b>12,434</b>	<b>7,490</b>
<b>Long-term portion</b>	<b>-</b>	<b>13,227</b>

As at December 31, 2021, the minimum lease payments for the lease liabilities are as follows:

Year ending:	2021 \$	2020 \$
2021	-	10,228
2022	13,220	14,064
	13,220	24,292
Less: Interest expense on lease liabilities	(786)	(3,575)
<b>Total present value of minimum lease payments</b>	<b>12,434</b>	<b>20,717</b>

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11. LEASE LIABILITY (continued)

In November 2020, Gold Basin Resources (Australia) Pty Ltd entered into a two-year lease agreement for leased premises in Orange, New South Wales, commencing November 9, 2020 and ending on November 9, 2022. The minimum base rent is AU\$1,430 per month for the entire lease period from November 9, 2020 to November 9, 2022.

12. FINANCIAL INSTRUMENTS AND FINANCIAL RISK

International Financial Reporting Standards 7, *Financial Instruments: Disclosures*, establishes a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

Level 1 - quoted prices (unadjusted) in active markets for identical assets or liabilities;

Level 2 - inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and

Level 3 - inputs for the asset or liability that are not based on observable market data (unobservable inputs).

Fair Value of Financial Instruments

The Company's financial assets include cash and are classified as Level 1. The carrying value of these instruments approximates their fair values due to the relatively short periods of maturity of these instruments.

Fair Value of Financial Instruments

Assets measured at fair value on a recurring basis were presented on the Company's consolidated statements of financial position are as follows:

	Fair Value Measurements Using			Total
	Quoted Prices in Active Markets For Identical Instruments (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	
	\$	\$	\$	\$
<b>December 31, 2021</b>				
Cash	4,041,732	-	-	4,041,732
<b>December 31, 2020</b>				
Cash	2,208,496	-	-	2,208,496

Fair value

The fair value of the Company's financial instruments approximates their carrying value as at December 31, 2021 because of the demand nature or short - term maturity of these instruments.

Financial risk management objectives and policies

The Company's financial instruments include cash and accounts payable. The risks associated with these financial instruments and the policies on how to mitigate these risks are set out below. Management manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner.

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12. FINANCIAL INSTRUMENTS AND FINANCIAL RISK (Continued)

(i) *Currency risk*

The Company is exposed to foreign currency risk on fluctuations related to cash, amounts receivable, leases, and accounts payable that are denominated in AU and USD dollars. A 10% fluctuation in the AU dollar against the Canadian dollar would impact the Company's earnings by approximately \$55,599 (2020 – \$14,664). A 10% fluctuation in the USD dollar against the Canadian dollar would impact the Company's earnings by approximately \$40,549 (2020 – \$nil). The Company has not entered into any foreign currency contracts to mitigate this risk.

(ii) *Interest rate risk*

The Company is exposed to interest rate risk on the variable rate of interest earned on bank deposits. The fair value interest rate risk on bank deposits is insignificant as the deposits are short - term. The Company has not entered into any derivative instruments to manage interest rate fluctuations.

(iii) *Credit risk*

Credit risk is the risk of loss associated with the counterparty's inability to fulfill its payment obligations. Financial instruments that potentially subject the Company to concentrations of credit risks consist principally of cash. To minimize the credit risk, the Company places these instruments with a high quality financial institution.

(iv) *Liquidity risk*

In the management of liquidity risk of the Company, the Company maintains a balance between continuity of funding and the flexibility through the use of borrowings. Management closely monitors the liquidity position and expects to have adequate sources of funding to finance the Company's projects and operations.

13. INCOME TAXES

The Company has losses carried forward approximately \$3,259,458 available to reduce income taxes in future years which expire in 2041.

The Company has not recognized any deferred income tax assets. The Company recognizes deferred income tax assets based on the extent to which it is probable that sufficient taxable income will be realized during the carry forward periods to utilize all deferred tax assets.

The following table reconciles the amount of income tax recoverable on application of the statutory Canadian federal and provincial income tax rates:

	2021	2020
Effective tax rate	27%	27%
	\$	\$
Income tax recovery at statutory rate	(517,540)	(849,569)
Effect of income taxes of:		
Permanent differences and other	23,548	294,175
Change in deferred tax assets not recognized	493,992	555,394
Deferred income tax recovery	-	-

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13. INCOME TAXES (Continued)

The temporary differences that give rise to significant portions of the deferred tax assets not recognized are presented below:

	2021	2020
	\$	\$
Non-capital loss carry forwards	880,054	459,217
Equipment	545	-
Share issuance costs	161,285	135,929
Exploration and evaluation assets	47,112	47,112
Lease liability	(191)	(1,903)
Deferred tax assets not recognized	(1,088,805)	(640,355)
	-	-

14. SUBSEQUENT EVENTS

Subsequent to year end, on February 17, 2022, the Company issued 200,000 common shares pursuant to the exercise of stock options at an exercise price of \$0.10 per share for gross proceeds of \$20,000.