Condensed Consolidated Interim Financial Statements of

SILVER SPRUCE RESOURCES INC.

For the three months ended January 31, 2022 and 2021

(Unaudited)

Notice of No Auditor Review of Interim Financial Statements

The accompanying unaudited condensed interim financial statements of Silver Spruce Resources Inc. (the "Company") for the three months ended January 31, 2022 have been prepared by management, reviewed by the Audit Committee and approved by the Board of Directors of the Company.

In accordance with National Instrument 51-102, Continuous Disclosure Obligations of the Canadian Securities Administrators, the Company herewith discloses that the accompanying unaudited condensed interim financial statements have not been reviewed by an auditor.

"Mike Kinley"

Chief Executive Officer

Bedford, Nova Scotia
March 28, 2022

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SILVER SPRUCE RESOURCES INC.
Condensed Consolidated Interim Statements of Financial Position
(Expressed in Canadian Dollars - Unaudited)

	As at January 31, 2022	As at October 31, 2021
	$	$
Assets		
Current		
Cash	**770,846**	1,178,421
HST and other receivables (note 6)	**131,142**	202,226
Prepaid expenses	**32,895**	51,751
Total current assets	**934,883**	1,432,398
Non-current		
Right-of-use asset (Note 8)	**35,489**	40,328
Total assets	**970,372**	1,472,726
Liabilities		
Current		
Trade payable and accrued liabilities (Note 12)	**175,017**	239,628
Property acquisition obligation (Note 7(a))	**31,798**	30,960
Current portion of lease liability (Note 8)	**19,503**	19,261
Total current liabilities	**226,318**	289,849
Non-current		
Lease Liability (Note 8)	**17,013**	21,980
Total liabilities	**243,331**	311,829
Shareholders' Equity		
Share capital (Note 9)	**33,370,859**	33,270,859
Warrant reserve (Note 10)	**1,729,049**	1,825,816
Equity reserve	**9,116,629**	9,001,260
Accumulated deficit	**(43,489,496)**	(42,937,038)
Total shareholders' equity	**727,041**	1,160,897
Total liabilities and shareholders' equity	**970,372**	1,472,726

Basis of preparation and going concern (Note 2)
Commitments and contingencies (Notes 7 and 14)

APPROVED BY THE BOARD OF DIRECTORS

Original signed by Kevin O'Connor, Director

Original signed by Michael Kinley, CEO, Director

See accompanying notes to the condensed consolidated interim financial statements

SILVER SPRUCE RESOURCES INC.
Condensed Consolidated Interim Statements of Operations and Comprehensive Loss
(Expressed in Canadian Dollars - Unaudited)

	For the three months ended January 31, 2022	For the three months ended January 31, 2021
	$	$
Expenses		
Exploration and evaluation expenditures (Note 7 and 12)	**394,688**	239,299
Stock based compensation (Note 11)	**18,602**	35,028
Office and general	**8,253**	18,717
Accounting and audit	**14,222**	15,014
Legal	**4,180**	1,954
Consulting fees (Note 12)	**56,457**	71,288
Corporate relations	**39,541**	39,388
Interest on lease liability (Note 8)	**496**	478
Listing and filing fees	**8,790**	13,656
Depreciation - Right-of-use asset (Note 8)	**4,839**	3,226
Total expenses	**550,068**	438,048
Other items		
Bad Debt	**1,579**	-
Foreign exchange loss (gain)	**811**	(1,032)
Total other items	**2,390**	(1,032)
Net loss and comprehensive loss for the periods	**(552,458)**	(437,016)
Net loss per share - basic and diluted	**(0.00)**	(0.00)
Weighted average number of shares outstanding - basic and diluted	**188,793,413**	139,160,683

See accompanying notes to the condensed consolidated interim financial statements

SILVER SPRUCE RESOURCES INC.
Condensed Consolidated Interim Statements of Change in Shareholders' Equity
(Expressed in Canadian Dollars - Unaudited)

	Number of shares	Share capital $	Warrant reserve $	Equity reserve $	Accumulated deficit $	Total equity $
Balance October 31, 2020	**144,535,833**	**31,781,728**	**1,283,497**	**8,794,942**	**(40,550,181)**	**1,309,986**
Net loss for the period	-	-	-	-	(437,016)	(437,016)
Private placement common shares issued (Note 9)	12,203,334	732,200	-	-	-	732,200
Share issuance costs (Note 9)	-	(35,196)	(13,118)	-	-	(48,314)
Value of warrants issued under private placement (Note 10)	-	(198,809)	198,809	-	-	-
Shares issued for property acquisition (Note 7(b) and (d))	1,500,000	85,000	-	-	-	85,000
Stock based compentation (Note 11)	-	-	-	35,028	-	35,028
Warrants expired (Note 10)	-	-	(5,753)	5,753	-	
Balance January 31, 2021	**158,239,167**	**32,364,923**	**1,463,435**	**8,835,723**	**(40,987,197)**	**1,676,884**
Net loss for the period	-	-	-	-	(1,949,841)	(1,949,841)
Private placement common shares issued (Note 9)	25,666,000	1,298,800	-	-	-	1,298,800
Share issuance costs (Note 9 and 10)	-	(69,587)	(51,803)	-	-	(121,390)
Value of warrants issued under private placement (Note 10)	-	(550,470)	550,470	-	-	-
Shares issued for property acquisition (Notes 7(b) and (d)	1,000,000	40,000	-	-	-	40,000
Shares issued as finders fees (Note 7(f))	70,000	2,800	-	-	-	2,800
Stock based compentation (Note 11)	-	-	-	106,393		106,393
Warrants exercised (Note 9 & 10)	2,011,000	171,060	(21,828)	(48,651)	-	100,581
Stock options exercised (Note 11)	133,333	13,333	-	(6,663)	-	6,670
Warrants expired (Note 10)	-	-	(114,458)	114,458	-	-
Balance October 31, 2021	**187,119,500**	**33,270,859**	**1,825,816**	**9,001,260**	**(42,937,038)**	**1,160,897**
Net loss for the period	-	-	-	-	(552,458)	(552,458)
Shares issued for property acquisition (Note 7(b) and (d))	2,000,000	100,000	-	-	-	100,000
Stock based compentation (Note 11)	-	-	-	18,602	-	18,602
Warrants expired (Note 10)	-	-	(96,767)	96,767	-	-
Balance January 31, 2022	**189,119,500**	**33,370,859**	**1,729,049**	**9,116,629**	**(43,489,496)**	**727,041**

See accompanying notes to the condensed consolidated interim financial statements

SILVER SPRUCE RESOURCES INC.
Condensed Consolidated Interim Statements of Cash Flows
(Expressed in Canadian Dollars - Unaudited)

	For the three months ended January 31, 2022	For the three months ended January 31, 2021
	$	$
Operating activities		
Net loss for the periods	**(552,458)**	(437,016)
Items not involving cash:		
Loss on foreign exchange	**838**	(1,345)
Depreciation - Right-of-use asset (Note 8)	**4,839**	3,226
Interest on lease liability (Note 8)	**496**	478
Shares issued for settlement of property purchase obligation (Note 7(b) and (d))	**100,000**	85,000
Stock based compensation (Note 11)	**18,602**	35,028
Changes in non-cash working capital		
Decrease in prepaid expenses	**18,856**	6,383
Decrease (increase) in HST and other receivables	**71,084**	(28,270)
(Decrease) increase in trade payables and accrued liabilities	**(64,611)**	77,859
Net cash flows used in operating activities	**(402,354)**	**(258,657)**
Financing activities		
Proceeds from issuance of shares (Note 9)	**-**	732,200
Share issue costs	**-**	(48,314)
Repayment of lease liability (Note 8)	**(5,221)**	(3,481)
Net cash flows (used in) from financing activities	**(5,221)**	680,405
(Decrease) increase in cash	**(407,575)**	421,748
Cash, beginning of periods	**1,178,421**	1,273,190
Cash, end of periods	**770,846**	1,694,938

Supplemental cash flow information (Note 13)

See accompanying notes to the consolidated consolidated interim financial statements

1. DESCRIPTION OF BUSINESS

Silver Spruce Resources Inc. (the "Company") is a public company domiciled in Canada and was incorporated in Alberta on May 8, 1996 under the name First Labrador Acquisitions Inc. The Company changed its name to Silver Spruce Resources Inc. on October 22, 2004. The Company's operations consist of the exploration for precious and base minerals. The registered office of the Company is Suite 440, 1600 Bedford Highway, Bedford, Nova Scotia, B4A 1E8. The Company's common shares are listed for trading on the TSX Venture Exchange under the symbol "SSE", the OTCQB under the symbol "SSEBF and the Frankfurt Stock Exchange under the symbol "S6Q".

2. BASIS OF PREPARATION AND GOING CONCERN

Statement of compliance

The condensed consolidated interim financial statements of the Company are unaudited and have been prepared in accordance with IAS 34, Interim Financial Reporting using accounting policies consistent with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and the interpretations of the IFRS Interpretations Committee. In preparing the interim financial statements, the same accounting principles and methods of computation have been applied as in the annual financial statements for the year ended October 31, 2021. In the opinion of management, all adjustments necessary for a fair presentation of the financial position, results of operations and cash flows for the interim periods have been made. The condensed interim consolidated financial statements of the Corporation were approved by the Board of Directors on March 28, 2022.

These condensed consolidated interim statements should be read in conjunction with the Company's consolidated annual financial statements for the year ended October 31, 2021.

Basis of presentation

The condensed consolidated interim financial statements of the Company have been prepared in accordance with IFRS on a going concern basis which contemplates the realization of assets and the settlement of liabilities and commitments in the normal course of business. The Company is an exploration stage company and does not have any proven economically recoverable reserves on the Company's interest in mineral properties held for exploration and to date, the Company has not earned revenues from mining activities and does not have a firm timeline until such revenues can be reasonably expected to be realized. The Company's interests in exploration properties are subject to increases in taxes and royalties, renegotiation of contracts, currency exchange fluctuations and restrictions, and political uncertainty.

The Company's continued existence is dependent upon the discovery of economically recoverable reserves, the ability of the Company to raise additional financing, or future profitable production. It is not possible to predict whether financing efforts will be successful.

Although the Company has taken steps to verify title to mineral exploration properties in which it has an interest, in accordance with industry standards for the current stage of exploration of such properties, these procedures do not guarantee the Company's title. Property title may be subject to

2. BASIS OF PREPARATION AND GOING CONCERN (continued)

Basis of presentation (continued)

unregistered prior agreements or transfers, First Nations claims, non-compliance with regulatory, social and environmental requirements and may be affected by undetected defects.

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 development, has adversely affected workforces, economies, and financial markets globally, potentially leading to an economic downturn. So far, the pandemic's effect on the Company has been minimal. The Company has raised over $3,800,000 with three private placements since the onset of COVID-19 and increased our exploration activities. However, the economic downturn could have a negative effect on the Company's ability to raise funds in the future, which could adversely affect future exploration.

While the condensed consolidated interim financial statements have been prepared on the basis of accounting principles applicable to a going concern, several adverse conditions, however, cast significant doubt on the validity of this assumption. The Company has incurred a net loss of $552,458 during the quarter ended January 31, 2022, has an accumulated deficit of $43,489,496 and has no source of revenue. The Company was successful in raising funds during the previous year, which resulted in a working capital surplus of $708,565 as at January 31, 2022. Although the Company has been successful in raising funds in the past, there is no assurance that it will be able to successfully complete further financings. These conditions indicate the existence of material uncertainty which may cast significant doubt on the Company's ability to continue as a going concern.

These condensed consolidated interim financial statements do not give effect to adjustments that would be necessary should the Company be unable to continue as a going concern and be required to realize its assets and liquidate its liabilities and commitments in other than the normal course of business and at amounts different from those in the accompanying consolidated financial statements. Such adjustments could be material.

3. SIGNIFICANT ACCOUNTING POLICIES

These condensed consolidated interim financial statements are prepared in accordance with IFRS and follow the same accounting policies and methods of their application as the most recent audited financial statements for the year ended October 31, 2021. These financial statements should be read in conjunction with those consolidated financial statements.

4. CAPITAL MANAGEMENT

The capital structure of the Company currently consists of share capital, warrant reserve and equity reserve. As at January 31, 2022, managed capital was $727,041 (October 31, 2021 - $1,160,897). The Company's objective when managing capital is to maintain adequate levels of funding to support the acquisition, exploration and development of mineral properties. The Company manages its capital structure in a manner that provides sufficient funding for operational activities.

The properties in which the Company currently has an interest are in the exploration and evaluation stage; as such the Company is dependent on external financing to fund its activities. In order to carry out the planned exploration and pay for administrative costs, the Company will spend its existing working capital and raise additional amounts as needed. Funds are primarily secured through equity capital raised by way of private placements. There can be no assurances that the Company will be able to continue raising equity capital in this manner.

The Company invests all capital that is surplus to its immediate operational needs in short-term, liquid and highly rated financial instruments, such as cash, held with major Canadian financial institutions. The Company reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Company, is reasonable.

There were no changes in the Company's approach to capital management during the period.

5. FINANCIAL RISK FACTORS

A summary of the Company's risk exposures as it relates to financial instruments are reflected below:

a) Credit risk

The Company's credit risk is primarily attributable to cash and other receivables. The Company's cash is held with highly rated financial institutions.

The Company has concluded that credit risk with regards to other receivables, except Mexican VAT receivable on which the Company has recorded an allowance, is minimal.

b) Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company manages liquidity risk through the management of its capital structure as described in Note 4. The Company has no income from operations or a regular source of cash flow and relies on equity funding to support its exploration and corporate activities. Should the need for equity funding arise, there is a risk that the Company may not be successful in selling new common shares at acceptable prices.

As at January 31, 2022, the Company had a cash balance of $770,846 (October 31, 2021 - $1,178,421) to settle current liabilities of $226,318 (October 31, 2021 - $289,849). Of the Company's current financial liabilities, $175,017 (October 31, 2021 - $239,628) have contractual maturities of less than 30 days and are subject to normal trade terms.

5. FINANCIAL RISK FACTORS (continued)

c) Market risk

Interest rate risk

The Company has no loan payable, therefore, the Company is not subject to interest rate risk. The Company invests any cash surplus to its operational needs in investment-grade short- term deposit certificates issued by highly rated Canadian banks. The Company periodically assesses the quality of its investments and is satisfied with the credit rating of the bank.

Foreign currency risk

The Company's functional currency is the Canadian dollar and major purchases are transacted in Canadian dollars. However, the Company has operations outside of Canada, and therefore could be at risk for currency translations. The Company's property acquisition obligation (Note 7) is denominated in United States Dollars ("US$") and is subject to fluctuations in that currency's value relative to the Canadian dollar. The value of the obligation at January 31, 2022 is $31,798 (US$25,000), therefore a 10% rise or fall in the Canadian dollar against the US dollar would have resulted in a decrease (increase) of $3,180 in the net loss.

There were no significant changes to credit risk, liquidity risk and market risk during the periods ended January 31, 2022 and 2021.

d) Fair value

The carrying amounts for cash, HST and other receivables, trade payable and accrued liabilities, and property acquisition obligation on the condensed consolidated interim statements of financial position approximate fair value due to their short-term maturity.

6. HST AND OTHER RECEIVABLES

HST and other receivables comprise of:

	January 31, 2022	October 31, 2021
	$	$
Other receivables	**89,696**	89,696
HST Receivable	**41,446**	112,530
Mexican VAT receivable	**68,698**	67,119
	199,840	269,345
Less: Allowance for Mexican VAT receivable	**(68,698)**	(67,119)
	131,142	202,226

The Mexican Government does not reimburse the VAT paid on expenses incurred. This tax receivable will be applied against future VAT payable if the Company earns revenue from mining activities in Mexico. The Company has therefore recorded an allowance against this VAT receivable, which will be reversed in the future if the Company earns taxable revenue in Mexico.

7. MINERAL EXPLORATION PROPERTIES

a) Pino de Plata, Mexico

On February 29, 2016, the Company signed an amended agreement that supersedes the original purchase agreement and enables the Company to purchase a 100% interest in the Pino de Plata property. The revised financial terms are as follows:

- Total cash payments reduced from US$1,000,000 to US$500,000 over two years (US$125,000 ($168,459) paid);

- One share issuance of 2,500,000 common shares, issued on June 15, 2016 and valued at $0.07 per common share based on the quoted market value of the common shares on that date. One payment of $250,000 to be paid in common shares in lieu of cash, at a share price equal to the 20-day average closing price of the Company's shares on the TSXV, subject to exchange approvals;

- A three percent (3%) gross production royalty capped at US$4,000,000, which can be purchased for US$1,333,333 per percentage point at any time and are reduced by the total amount of advanced royalty payments; and

- The Company is subject to advanced Royalty payments of US$10,000 per month to commence 30 days after the acquisition is finalized, registered and documented with the proper authorities

As a result of a delay in being able to access the property, an addendum to the purchase agreement was made in November 2016 to suspend the terms of the agreement until access is gained to the property. Access was granted again in June 2018 but has been revoked in June 2019 and according to the terms of the Agreement remains under force majeure. The ongoing interest in the property is subject to satisfactory resolution of the access restriction. In June 2020, the Company engaged a Mexican legal counsel to engage in discussions with landowner representatives.

On November 7, 2019, the Option Agreement with the concession title owner was fully processed by the Registro Publico de Mineria (Public Mining Registry).

The Company's minimum commitment as at January 31, 2022 has been recorded as property acquisition obligation on the statement of financial position in the amount of $31,798 (US$25,000) (October 31, 2021 - $30,960 (US$25,000)). The Company has no required minimum work expenditures in the contract during the period and is up to date with the cash and share amounts payable to the vendors with the remaining deferred payments subject to the terms of the force majeure clause in the agreement. The Company remains current on payment of the requisite property taxes on Pino de Plata.

7. MINERAL EXPLORATION PROPERTIES (continued)

b) Melchett Lake, Ontario

In September 2019, the Company signed a binding letter of intent with three parties to acquire 100% of the Melchett Lake zinc-gold-silver volcanogenic massive sulphide (VMS) project, an advanced precious and base metal project in the Thunder Bay mining district, Northern Ontario, Canada.

After completing due diligence, the Company entered into a purchase agreement on November 20, 2019 to acquire 100% of the property. As consideration, the Company will pay the vendors $150,000 in cash and 5,000,000 common shares of the Company, spread over three years. As of January 31, 2022, the Company has paid $100,000 to the vendors and has issued 500,000 common shares valued at $0.04 per shares, 1,000,000 common shares valued at $0.06 per shares and 1,500,000 common shares valued at $0.05 per share to the vendors.

Given the logistical constraints due to the COVID-19 pandemic, the purchase agreement was amended on November 20, 2020, to modify the exploration expenditures for the first two years of the agreement as follows: Minimum work expenditures total $1,000,000, with $50,000 during the first year, $250,000 in the second year and $700,000 prior to the third anniversary. The vendors will retain a 2% net smelter return royalty, of which 1% can be purchased by the Company for $1,000,000 and the remaining 1% at market price.

The Company has met the minimum work expenditures outlined in the contract during the current period and is up to date with the amounts payable to the vendors.

The Phase 1 winter exploration program was initiated during the second quarter of fiscal 2021, though the surface exploration was delayed to accommodate the negotiation of two First Nations agreements (as noted below), forest fires, COVID-19 issues and further discussions with three additional First Nations.

The Company entered into two exploration agreements, in March 2021 and September 2021, by which Aroland First Nation and Ginoogaming First Nation respectively, in exercising their inherent jurisdictions, have issued their permits and approvals to Silver Spruce to undertake mineral exploration in part of their territory known as Melchett Lake. The Company signed a contract on January 25, 2022, with Western Heritage to prepare an independent cultural and archeological study on Aroland and Ginoogaming territories.

The 3-year operating permits for ground exploration were received from the Ontario Ministry of Energy, Northern Development and Mines (ENDM) on January 14, 2022. The winter program started in 2021 has been rescheduled after ice breakup to Q2 2022 and Q3 2022 to coordinate with contractor availability.

7. MINERAL EXPLORATION PROPERTIES (continued)

c) El Mezquite, Mexico

On June 9, 2020, the Company signed a binding Option Agreement with Colibri Resource Corp. to acquire 50% interest in its wholly owned Mexican subsidiary Yaque Minerals S.A. de C.V. which holds the El Mesquite Gold project.

As consideration, the Company has paid US$82,500 before September 1, 2020, US$27,500 before September 30, 2021 and will defer payment of US$100,000 by July 1, 2022 as per an amendment to the Agreement with the Vendor and will also reimburse Colibri Resources Corp, $500,000 for 50% of its debenture due in October 2023.

Minimum work expenditure total US$600,000 over the four-year term of the agreement by September 1, 2024, with no specific annual requirement. During the period of the option, the Company will be responsible for 100% payment of the surface rights agreements when exploration is active, 50% of the property taxes and 50% of the interest due at 2.5% annually on the debenture.

The Company has carried out Phase 1 exploration mapping and analysis in three separate campaigns during 2020 and 2021. The Company also contracted a LiDAR survey on the El Mezquite property which was completed in May 2021. A maiden 2,485 meter drill program was completed from June 2, 2021 to August 5, 2021. GIS compilation of the data was updated and an environmental report for additional drill permitting was contracted in December 2021. The permits are expected in March 2022.

d) Jackie, Mexico

On November 17, 2020, the Company signed a Definitive Agreement with Colibri Resource Corp. to acquire 50% interest in the Jackie Gold Project in Sonora, Mexico.

As consideration, on December 14, 2020, the Company issued 500,000 common shares at a price of $0.05 per share to Colibri and on January 5, 2021, paid US$25,000. The Company issued another 500,000 common shares at a price of $0.05 per share on November 24, 2021 and paid another US$25,000 on November 21, 2021.

There is a minimum work expenditure total of US$100,000 over two years, with a minimum of US$50,000 within 12 months of the TSX approval. During the period of the Option, the Company will be responsible for 100% payment of the surface rights agreements when exploration is active and 50% of the property taxes.

The Company has met the work expenditure target during the last quarter and a joint venture agreement is in preparation for future exploration activities.

An environmental report for trenching and drill permitting was contracted in December 2021. The permits are expected in March 2022.

7. MINERAL EXPLORATION PROPERTIES (continued)

e) Diamante, Mexico

The Company completed its due diligence site visit to the Diamante 1 and 2 properties during March and April 2021 after signing the Letter of Intent with Colibri Resource Corp.

On April 27, 2021, the Company signed a Definitive Agreement with Colibri Resource Corp. and its wholly owned Mexican subsidiary to acquire 50% interest in the Diamante 1 and Diamante 2 Au-Ag concessions in Sonora Mexico.

As consideration, to earn its initial 25% interest in the Property, on May 8, the Company paid an initial cash amount of US$75,000, directed to the Vendor's US$100,000 initial property payment whereupon Silver Spruce and Yaque each will hold a 25% interest in the Property and manage the Property as equal partners ("Partners").

Silver Spruce will be the designated operator of the Property during the earn-in period with the Vendor. The Partners will direct the exploration program via a Project Oversight Committee.

To earn its initial 50% of the Diamante project, Silver Spruce and Yaque also agree to design, permit and drill a minimum of 2,000 metres on the Property within 24 months from the Execution Date of Yaque's final agreement with the Vendor; including any requisite exploration leading to the drill program, submit a final drilling report to meet NI 43-101 reporting guidelines and pay approved exploration costs at a ratio of Silver Spruce (75%) and Yaque (25%).

The Partners will pay to the Vendor 50% of the bi-annual property taxes and surface rights payments.

Upon completion of the initial earn-in, Silver Spruce and Yaque will become equal joint venture partners with the Vendor in BIMCOL, a private Mexico company holding the concessions, pay to the Vendor 50% of the bi-annual property taxes and surface rights payments and pay approved prorata exploration costs at a ratio of Silver Spruce (50%) and Yaque (50%).

Geological field activities were engaged during the first quarter. GIS compilation of the data was updated and remains ongoing through the next quarter. An environmental report for drill permitting was contracted in December 2021. The permits are expected in March 2022.

f) Mystery, Marilyn and Till Properties, Newfoundland and Labrador

In August 2021, the Company signed a binding letter of intent with two parties to acquire 100% of the three early-stage gold exploration properties, Mystery, Till and Marilyn located near Grand Falls, Newfoundland, Canada.

After completing due diligence, the Company entered into an option and purchase agreement on September 7, 2021 to acquire 100% of the properties. As consideration, the Company will pay the vendors $615,000 in cash and 10,000,000 common shares of the Company, spread over five years. The Company also has to pay a finders fee of 7% of the total amount of cash paid, and issue

(Expressed in Canadian dollars - Unaudited)

7. MINERAL EXPLORATION PROPERTIES (continued)

f) Mystery, Marilyn and Till Properties, Newfoundland and Labrador (continued)

7% of the common shares issued to the vendors in parallel with the payment schedule for the vendors.

Minimum work expenditure total $1,500,000 over the five-year term of the agreement by September 7, 2026, with $150,000 during the first year, $200,000 during the second year, $250,000 during the third year, $300,000 during the fourth year and $600,000 during the fifth year. The vendors will retain a 2% net smelter return royalty, of which 1% can be purchased by the Company for $2,000,000 and the remaining 1% at market price.

The Company has paid the vendors $40,000 cash and issued 1,000,000 common shares valued at $0.04 that were due upon the TSX's approval of the agreement. The Company also issued 70,000 common shares valued $0.04 per shares and paid $2,800 as finders fees.

Geological field activities were engaged during the first quarter. An airborne survey was completed in November 2021 through January 2022 and the report is expected in the next quarter. Ground sampling was underway during November and December 2021 and the work will be restarted and completed in the next quarter. Results are pending. GIS compilation of the data remains ongoing through the next quarter.

8. LEASE

The right-of-use asset and lease liability recognized by the Company relates to a three-year lease for office space.

Right-of-use asset	**January 31, 2022**	October 31, 2021
	$	$
Balance, beginning of periods	**40,328**	-
Additions	**-**	58,073
Depreciation for the periods	**(4,839)**	(17,745)
Balance, end of periods	**35,489**	40,328

Lease Liability		
Balance, beginning of periods	**41,241**	-
Additions	**-**	58,073
Lease payments	**(5,221)**	(19,146)
Interest expense on lease liability	**496**	2,314
Balance, end of periods	**36,516**	41,241
Current	**19,503**	19,261
1 to 2 years	**17,013**	21,980

(Expressed in Canadian dollars - Unaudited)

9. SHARE CAPITAL

The share capital is as follows:

Authorized:
An unlimited number of non-voting preference shares
An unlimited number of common shares, no par value

	January 31, 2022		October 31, 2021	
Issued and outstanding:	**Number of shares**	**Ascribed value**	Number of shares	Ascribed value
		$		$
Balance - Beginning of periods	**187,119,500**	**33,270,859**	144,535,833	0 31,781,728
Issued during the periods				
Shares issued for cash, net of issuance costs (b)	-	-	24,116,000	615,842
Shares issued as flow-through units for cash (a)	-	-	13,753,334	561,096
Shares issued as part of an option and purchase agreement (Note 7(b), (d), and (f))	**2,000,000**	**100,000**	2,500,000	125,000
Shares issued for warrants exercised	-	-	2,011,000	171,060
Shares issued for stock options exercised	-	-	133,333	13,333
Shares issued as part of a finders fees on option purchase agreement (Note 7 (f))	-	-	70,000	2,800
Balance - End of periods	**189,119,500**	**33,370,859**	187,119,500	33,270,859

a) On February 5, 2021, the Company closed a non-brokered private placement of flow-through units raising gross proceeds of $825,200. The Offering consisted of the issuance of 13,753,334 units (Unit) of the Company. Each Unit was offered at a price of $0.06 and consisting of one common share in the capital of the Company and one-half share purchase warrant. The private placement closed in two tranches with 12,203,334 units closing December 31, 2020 and 1,550,000 units closing February 5, 2021. Each full warrant entitles the holder to purchase an additional common share of the Company for $0.075 at any time prior to the expiry dates of December 31, 2022 and February 5, 2023, respectively. Officers and directors of the Company subscribed for 500,000 Units for gross proceeds of $30,000. Of the gross proceeds of $825,200, a total of $224,173 was assigned to the warrants and $601,027 was allocated to share capital. The warrants were estimated using the Black Scholes option pricing model (Note 10). As part of the private placement, the Company paid finders' fees of $54,824, of which $39,931 was assigned to share capital and $14,893 was assigned to the warrants (See Notes 10(a) and 10(b)).

(Expressed in Canadian dollars - Unaudited)

9. SHARE CAPITAL (continued)

b) On September 29, 2021, the Company closed a non-brokered private placement to raise gross proceeds of $1,205,800. The offering consisted of the issuance of 24,116,000 units ("Unit") of the Company. Each Unit was offered at a price of $0.05 and consisted of one common share and one share purchase warrant, with each whole warrant exercisable at a price of $0.075 per common share if exercised within 36 months of the closing of the offering. Of the gross proceeds of $1,205,800, a total of $525,106 was assigned to the warrants and $680,894 was allocated to share capital. The warrants were estimated using the Black Scholes option pricing model (Note 10). As part of the private placement, the Company paid finders' fees of $114,800, of which $64,772 was assigned to share capital and $50,028 was assigned to the warrants (See Notes 10(c)).

10. WARRANTS

The following is a summary of warrants activity for the periods ended January 31, 2022 and October 31, 2021:

	January 31, 2022		October 31, 2021	
	Number	**Weighted average exercise price**	Number	Weighted average exercise price
		$		$
Balance, beginning of periods	**91,250,508**	**0.08**	67,792,841	0.08
Granted in connection with private placements	**-**	**-**	30,992,667	0.08
Exercised during the periods	**-**	**-**	(2,011,000)	0.05
Expired during the periods	**(4,890,000)**	**0.08**	(5,524,000)	0.08
Balance, end of periods	**86,360,508**	**0.08**	91,250,508	0.08

a) In connection with tranche 1 of the February 5, 2021 private placement disclosed in Note 9(a), the Company issued 6,101,667 warrants. The grant date fair value of $198,809 assigned to the warrants was estimated using the Black Scholes option pricing model with the following assumptions: expected dividend yield of 0%, expected volatility based on historical volatility of 172%, a risk free interest rate of 0.20%, and an expected life of 2 years. Finders' fee of $13,118 was also assigned to the warrants.

b) In connection with tranche 2 of the February 5, 2021 private placement disclosed in Note 9(a), the Company issued 775,000 warrants. The grant date fair value of $25,364 assigned to the warrants was estimated using the Black Scholes option pricing model with the following assumptions: expected dividend yield of 0%, expected volatility based on historical volatility of 171%, a risk free interest rate of 0.17%, and an expected life of 2 years. Finders' fee of $1,775 was also assigned to the warrants.

(Expressed in Canadian dollars - Unaudited)

10. WARRANTS (continued)

c) In connection with the September 29, 2021 private placement disclosed in Note 9(b), the Company issued 24,116,000 warrants. The grant date fair value of $525,106 assigned to the warrants was estimated using the Black Scholes option pricing model with the following assumptions: expected dividend yield of 0%, expected volatility based on historical volatility of 165%, a risk free interest rate of 0.49%, and an expected life of 3 years. Finders' fee of $50,028 was also assigned to the warrants.

Summary of warrants outstanding as at January 31, 2022:

Warrants	Exercise price	Grant date fair value of warrants	Expiry date
#	$	$	
13,058,841	0.05	141,677	May 27, 2022
5,754,000	0.06	142,029	May 7, 2023
36,555,000	0.10	760,985	August 18, 2023
6,101,667	0.075	185,691	December 31, 2022
775,000	0.075	23,589	February 5. 2023
24,116,000	0.075	475,078	September 29, 2024
86,360,508		1,729,049	

11. SHARE BASED PAYMENTS

The Board of Directors of the Company has adopted a stock option plan for the Company. Pursuant to the plan, the Board of Directors of the Company may allocate common shares to its directors, officers and certain consultants. The aggregate number of stock options to be granted under the plan should not exceed 10% of the issued and outstanding capital of the Company and the aggregate number of shares reserved for issuance to anyone person shall not exceed 5% of the issued and outstanding common shares. The options are non-transferable and non-assignable and may be granted for a term not exceeding five years. The exercise price of the options is fixed by the Board of Directors of the Company at the time of grant, subject to all applicable regulatory requirements. The vesting period for the options is set by the Company at the time the options are granted. The shareholders of the Company are covered by a Shareholder Rights Plan Agreement between the Company and CIBC Mellon Trust Company.

(Expressed in Canadian dollars - Unaudited)

11. SHARE BASED PAYMENTS (continued)

Share based payment activity for the periods ended January 31, 2022 and October 31, 2021 is summarized as follows:

	January 31, 2022		October 31, 2021	
	Number	**Weighted average exercise price**	Number	Weighted average exercise price
		$		$
Balance, beginning of periods	**7,916,667**	**0.05**	7,050,000	0.05
Granted during the periods	**-**	**-**	1,000,000	0.05
Exercised during the periods	**-**	**-**	(133,333)	0.05
Expired during the periods	**(1,500,000)**	**0.05**	-	-
Balance, end of periods	**6,416,667**	**0.05**	7,916,667	0.05

At January 31, 2022, outstanding options to acquire common shares of the Company were as follows:

Exercise price	Number of outstanding options	Weighted average remaining contractual life of outstanding options (years)	Grant date weighted average fair value per option	Number of exercisable options
$			$	
0.05	5,116,667	3.38	0.038	3,366,667
0.05	300,000	3.57	0.063	200,000
0.06	250,000	4.14	0.057	83,333
0.05	750,000	4.17	0.057	250,000
	6,416,667			3,900,000

During the period ended January 31, 2022, stock-based compensation expense of $18,602 (2020- $35,028) was charged to the income statement and credited to the equity reserve in the statement of financial position.

(Expressed in Canadian dollars - Unaudited)

12. RELATED PARTY TRANSACTIONS

Included in accounts payable and accrued liabilities as at January 31, 2022 is $13,512 (October 31, 2021 - $16,521) owing to directors and companies controlled by directors or officers of the Company for consulting related services rendered. These amounts are unsecured, non-interest bearing with no fixed terms of repayment.

During the three months ended January 31, 2022, key management personnel compensation consisted of services provided by directors or companies owned by directors or officers of $60,750 (2021 - $66,475), which are classified as $31,500 (2021 - $43,575) for consulting fees and $29,250 (2021 - $22,900) as exploration and evaluation expenditures on the condensed consolidated interim statement of operations.

See also Note 9

13. SUPPLEMENTAL CASH FLOW INFORMATION

	For the three months ended January 31, 2022	For the three months ended January 31, 2021
	$	$
Non-cash investing and financing activities:		
Initial recognition of right-of-use assets and associated liability	**-**	58,073
Expiry of warrants	**96,767**	5,753

14. COMMITMENTS AND CONTINGENCIES

The Company's exploration and evaluation activities are subject to various laws and regulations governing the protection of the environment. These laws and regulations are continually changing and generally becoming more restrictive. The Company believes its operations are materially in compliance with all applicable laws and regulations. The Company has made, and expects to make in the future, expenditures to comply with such laws and regulations.

See Note 7 for other property commitments.