



Financial Statements of

**WALLBRIDGE MINING  
COMPANY LIMITED**

Years ended December 31, 2021 and 2020  
(Expressed in Canadian Dollars)



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## INDEPENDENT AUDITORS' REPORT

To the Shareholders of Wallbridge Mining Company Limited

### *Opinion*

We have audited the financial statements of Wallbridge Mining Company Limited (the Entity), which comprise:

- the statements of financial position as at December 31, 2021 and December 31, 2020
- the statements of net loss and comprehensive loss for the years then ended
- the statements of changes in equity for the years then ended
- the statements of cash flows for the years then ended
- and notes to the financial statements, including a summary of significant accounting policies (Hereinafter referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Entity as at December 31, 2021 and December 31, 2020, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards (IFRS).

### *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 auditors' report.

We are independent of the Entity 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.



## **Key Audit Matters**

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements for the year ended December 31, 2021. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

We have determined the matter described below to be the key audit matter to be communicated in our auditors' report.

### ***Evaluation of indicators of impairment for exploration and evaluation assets***

#### ***Description of the matter***

We draw attention to Note 2(e), 2(n) and 9 of the financial statements. The Entity has exploration and evaluation assets of \$264,310,279. The Entity assesses whether there is any indication of impairment. Indicators of impairment include, but are not limited to:

- The right to explore in the specific area has expired during the period or will expire in the near future, and is not expected to be renewed
- Substantive expenditure on further exploration for and evaluation of mineral resources in the specific area is neither budgeted nor planned
- Exploration for and evaluation of mineral resources in the specific area have not led to the commercially viable quantities of mineral resources and the entity has decided to discontinue such activities in the specific area
- Sufficient data exists to indicate that, although a development in the specific area is likely to proceed, the carrying amount of the exploration and evaluation asset is unlikely to be recovered in full from successful development or by sale.

In circumstances where indicators of impairment exist, an impairment test is required to determine if the carrying amount of the exploration and evaluation asset exceeds its estimated recoverable amount.

#### ***Why the matter is a key audit matter***

We identified the evaluation of indicators of impairment for exploration and evaluation assets as a key audit matter. This matter represented an area of significant risk of material misstatement given the magnitude of exploration and evaluation assets. This matter was of most significance due to the difficulties in evaluating the results of our audit procedures to assess the Entity's determination of whether the factors, individually and in the aggregate, resulted in indicators of impairment.

#### ***How the matter was addressed in the audit***

The primary procedures we performed to address this key audit matter included the following:

We evaluated the Entity's analysis of factors within their impairment indicators memorandum by considering whether quantitative and qualitative information in the analysis was consistent with other evidence in other areas of the audit. This included:

- Information included in Entity's press releases and management's discussion and analysis



- Other evidence obtained in other areas of the audit, including estimates of mineral resources and internal communications to management and the Board of Directors.

We assessed the status of the Entity's rights to explore by discussing with management if any rights were not expected to be renewed and inspected government registries.

We considered the activities to date in each area to which the Entity has a right to explore by comparing the actual expenditures to the budgeted expenditures.

We compared the actual expenditures in 2021 of the Entity to the budgeted expenditures for 2021 to assess the Entity's ability to accurately budget.

We assessed if substantive expenditures on further exploration for and evaluation of mineral resources in each area of interest are planned or discontinued by inspecting budgeted expenditures.

### ***Other Information***

Management is responsible for the other information. Other information comprises the information included in Management's Discussion and Analysis filed with the relevant Canadian Securities Commissions.

Our opinion on the financial statements does not cover the other information and we do not and will 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 and remain alert for indications that the other information appears to be materially misstated.

We obtained the information included in Management's Discussion and Analysis filed with the relevant Canadian Securities Commissions as at the date of this auditors' report. 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 in the auditors' report.

We have nothing to report in this.

### ***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 IFRS, 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 Entity'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 Entity or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Entity'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 the 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 Entity'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 Entity'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 Entity 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.
- 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.



- Provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.
- Determine, from the matters communicated with those charged with governance, those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our auditors' report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

*KPMG LLP*

Chartered Professional Accountants, Licensed Public Accountants

The engagement partner on the audit resulting in this auditors' report is David Denis Kerrigan Brownridge.

Toronto, Canada

March 17, 2022

# WALLBRIDGE MINING COMPANY LIMITED

Statements of Financial Position  
(expressed in Canadian Dollars)

December 31, 2021 and December 31, 2020

(note 2b)

	Note	2021	2020
<b>Assets</b>			
Current assets:			
Cash and cash equivalents		\$ 38,939,849	85,049,725
Marketable securities		115,317	842,643
Amounts receivable	7	32,630,021	11,737,210
Deposits and prepaid expenses		433,140	182,210
		<u>72,118,327</u>	<u>97,811,788</u>
Restricted cash	14	3,259,845	1,441,105
Amounts receivable	7	-	10,525,248
Investment in associates	12	1,223,036	1,228,719
Exploration and evaluation assets	9	264,310,279	214,483,528
Property and equipment	10	9,179,141	7,266,428
		<u>\$ 350,090,628</u>	<u>332,756,816</u>
<b>Liabilities and Shareholders' Equity</b>			
Current liabilities:			
Accounts payable and accrued liabilities	11	\$ 13,325,403	9,729,050
Flow-through premium liability	13	-	20,000
Current portion of provision for closure plan	14	575,843	787,277
Current portion of lease liability		97,152	126,380
		<u>13,998,398</u>	<u>10,662,707</u>
Lease liability		1,415	101,058
Provision for closure plan	14	2,618,276	2,956,712
Deferred tax liability	15	13,358,000	5,592,000
		<u>29,976,089</u>	<u>19,312,477</u>
Equity:			
Share capital	16	391,532,268	373,479,125
Warrants	16	129,500	2,764,441
Contributed surplus	16	10,782,257	11,636,743
Deficit		(82,258,468)	(74,364,952)
Accumulated Other Comprehensive Income		(71,018)	(71,018)
Total Equity		<u>320,114,539</u>	<u>313,444,339</u>
Commitments and contingencies	17		
Subsequent events	7, 9(g), 12(a)(iii), 16(b), 18		
		<u>\$ 350,090,628</u>	<u>332,756,816</u>

See accompanying notes to the financial statements.

Approved by the Board:

"Alar Soever"

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Director

"Marz Kord"

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Director

# WALLBRIDGE MINING COMPANY LIMITED

Statements of Net Loss and Comprehensive Loss  
(expressed in Canadian Dollars)

Years ended December 31, 2021 and December 31, 2020

	Note	2021	2020
Other expenses and (income):			
General and administrative expenses		\$ 4,072,550	3,792,434
Depreciation of property and equipment	10	173,640	479,964
Interest income		(423,080)	(776,700)
Loss on disposition of property and equipment		-	24,913
Loss (gain) on sale of marketable securities		628,091	(34)
Unrealized loss (gain) on marketable securities		71,608	(42,643)
Provision for closure plan costs	14	-	2,676,646
Other income relating to flow-through share premium	13	(7,181,556)	(1,412,836)
Share of comprehensive loss in investment in associate		5,683	285
Impairment of exploration and evaluation assets	9(j)	719,276	10,177,060
Costs incurred on termination of contract	17(e)	854,376	-
Interest on lease liability		8,026	34,353
Stock based compensation	16	772,902	821,840
Loss (income) before income taxes		(298,484)	15,775,282
Deferred tax expense	15	8,192,000	4,079,000
<b>Net loss for the year</b>		<b>7,893,516</b>	<b>19,854,282</b>
<b>Other comprehensive income:</b>			
Items that will not be reclassified to profit or loss:			
Net change in fair value of long term investment		-	(25,162)
<b>Total comprehensive loss for the year</b>		<b>\$ 7,893,516</b>	<b>19,829,120</b>
Weighted average number of common shares - basic and diluted		808,137,175	689,105,626
Net loss per share - basic and diluted		\$ 0.01	0.03

See accompanying notes to the financial statements.



# WALLBRIDGE MINING COMPANY LIMITED

Statements of Changes in Equity  
(expressed in Canadian Dollars)

December 31, 2021 and December 31, 2020

	Number of Shares	Share Capital	Warrants	Contributed Surplus	Deficit	Accumulated Other Comprehensive Loss	Total
<b>Balance, December 31, 2019</b>	<b>586,997,997</b>	<b>\$ 149,440,804</b>	<b>422,226</b>	<b>8,033,385</b>	<b>(54,510,670)</b>	<b>(96,180)</b>	<b>\$ 103,289,565</b>
Share issuances, net of share issuance costs	55,500,000	61,207,806	-	-	-	-	61,207,806
Shares issued to Balmoral shareholders	130,556,944	151,446,055	-	-	-	-	151,446,055
Replacement warrants issued to Balmoral warrant holders (note 2(b))	-	-	3,943,971	-	-	-	3,943,971
Replacement stock options issued to Balmoral stock option holders	-	-	-	5,021,418	-	-	5,021,418
Revaluation of replacement stock options issued to Balmoral stock option holders	-	-	-	203,480	-	-	203,480
Exercise of warrants (note 2(b))	7,944,388	6,234,832	(1,731,256)	-	-	-	4,503,576
Exercise of stock options	3,568,423	2,950,575	-	(1,750,147)	-	-	1,200,428
Acquisition of exploration assets	3,071,000	1,386,740	-	-	-	-	1,386,740
Deferred share units converted to shares	996,464	812,313	-	(812,313)	-	-	-
Warrants issued for acquisition of exploration asset	-	-	129,500	-	-	-	129,500
Share based compensation	-	-	-	740,628	-	-	740,628
Deferred share units granted	-	-	-	200,292	-	-	200,292
Long term investment - net change in fair value	-	-	-	-	-	25,162	25,162
Net loss	-	-	-	-	(19,854,282)	-	(19,854,282)
<b>Balance, December 31, 2020 (note 2(b))</b>	<b>788,635,216</b>	<b>\$ 373,479,125</b>	<b>2,764,441</b>	<b>11,636,743</b>	<b>(74,364,952)</b>	<b>(71,018)</b>	<b>\$ 313,444,339</b>
Flow-through shares issued on public offering, net of share issuance costs	21,063,400	18,830,713	-	-	-	-	18,830,713
Flow-through share premium on public offering	-	(7,161,556)	-	-	-	-	(7,161,556)
Exercise of warrants	3,585,938	4,148,156	(2,632,971)	-	-	-	1,515,185
Exercise of stock options	475,000	83,860	-	(31,486)	-	-	52,374
Deferred share units vested and shares issued	4,249,837	2,083,810	-	(2,083,810)	-	-	-
Expired warrants	-	-	(1,970)	1,970	-	-	-
Share based compensation	-	-	-	946,796	-	-	946,796
Deferred share units granted	-	-	-	312,044	-	-	312,044
Shares issued under exploration option agreement	106,500	68,160	-	-	-	-	68,160
Net loss	-	-	-	-	(7,893,516)	-	(7,893,516)
<b>Balance, December 31, 2021</b>	<b>818,115,891</b>	<b>\$ 391,532,268</b>	<b>129,500</b>	<b>10,782,257</b>	<b>(82,258,468)</b>	<b>(71,018)</b>	<b>\$ 320,114,539</b>

See accompanying notes to the financial statements.

# WALLBRIDGE MINING COMPANY LIMITED

Statements of Cash Flows  
(expressed in Canadian Dollars)

Years ended December 31, 2021 and December 31, 2020

	2021	2020
<b>Cash flows from (used in) operating activities:</b>		
Net loss for the year	\$ (7,893,516)	(19,854,282)
Adjustments for:		
Deferred tax expense	8,192,000	4,079,000
Depreciation of property and equipment	173,640	479,964
Impairment of exploration and evaluation assets	719,276	10,177,060
Share of comprehensive loss in investment in associate	5,683	285
Unrealized loss (gain) on marketable securities	71,608	(42,643)
Loss (gain) on sale of marketable securities	628,091	(34)
Loss on disposition of property and equipment	-	24,913
Other income relating to flow-through share premium	(7,181,556)	(1,412,836)
Share based compensation	772,902	821,840
Deferred stock units	251,419	172,795
Interest on lease liability	8,026	34,353
Provision for closure plan costs	-	2,676,646
Closure plan disbursements	(549,870)	(1,721,416)
Changes in non-cash working capital:		
Amounts receivable	701,773	(256,116)
Deposits and prepaid expenses	(250,930)	102,754
Accounts payable and accrued liabilities	1,801,085	(4,377,122)
	(2,550,369)	(9,094,839)
<b>Cash flows from (used in) financing activities:</b>		
Issuance of share capital	20,010,230	63,825,000
Share issuance costs	(1,605,517)	(2,617,194)
Exercise of stock options	52,374	1,200,428
Exercise of warrants	1,515,185	4,503,576
Lease termination payment	-	(300,000)
Lease payments	(136,898)	(796,529)
	19,835,374	65,815,281
<b>Cash flows from (used in) investing activities:</b>		
Exploration and evaluation assets expenditures	(66,707,840)	(32,438,692)
Proceeds from sale of investments	-	1,083,287
Tax credits received	9,757,202	-
Restricted cash	(1,818,740)	-
Cash acquired on acquisition of Balmoral	-	7,349,401
Transaction costs for acquisition of Balmoral	-	(1,326,437)
Proceeds on sale of marketable securities	215,127	-
Exploration and evaluation assets option payments and cost recoveries	190,434	515,687
Acquisition of equipment, net of proceeds	(5,031,064)	(3,947,844)
	(63,394,881)	(28,764,598)
<b>Net increase in cash and cash equivalents</b>	(46,109,876)	27,955,844
Cash and cash equivalents, beginning of year	85,049,725	57,093,881
<b>Cash and cash equivalents, end of year</b>	\$ 38,939,849	85,049,725
<b>Summary of non-cash transactions:</b>		
Acquisition of Balmoral - Net assets acquired (note 2(b), 8)	\$ -	160,411,444
Exploration expenditures - change in accounts payable and accrued liabilities	3,311,983	2,297,783
Exploration recoveries included in amounts receivable	20,826,537	14,371,445
Exploration expenditures - capitalized depreciation of equipment	1,488,621	580,878
Proceeds from sale of exploration property - shares received	-	800,000
Exploration asset acquisition - warrants and shares issued	68,160	1,516,240
Property and equipment purchased under lease agreements	-	59,684
Property and equipment purchases - change in accounts payable and accrued liabilities	1,456,090	1,382,769
Stock based compensation capitalized to exploration and evaluation assets	173,894	122,629
Settlement of accounts receivable - shares received	-	107,104
Exploration and evaluation assets - shares received	187,500	-
Settlement of accounts payable with deferred stock units	60,625	25,000

See accompanying notes to the financial statements.

# WALLBRIDGE MINING COMPANY LIMITED

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Notes to Financial Statements  
(expressed in Canadian Dollars)

Years ended December 31, 2021 and December 31, 2020

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## 1. Nature of operations:

Wallbridge Mining Company Limited (“Wallbridge” or the “Company”) is incorporated under the laws of Ontario and is engaged in the acquisition, exploration, discovery, development and production of metals focusing on gold, copper, nickel and platinum group metals (“PGM”). The Company’s head office is located at 129 Fielding Road in Lively, Ontario, Canada.

The Company’s primary focus is advancement of the exploration and development of its wholly-owned Fenelon Gold property (“Fenelon”) located in northwestern Québec. Wallbridge also has interests in several copper, nickel and PGM properties, including a 100% interest in the Grasset property in Québec, and a 17.8% interest in Lonmin Canada Inc. (“Loncan”), which owns 100% of the Denison nickel, copper and PGM project southwest of Sudbury, Ontario.

While the Company has no source of revenue, management believes it has sufficient cash resources to meet its obligations and fund planned expenditures and administrative costs for at least the next twelve months. The Company will have to raise funds in the future to finance the advancement of exploration and development of Fenelon and meet future expenditures and administrative costs. Although the Company has been successful in raising funds to date, as evidenced by proceeds raised from equity financing in 2020, 2021, and 2022 (notes 16 and 18), there can be no assurance that adequate financing will be available in the future or available under terms acceptable to the Company.

## 2. Significant accounting policies:

### (a) Basis of presentation:

These financial statements have been prepared in accordance with International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board (“IASB”) applicable to a going concern, which assumes that the Company will be able to meet its obligations and continue its operations for the foreseeable future.

These financial statements have been prepared on an historical cost basis except for certain financial assets and liabilities which are measured at fair value. The accounting policies set out below have been applied consistently to all periods presented in these financial statements.

These financial statements are presented in Canadian dollars, which is the Company’s functional currency. On January 22, 2021, 2225080 Ontario Inc., a wholly owned subsidiary of the Company, was dissolved under the Business Corporations Act of Ontario.

On March 17, 2022, the Company’s Board of Directors approved the financial statements as at and for the years ended December 31, 2021 and 2020 and authorized them for issue.

Notes to Financial Statements  
(expressed in Canadian Dollars)

Years ended December 31, 2021 and December 31, 2020

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## 2. Significant accounting policies (continued):

### (b) Recast for prior periods:

During the second quarter, the Company identified an immaterial error in the calculation of its replacement warrants issued in connection with the Balmoral Resources Limited (“Balmoral”) acquisition (note 8) during the year ended December 31, 2020. This error resulted in an understatement of exploration and evaluation assets and shareholder’s equity of \$3.6 million as at December 31, 2020. The Company has corrected for this immaterial error by reflecting this adjustment in the statement of financial position and related notes to the financial statements for the year ended December 31, 2020 which have been presented in these financial statements. There were no changes required relating to this immaterial error to the statements of net loss and comprehensive loss or the statement of cash flows for the year ended December 31, 2020.

### (c) Associates:

Associates are those entities in which the Company has significant influence, but not control, over the financial and operating policies. Significant influence is presumed to exist when the Company holds between 20 and 50 percent of the voting power of another entity.

Associates are accounted for using the equity method and are recognized initially at cost. The Company’s investment includes goodwill and other purchase price adjustments identified on acquisition based on the fair value of the assets acquired, and the investment is net of any accumulated impairment losses. The financial statements include the Company’s share of the income and expenses and equity movements of the associate, after adjustments to align the accounting policies with those of the Company and other adjustments arising from the elimination of intercompany transactions, from the date that significant influence commences until the date that significant influence ceases. When the Company’s share of losses exceeds its interest in an associate, the carrying amount of that interest (including any long-term investments) is reduced to nil and the recognition of further losses is discontinued except to the extent that the Company has an obligation or has made payments on behalf of the investee. Judgment is involved in the determination of the carrying amount of the investment in Loncan while the Company has significant influence and whether impairment has occurred.

Notes to Financial Statements  
(expressed in Canadian Dollars)

Years ended December 31, 2021 and December 31, 2020

**2. Significant accounting policies (continued):**

*(d) Financial instruments:*

(i) Classification:

The Company classifies its financial instruments in the following categories: fair value through profit and loss (“FVTPL”), fair value through other comprehensive income (loss) (“FVTOCI”), or at amortized cost. The Company determines the classification of financial assets at initial recognition. The classification of debt instruments is driven by the Company’s business model for managing the financial assets and their contractual cash flow characteristics. The Company’s investments in marketable securities that are held for trading are classified as FVTPL. For other equity instruments, the Company can make an irrevocable election to designate the asset as FVTOCI at initial recognition. Financial liabilities are measured at amortized cost, unless they are required to be measured at FVTPL (a derivative or financial liability that is held for trading) or the Company has opted to measure them at FVTPL. The following table shows the classification:

<b>Financial assets/liabilities</b>	<b>Classification</b>
Cash and cash equivalents	FVTPL
Restricted cash	FVTPL
Amounts receivable	Amortized cost
Marketable securities	FVTPL
Long-term investment	FVTOCI
Accounts payable	Amortized cost

(ii) Measurement:

Financial assets and liabilities at amortized cost - Financial assets and liabilities at amortized cost are initially recognized at fair value plus or minus transaction costs, and subsequently carried at amortized cost, less any impairment.

Financial assets and liabilities at FVTPL - Financial assets and liabilities at FVTPL are initially recorded at fair value and transaction costs are expensed in the statement of net loss and comprehensive loss. Realized and unrealized gains and losses arising from the change in fair value are included in the statement of net loss and comprehensive loss in the period in which they arise.

Financial assets at FVTOCI – Equity instruments that have been irrevocably elected at FVTOCI are initially recognized at fair value plus transaction costs. Subsequently they are measured at fair value, with gains and losses arising from the changes in fair value recognized in other comprehensive loss.

Notes to Financial Statements  
(expressed in Canadian Dollars)

Years ended December 31, 2021 and December 31, 2020

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## **2. Significant accounting policies (continued):**

### (iii) Impairment of financial assets at amortized cost

The Company recognizes a loss allowance for expected credit losses on financial assets that are measured at amortized cost. At each reporting date, the Company measures the loss allowance for the financial asset at an amount equal to the lifetime of the expected credit losses if the credit risk on the financial asset has increased significantly since initial recognition.

### (e) *Exploration and evaluation assets:*

These assets relate to mineral rights acquired and exploration and evaluation expenditures capitalized in respect of projects that are in the exploration or pre-development stage.

Exploration and evaluation expenditures include costs which are directly attributable to acquisition, surveying, geological, geochemical, geophysical, exploratory drilling, underground exploration development, land maintenance, sampling, and assessing technical feasibility and commercial viability. Interest cost on borrowing for the acquisition of exploration and evaluation assets are capitalized. These expenditures are capitalized until the technical feasibility and commercial viability of the extraction of mineral reserves in a project is demonstrated.

The Company assesses whether there is any indication of impairment. Indicators of impairment include, but are not limited to:

- (i) The right to explore in the specific area has expired during the period or will expire in the near future, and is not expected to be renewed;
- (ii) Substantive expenditure on further exploration for and evaluation of mineral resources in the specific area is neither budgeted nor planned;
- (iii) Exploration for and evaluation of mineral resources in the specific area have not led to the commercially viable quantities of mineral resources and the entity has decided to discontinue such activities in the specific area; and
- (iv) Sufficient data exists to indicate that, although a development in the specific area is likely to proceed, the carrying amount of the exploration and evaluation asset is unlikely to be recovered in full from successful development or by sale.

In circumstances where indicators of impairment exist, an impairment test is required to determine if the carrying amount of the exploration and evaluation asset exceeds its estimated recoverable amount. The estimated recoverable amount is the greater of fair value less costs of disposal ("FVLCD"), and value in use ("VIU"). If the exploration and evaluation asset is determined to be impaired, the exploration and evaluation asset is written down to the estimated recoverable amount.

Notes to Financial Statements  
(expressed in Canadian Dollars)

Years ended December 31, 2021 and December 31, 2020

**2. Significant accounting policies (continued):**

*(f) Property and equipment:*

Property and equipment are carried at cost, less accumulated depreciation. Depreciation is provided using the following methods and annual rates:

Asset	Basis	Rate
Buildings and bridges	Declining-balance	5% - 10%
Vehicles and equipment	Declining-balance	20% - 30%
Leasehold	Declining-balance	20%

Management reviews the estimated lives, residual values and depreciation methods of the Company's property and equipment at the end of each financial year and when events and circumstances indicate that such a review should be made. Changes to estimated useful lives, residual values or depreciation methods resulting from such review are accounted for prospectively.

Unless the Company is reasonably certain to obtain ownership of a leased asset at the end of the lease term, the right-of-use assets are depreciated on a straight-line basis over the shorter of the estimated useful life and the lease term.

Once a mining project has been established as commercially viable, technically feasible, and a development decision has been made, costs are no longer capitalized to exploration and evaluation assets, an impairment test is completed on the asset, and the unimpaired costs are transferred from exploration and evaluation assets to property and equipment. Costs associated with development of the project are capitalized to property and equipment.

At each reporting date, the Company reviews the carrying amounts of its property and equipment to determine whether there is any indication of impairment. If any such impairment exists, then the asset's recoverable amount is estimated.

For impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or cash-generating units ("CGU"). The recoverable amount of an asset or CGU is the greater of its VIU and its FVLCD. An impairment is recognized, if the carrying amount of an asset or CGU exceeds its recoverable amount, in the statement of loss and comprehensive loss.

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## **2. Significant accounting policies (continued):**

### *(g) Cash and cash equivalents and restricted cash:*

Cash and cash equivalents consist of cash on hand and deposits in banks which may be settled on demand or have a maturity no longer than a 90 day period from the date of purchase.

Restricted cash, classified as long-term, consists of cash balances assigned to support one-year letters of credit in support of various agreements.

### *(h) Share based payments:*

The fair value of the stock options, restricted share units, and deferred share units granted to employees, officers and directors is recognized as an expense over the graded vesting period with a corresponding increase to contributed surplus. The fair values for stock options are determined at the grant date by applying the Black-Scholes option pricing model. Measurement inputs include share price on measurement date, exercise price, expected volatility, weighted average expected life, expected dividends, expected forfeiture rate and the risk free interest rate. Under graded vesting the fair value of each tranche is recognized over its respective vesting period.

Restricted share units and deferred share units are measured at the fair value of the shares at the grant date and are equity settled. Other share based payments are measured at the fair value of goods or services received. In situations where equity instruments are issued and some or all of the goods or services received by the Company as consideration cannot be specifically identified, they are measured at fair value of the share based payment.

### *(i) Provision for restoration, rehabilitation and environmental obligations:*

A legal or constructive obligation to incur restoration, rehabilitation and environmental costs may arise when environmental disturbance is caused by the exploration, development or ongoing production 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, as soon as the obligation to incur such costs arises.

Discount rates to reflect the time value of money are specific to the liability. These costs are charged against profit or loss over the economic life of the related asset, through amortization using a unit-of-production methodology. The related liability is adjusted each period for the unwinding of the discount rate and for changes to the current market-based discount rate and amount or timing of the underlying cash flows needed to settle the obligation. The unwinding of the discount is recognized as a finance cost.



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## **2. Significant accounting policies (continued):**

### *(j) Income taxes:*

Income tax expense comprises current and deferred tax. Current tax and deferred tax are recognized in profit or loss except to the extent that it relates to a business combination, or items recognized directly in equity or in OCI.

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

Deferred tax is recognized in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognized for the following temporary differences: the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit; and differences relating to investments in subsidiaries to the extent that they will probably not reverse in the foreseeable future. Deferred tax is measured at the tax rates expected to be applied to temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date.

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) Earnings (loss) per share:*

Basic earnings (loss) per share are computed by dividing earnings (loss) by the weighted average number of shares outstanding during the year. The Company uses the treasury stock method for calculating diluted earnings per share. Diluted earnings per share are computed similar to basic earnings per share except that the weighted average shares outstanding are increased to include additional shares from the assumed exercise of stock options and warrants.

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## **2. Significant accounting policies (continued):**

### *(l) Flow-through common shares:*

The Company finances a portion of its exploration activities through the issue of flow-through shares. Canadian tax legislation permits a company to issue flow-through instruments whereby the deduction for tax purposes relating to qualified resource expenditures is claimed by the investors rather than the Company. Common shares issued on a flow-through basis typically include a premium because of the tax benefits provided to the investor. At the time of issue, the Company estimates the proportion of the proceeds attributable to the premium and the common shares. The premium is estimated as the excess of the subscription price over the trading price of the shares and is recorded as a deferred liability. The Company recognizes a pro rata amount of the premium through the statement of loss and comprehensive loss as other income relating to flow-through share premium with a corresponding reduction to the deferred liability as the flow-through expenditures are incurred.

### *(m) Leases:*

The Company assesses whether a contract is, or contains, a lease at the inception of a contract. A contract contains a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. The Company assesses whether:

- the contract involves the use of an explicitly or implicitly identified asset;
- the Company has the right to obtain substantially all of the economic benefits from the use of the asset throughout the contract term;
- the Company has the right to direct the use of the asset.

The Company recognizes a right-of-use asset and a lease liability at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the initial amount of lease liabilities recognized, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received.

Unless the Company is reasonably certain to obtain ownership of the leased asset at the end of the lease term, the right-of-use assets are depreciated on a straight-line basis over the shorter of the estimated useful life and the lease term. Right-of-use assets are subject to impairment.

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## **2. Significant accounting policies (continued):**

### *(m) Leases (continued):*

At the commencement date of the lease, the Company recognizes lease liabilities measured at the present value of lease payments to be made over the lease term, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Company's incremental borrowing rate. The lease payments include fixed payments, variable lease payments that depend on an index or a rate, amounts expected to be paid under residual value guarantees and the exercise price of a purchase option reasonably certain to be exercised by the Company.

After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the fixed lease payments or a change in the assessment to purchase the underlying asset.

The Company has elected not to recognize right-of-use assets and lease liabilities for leases that have a lease term of 12 months or less and do not contain a purchase option or for leases related to low value assets. Lease payments on short-term leases and leases of low value assets are recognized as an expense in the statement of loss or are capitalized to Exploration and Evaluation properties.

### *(n) Significant accounting judgments and estimates:*

The preparation of financial statements in accordance with IFRS requires management to make judgments, estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and reported amounts of expenses during the reporting period. Estimates and assumptions are continually evaluated and are based on management's experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Actual results could differ from these estimates.

#### Significant Judgments in Applying Accounting Policies:

The areas which require management to make significant judgments in applying the Company's accounting policies in determining carrying values include, but are not limited to:

##### *Determination of development phase:*

The Company applies significant judgment when determining and assessing its criteria used to determine technical feasibility and commercial viability is demonstrable.

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## 2. Significant accounting policies (continued):

(n) *Significant accounting judgments and estimates (continued):*

*Commercial production:*

The determination of the date on which a mine enters the commercial production stage is a significant judgment since capitalization of certain costs ceases and the recording of revenues and expenses commences upon entering commercial production.

*Impairment of exploration and evaluation properties:*

The Company is required to make certain judgments in assessing indicators of impairment of exploration and evaluation properties. Judgment is required to determine if the right to explore will expire in the near future or is not expected to be renewed. Judgment is required to determine whether substantive expenditures on further exploration for and evaluation of mineral resources in specific areas will not be planned or budgeted. Judgment is required to determine if the exploration for and evaluation of mineral resources in specific areas have not led to the commercially viable quantities of mineral resources and the Company will discontinue such activities. Judgment is required to determine whether there are indications that the carrying amount of an exploration and evaluation property is unlikely to be recovered in full from successful development of the project or by sale.

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## **2. Significant accounting policies (continued):**

### *(o) Significant accounting judgments and estimates (continued):*

#### *Business combinations:*

On October 22, 2018, the IASB issued amendments to IFRS 3, Business Combinations ("IFRS3"), that seek to clarify whether a transaction is to be accounted for as an asset acquisition or a business acquisition. The amendments apply to businesses acquired in annual reporting periods beginning on or after January 1, 2020. The amendments include an election to use a concentration test. This is a simplified assessment that results in an asset acquisition if substantially all of the fair value of the gross assets is concentrated in a single identifiable asset or a group of similar identifiable assets. If a preparer chooses not to apply the concentration test, or the test is failed, then the assessment focuses on the existence of a substantive process.

#### Significant Accounting Estimates and Assumptions:

The areas which require management to make significant estimates and assumptions in determining carrying values include, but are not limited to:

#### *Depreciation of property and equipment:*

Significant judgment is involved in the determination of useful life and residual values for the computation of depreciation of property and equipment and no assurance can be given that actual useful lives and residual values will not differ from current assumptions.

#### *Impairment of exploration and evaluation properties:*

Management's assumptions and estimates of future cash flows used in the Company's impairment assessment of exploration and evaluation properties are subject to risk and uncertainties, particularly in market conditions where higher volatility exists, and may be partially or totally outside of the Company's control. If an indication of impairment exists, or if an exploration and evaluation asset is determined to be technically feasible and commercially viable, an estimate of a CGU's recoverable amount is calculated. The recoverable amount is based on the higher of FVLCD and VIU using a discounted cash flow methodology taking into account assumptions that would be made by market participants, unless there is a market price available based on a recent purchase or sale of a mine. Cash flows are for periods up to the date that mining is expected to cease which depends on a number of variables including recoverable mineral reserves and resources, expansion plans and the forecasted selling prices for such production.

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## **2. Significant accounting policies (continued):**

*(p) Significant accounting judgments and estimates (continued):*

*Income taxes and recoverability of potential deferred tax assets:*

In assessing the probability of realizing income tax assets recognized, management makes estimates related to expectations of future taxable income, applicable tax planning opportunities, expected timing of reversals of existing temporary differences and the likelihood that tax positions taken will be sustained upon examination by applicable tax authorities. In making its assessments, management gives additional weight to positive and negative evidence that can be objectively verified. Estimates of future taxable income are based on forecasted cash flows from operations and the application of existing tax laws in each jurisdiction. The Company considers whether relevant tax planning opportunities are within the Company's control, are feasible and are within management's ability to implement. Examination by applicable tax authorities is supported based on individual facts and circumstances of the relevant tax position examined in light of all available evidence. Where applicable tax laws and regulations are either unclear or subject to ongoing varying interpretations, it is reasonably possible that changes in these estimates can occur that materially affect the amounts of income tax assets recognized. Also, future changes in tax laws could limit the Company from realizing the tax benefits from the deferred tax assets. The Company reassesses unrecognized income tax assets at each reporting period.

*Share-based compensation and warrants:*

Management determines fair value for share-based payments using market-based valuation techniques. The fair value of the market-based and performance-based share awards are determined at the date of grant using generally accepted valuation techniques. Assumptions are made and judgment used in applying valuation techniques. These assumptions and judgments include estimating the future volatility of the stock price, expected dividend yield, future employee turnover rates and future employee stock option exercise behaviors and corporate performance. Similar calculations are made in order to value warrants. Such judgments and assumptions are inherently uncertain. Changes in these assumptions affect the fair value estimates.

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## 2. Significant accounting policies (continued):

(p) *Significant accounting judgments and estimates (continued):*

### *Provisions:*

From time to time the Company may be subject to legal claims, with and without merit. These claims may commence informally and reach a commercial settlement or may progress to a more formal dispute resolution process. The causes of potential future claims cannot be known and may arise from, among other things, business activities, environmental laws, volatility in stock price or failure to comply with disclosure obligations. Defense and settlement costs may be substantial, even with respect to claims that have no merit. Due to the inherent uncertainty of the litigation and dispute resolution process, there can be no assurance that the resolution of any particular legal proceeding or dispute will not have a material adverse effect on the Company's future cash flows, results of operations or financial condition.

Management determines when the Company has a present obligation (legal or constructive) that has arisen as a result of a past event and is probable that a future outflow of resources will be required to settle the obligation, provided that a reasonable estimate of the amount of the obligation can be made. Provisions for legal claims, closure plans, onerous contracts and commitments are recognized at the best estimates of the expenditures required to settle the Company's liability. Provisions are measured at the present value of the expenditures required to settle the obligation. The increase in the provision due to the passage of time is recognized as interest expense.

### *Mineral Resources:*

The Company has measured, indicated and inferred mineral resources based on information compiled by appropriately qualified persons.

Changes in measured, indicated and inferred mineral resources estimates may impact the carrying value of exploration and evaluation assets, property and equipment, environmental provisions, recognition of deferred tax amounts and depreciation, depletion and amortization.

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### **3. Recent accounting pronouncements:**

#### *(a) IAS 16, Property, Plant and Equipment*

The IASB issued an amendment to IAS 16, Property, Plant and Equipment, to prohibit the deducting from property, plant and equipment amounts received from selling items produced while preparing an asset for its intended use. Instead, sales proceeds and its related costs must be recognized in profit or loss. The amendment will require companies to distinguish between costs associated with producing and selling items before the item of property, plant and equipment is available for use and costs associated with making the item of property, plant and equipment available for its intended use. The amendment is effective for annual periods beginning on or after January 1, 2022, with earlier application permitted. The Company anticipates no impact to the financial statements as a result of this amendment.

#### *(b) IAS 12, Income Taxes*

In September 2021, IAS 12 was amended to narrow the scope of the recognition exemption so that it no longer applies to transactions that, on initial recognition, give rise to equal taxable and deductible temporary differences such as deferred taxes on leases and decommissioning obligations. The amendment is effective for annual periods beginning on or after January 1, 2023 and applied retrospectively. The Company will perform an assessment of the amendment on its financial statements prior to the effective date of January 1, 2023.

#### *(c) IAS 1, Presentation of Financial Statements*

The IASB issued an amendment to IAS 1, Presentation of Financial Statements, to clarify one of the requirements under the standard for classifying a liability as non-current in nature, specifically the requirement for an entity to have the right to defer settlement of the liability for at least 12 months after the reporting period. The amendment includes:

- Specifying that an entity's right to defer settlement must exist at the end of the reporting period;
- Clarifying that classification is unaffected by management's intentions or expectations about whether the entity will exercise its right to defer settlement;
- Clarifying how lending conditions affect classification; and
- Clarifying requirements for classifying liabilities an entity will or may settle by issuing its own equity instruments.

The Company anticipates no impact to the financial statements as a result of this amendment. The amendment is effective for annual periods beginning on or after January 1, 2023.



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**4. Capital management:**

The Company considers its capital structure to be total equity of \$320,114,539 at December 31, 2021 (2020 - \$313,444,339).

The Company's objective when managing capital is to maintain adequate levels of funding to support its exploration and mining activities and to maintain corporate and administrative functions necessary to support operational activities.

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 and other short-term guaranteed deposits, and all are held in various major Canadian chartered banks.

**5. Financial risk factors:**

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

(a) Credit risk:

Credit risk refers to cash and cash equivalents, amounts receivable, marketable securities and restricted cash arises from the possibility that any party to the contracts fail to meet its contractual obligations.

The Company monitors the credit worthiness of its customers and joint venture partners.

The Company's cash and cash equivalents are held in major Canadian chartered banks.

The Company's exposure to credit risk at December 31, 2021 was the carrying value of the cash and cash equivalents, amounts receivable, and restricted cash. Most of the amounts receivable are from the federal and Quebec government for sales tax and Quebec tax credits and have low credit risk.

(b) Liquidity risk:

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. At December 31, 2021, the Company has cash and cash equivalents and amounts receivable of \$71,569,870 to settle current liabilities of \$13,998,398.

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**5. Financial risk factors (continued):**

(c) Market risk:

Commodity price risk – Commodity price risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of the changes in commodity prices.

At December 31, 2021, the Company does not have commodity price risk.

Foreign currency risk – Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.

At December 31, 2021, the Company does not have any foreign currency risk.

Interest rate risk – Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company had \$38,939,849 in cash and cash equivalents at December 31, 2021. The Company invests cash in interest bearing accounts or guaranteed investment certificates held in major Canadian chartered banks. The Company periodically assesses the quality of its investments with the banks and is satisfied with the credit rating of the banks.

At December 31, 2021, the Company's cash is held primarily in interest bearing accounts or guaranteed investment certificates. A 25 basis point change in the interest rate at December 31, 2021 would affect the Company by an annualized amount of interest equal to approximately \$97,350.

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**6. Fair value of financial instruments:**

Financial assets and liabilities are grouped into three levels based on significant inputs used in measuring the fair value of the financial assets and liabilities. 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 within 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).

The level within which the financial asset or liability is classified is determined based on the lowest level of significant input to the fair value measurement.

Carrying values for cash and cash equivalents, amounts receivable, and accounts payable and accrued liabilities approximate fair value due to their short term maturities.

At December 31, 2021, the Company holds investments in Ready Set Gold Corp. and Goldseek Resources Inc. which are classified as marketable securities and carried at FVTPL and classified as level 1 at \$115,317 (December 31, 2020 - \$842,643).

The Company's leases payable are classified as level 2. The fair values of leases payable using discounted cash flows based on the cost of borrowing.

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## 7. Amounts receivable:

	2021	2020
Harmonized Sales Tax and Quebec Sales Tax	\$ 1,721,809	\$ 984,135
Quebec tax credits	30,566,507	20,638,369
Other receivables	341,705	639,954
	\$ 32,630,021	\$ 22,262,458
Less current portion of amounts receivable	32,630,021	11,737,210
Amounts receivable, long-term	\$ -	\$ 10,525,248

The Company is entitled to refundable tax credits and tax credits on qualified exploration expenditures incurred in Quebec. Of the \$30,566,507 Quebec tax credits in 2021, \$20,113,000 relates to 2021 qualified expenditures incurred in Quebec, \$9,829,337 relates to 2020 qualified expenditures incurred in Quebec, and \$624,170 relates to 2019 qualified expenditures incurred in Quebec. Of the \$20,638,369 Quebec tax credits in 2020, \$10,525,248 related to 2020 qualified expenditures incurred in Quebec, \$7,158,095 related to 2019 qualified expenditures incurred in Quebec, and \$2,955,026 related to 2018 qualified expenditures incurred in Quebec.

## 8. Acquisition of Balmoral:

On March 2, 2020, the Company entered into an arrangement agreement with Balmoral Resources Ltd. ("Balmoral") pursuant to which Wallbridge agreed to acquire all of the issued and outstanding common shares of Balmoral. (the "Balmoral Shares"). Balmoral was a publicly traded exploration company with various exploration properties in Ontario and Quebec, most notably the exploration properties around Fenelon Gold which upon completion of the arrangement expanded Fenelon Gold from 10.5 km<sup>2</sup> to 85 km<sup>2</sup>. The acquisition was completed on May 22, 2020. The Company acquired all of the Balmoral Shares through the issuance of 130,556,944 common shares. In addition, all of the outstanding stock options of Balmoral were exchanged into stock options of Wallbridge by applying the share exchange ratio of 0.71 and maintaining the same relative terms and conditions as the Balmoral stock options. All of the warrants of Balmoral outstanding prior to completion of the transaction were not exchanged for equivalent warrants of the Company but remain outstanding following completion of the Balmoral transaction and entitle the holder to receive upon exercise of the Balmoral warrant 0.71 of a Company common share at an exercise price adjusted in accordance with the exchange ratio pursuant to the terms of the transaction. Further, all outstanding Balmoral deferred stock units were settled by a cash payment of \$225,783 upon closing of the acquisition.

The Company concluded that the acquisition of Balmoral to be an asset acquisition, and did not constitute a business combination under IFRS 3.

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## 8. Acquisition of Balmoral (continued):

The acquisition date fair value of the purchase consideration transferred consisted of the following:

Issuance of common shares	\$151,446,055
Issuance of replacement stock options and warrants (note 2(b))	8,965,389
Transaction costs	1,326,437
<b>Total purchase consideration</b>	<b>\$ 161,737,881</b>

The common shares issued were valued at the May 22, 2020 closing price of Wallbridge shares on the TSX (\$1.16).

The fair value of the Balmoral stock options and warrants were calculated using a Black-Scholes option pricing model with the following weighted average assumptions and inputs (note 2(b)): (i) expected life – 2.1 years, (ii) weighted average expected volatility – 103%, (iii) risk free interest rate – 0.29%, (iv) Balmoral share price – \$0.81. The Company recorded a stock option expense of \$203,480 when re-valuing the stock options at May 22, 2020 (note 16 (b)).

The results of Balmoral operations are included for the period of May 23, 2020 to December 31, 2020.

On November 1, 2020, the Company completed an internal reorganization whereby Balmoral merged with the Company.

Wallbridge has allocated the purchase consideration to the acquired assets and assumed liabilities as follows:

Assets:	
Cash and cash equivalents	\$7,349,401
Amounts receivable	1,718,718
Deposits and prepaid expenses	164,395
Property and equipment	566,191
Exploration and evaluation assets (note 2(b))	157,109,556
<b>Total assets</b>	<b>166,908,261</b>
Liabilities:	
Accounts payable and accrued liabilities	4,265,311
Current portion of lease liability	193,377
Flow-through premium liability	293,799
Provision for closure plan	100,000
Lease payable	317,893
<b>Total liabilities</b>	<b>5,170,380</b>
<b>Net assets acquired</b>	<b>\$161,737,881</b>

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## 9. Exploration and evaluation assets:

Total exploration and evaluation expenditures are detailed as follows:

	Balance December 31, 2020	Expenditures	Impairment	Disposition/ Recovery	Balance, December 31, 2021
Fenelon (a)	\$106,476,588	66,341,343	-	(20,200,537)	\$152,617,394
Martinière (b)	28,022,654	2,409,053	-	-	30,431,707
Grasset (c)	27,722,680	901,537	-	-	28,624,217
Detour East (d)	14,082,918	561	-	-	14,083,479
Hwy 810 (e)	4,412,159	16,367	-	-	4,428,526
Other Quebec Properties (f)	16,675,477	1,494,729	-	(626,000)	17,544,206
Beschefer (g)	1,105,000	6,123	-	(187,500)	923,623
Sudbury Properties subject to Loncan exploration joint venture agreements (h)	12,056,396	468,754	-	(182,891)	12,342,259
Other Sudbury Properties (i)	3,300,871	13,997	-	-	3,314,868
Other Ontario Properties (j)	628,785	90,491	(719,276)	-	-
	<b>\$214,483,528</b>	<b>71,742,955</b>	<b>(719,276)</b>	<b>(21,196,928)</b>	<b>\$264,310,279</b>

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## 9. Exploration and evaluation assets (continued):

	Balance December 31, 2019	Acquisitions ( <sup>1</sup> )	Expenditures	Impairment	Disposition/ Recovery	Balance, December 31, 2020
Fenelon (a)	\$ 30,950,891	55,715,927	34,181,215	-	(14,371,445)	\$106,476,588
Martinière (b)	-	28,014,000	8,654	-	-	28,022,654
Grasset (c)	-	27,627,000	95,680	-	-	27,722,680
Detour East (d)	-	14,073,000	9,918	-	-	14,082,918
Hwy 810 (e)	-	13,577,000	1,083	(9,165,924)	-	4,412,159
Other Quebec Properties (f)	-	16,527,000	148,477	-	-	16,675,477
Beschefer (g)	-	2,108,700	6,235	(1,009,935)	-	1,105,000
Sudbury Properties subject to Loncan exploration joint venture agreements (h)	12,048,999	-	269,286	-	(261,889)	12,056,396
Other Sudbury Properties (i)	3,282,411	-	18,460	-	-	3,300,871
Other Ontario Properties (j)	-	1,575,629	108,155	(1,201)	(1,053,798)	628,785
	\$46,282,301	159,218,256	34,847,163	(10,177,060)	(15,687,132)	\$214,483,528

(<sup>1</sup>) Acquisitions of \$157,109,556 are pursuant to the Balmoral transaction (note 8) and \$2,108,700 is the acquisition of Beschefer (g). Acquisition amounts for Fenelon have been corrected for the immaterial error disclosed in note 2(b).

Included in 2021 expenditures are salaries and benefits of \$7,324,174 (2020 - \$4,695,266).

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## **9. Exploration and evaluation assets (continued):**

### **(a) Fenelon, Quebec:**

Fenelon is located in the Nord-du-Québec administrative region, approximately 75 km west-northwest of the town of Matagami, in the province of Québec, Canada. In May 2020, Wallbridge acquired the surrounding properties to Fenelon from Balmoral. Wallbridge owns a 100% undivided interest in Fenelon including the acquired surrounding properties, together called Fenelon. Fenelon is subject to three separate royalties equaling to 4% net smelter return royalty ("NSR") on any future production on 19 claims and one lease and subject to 0% to 1% NSR on any future production on the remaining claims. Buyout provisions exist for a portion of these royalties.

Included in the 2021 expenditures of \$66,341,343 are \$64,678,829 of exploration costs, depreciation of capital assets of \$1,488,621, and stock option expense of \$173,894. Recovery of \$20,200,537 is \$19,487,000 from Quebec refundable tax credits relating to 2021 expenditures and \$713,537 is from Quebec refundable tax credits and tax adjustments resulting from tax audits for prior years.

Included in the 2020 expenditures of \$34,181,215 are \$33,478,068 of exploration costs, depreciation of capital assets of \$580,878, and stock option expense of \$122,269. Recovery of \$14,371,445 is related to Quebec refundable tax credits.

As a result of a private placement on December 2, 2019, the Company has agreed to not sell or grant any additional royalty rights or interests with respect to Fenelon and/or any contiguous claims or properties adjacent to Fenelon so long as Kirkland Lake Gold Limited ("Kirkland") holds shares representing at least 7.5% of the issued and outstanding shares of the Company. Effective February 8, 2022, Kirkland became a wholly owned subsidiary of Agnico Eagle Mines Limited.

### **(b) Martinière, Quebec:**

The Martinière project is located approximately 30 km west of Fenelon and is part of the Detour-Fenelon Gold Trend land. The Company owns 100% interest in the Martinière property.

There is a 2% net smelter return ("NSR") royalty on the majority of the Martinière property and payable on commencement of commercial production.



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## **9. Exploration and evaluation assets (continued):**

### **(c) Grasset, Quebec:**

The Company owns a 100% interest in the Grasset Property. The Grasset property is located immediately east of and adjoins the Fenelon Property. There are no underlying royalties on the Grasset Property.

### **(d) Detour East, Quebec:**

The Company owns a 100% interest in the Detour East Property, except for 18 claims, which are in a 63% / 37% participatory joint venture with Encana Corp. and for which the Company is the operator. There is a NSR royalty of 2%, which relates to the entirety of the property, payable to a former property owner, which may be repurchased at any time for \$1,000,000 for the first 50% of the NSR interest and \$2,000,000 for the remainder.

On November 23, 2020, the Company entered into an option agreement ("the Detour Option Agreement") with a wholly owned subsidiary of Kirkland. Under the terms of the Detour Option Agreement, the Company granted Kirkland the option to acquire up to an undivided 50% interest in Detour East by incurring expenditures of \$7,500,000 over five years, with a minimum commitment of \$2,000,000 in the first two years (\$500,000 by the first anniversary and \$1,500,000 by the second anniversary of entering into the agreement). As at December 31, 2021, Kirkland has satisfied the first anniversary minimum commitment of \$500,000 and excess expenditures will be carried forward to the second anniversary minimum commitment under the option agreement.

During the option period, Kirkland shall have the right to act as operator of Detour East. Upon satisfaction of the Detour East option, the Company and Kirkland shall form a joint venture on Detour East with Kirkland acting as the operator. Upon the formation of the joint venture, Kirkland will hold the right to acquire an additional 25% interest in Detour East by incurring additional expenditures of \$27,500,000 within the first five years of the formation of the joint venture. Upon Kirkland having incurred additional expenditures of \$27,500,000, Kirkland shall have earned an undivided 75% interest in Detour East. After Kirkland has earned an undivided 75% interest any additional funds required will be contributed by the joint venture parties based on their then proportional interests. Should either the Company or Kirkland elect not to fund a program, its joint venture interest will be diluted pro-rata. If either the Company or Kirkland commit to fund a program, and fails to contribute its share of the funding, their joint venture interest will be diluted at three times the pro-rata rate.

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**9. Exploration and evaluation assets (continued):**

**(e) Hwy 810, Quebec:**

The Company owns a 100% interest in the Hwy 810 Property, which is located proximal to the producing Casa Berardi gold mine approximately 70 kilometres south of the Detour Gold Trend Project. The property was acquired by staking and there are no royalties or other encumbrances on the property.

The Company recorded an impairment of \$9,165,924 on this property as at December 31, 2020 as a result of deciding to not renew certain claims on the Hwy 810 property. The estimated recoverable amount of the property was \$4,412,159 as at December 31, 2020.

**(f) Other Quebec Properties:**

The Company owns a 100% interest in the N2 property, Quebec. There are NSR royalties of 1% to 5% on the property in favour of former property owners and payable on commencement of commercial production. Buyout provisions exist for certain portions of these royalties.

The Company owns a 100% interest in six properties in the Lac Rocher Nickel District in Quebec (the "RUM" properties). The RUM properties cover mafic/ultramafic intrusions of the Lac Rocher suite and are being explored for their nickel-copper-cobalt-PGE potential. The RUM Properties were originally acquired by staking and thus there are no royalties payable or third-party encumbrances.

The Company owns a 100% interest in the Harri, Nantel, and Jeremie properties, which are all part of the Detour Gold Trend Project. The Jeremie property is subject to three NSRs at 1%.

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**9. Exploration and evaluation assets (continued):**

**(f) Other Quebec Properties (continued):**

The Company entered into an option agreement (the “Casault Agreement”) with Midland Exploration Inc. (“Midland”) on June 16, 2020 to acquire up to a 65% interest in the Casault Gold Property and made an initial \$100,000 payment upon signing. Casault is contiguous to Wallbridge’s Martiniere and Detour East Gold properties. The Casault Agreement was amended on March 16, 2021. The Company can acquire an initial undivided 50% interest in the Casault Gold Property (first option period), by incurring \$5 million expenditures and making cash payments of \$500,000.

As at December 31, 2021, the Company incurred \$1,441,965 of expenditures which includes a 10% administration fee and made the cash payment of \$110,000 by June 30, 2021 pursuant to the agreement.

The remaining expenditures and cash payments to earn the initial undivided 50% interest under the Casault Agreement are as follows:

	Expenditures	Cash payments
On or before June 30, 2022	\$ 308,035	\$110,000
On or before June 30, 2023	1,250,000	130,000
On or before June 30, 2024	2,000,000	150,000
	<b>\$3,558,035</b>	<b>\$390,000</b>

Should the Company’s expenditures fall short of the required amount in any specified period, it may elect to make a cash payment to Midland in an amount equal to the shortfall in full satisfaction of the expenditure commitment for such period.

Upon earning a 50% interest in Casault upon completion of the first option period, the Company can increase its ownership interest to 65%, by incurring an additional \$6 million of expenditures within a period of two years from the date of exercising this option.

Should the Company elect to not earn, or to cease to earn, the additional undivided interest pursuant to the second option, the parties shall then form a joint venture to manage the Casault Gold Property. The Company shall be the operator of the joint venture as long as it has at least a 50% participating interest in the joint venture, or it has not elected to discontinue operatorship of the joint venture.

The Casault property is subject to a NSR of 1% which the mining claims holder has the right to buy half of the royalty for \$1,000,000 or 100% of the royalty for \$2,000,000.

Recovery of \$626,000 relates to Quebec refundable tax credits relating to 2021 expenditures.

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**9. Exploration and evaluation assets (continued):**

**(g) Beschefer Project (“Beschefer”):**

Beschefer is a gold exploration property located approximately 30 kilometres southwest of Fenelon Gold.

On February 21, 2020, the Company acquired certain claims relating to Beschefer for \$659,200. As part of the acquisition agreement, the Company shall spend up to \$600,000 on other properties owned by the vendor, at the vendor’s discretion, in consideration for transfer of 10% ownership in the properties, as well as a right of first refusal to purchase such properties.

On March 17, 2020, the Company entered into an agreement to deem the exercise of the Company’s option pursuant to the Beschefer agreement satisfied upon the issuance of 3,000,000 common shares and 500,000 common share purchase warrants exercisable for \$1.00 per common share and expiring five years from the date of issuance. The value of the shares and warrants \$1,449,500 were recorded as acquisition costs.

On February 26, 2021, the Company entered into an option agreement with Goldseek Resources Inc. (“Goldseek”) for Goldseek to earn a 100% interest in the Beschefer Property. Goldseek can exercise its option by incurring aggregate expenditures and issuing shares in Goldseek over a four year period as follows:

	Expenditures	Common shares to be issued
Upon execution of the agreement	\$ -	750,000
On or before February 26, 2022	500,000	750,000
On or before February 26, 2023	750,000	750,000
On or before February 26, 2025	1,750,000	2,033,672
	<u>\$3,000,000</u>	<u>4,283,672</u>

The Company received 750,000 common shares of Goldseek with a fair value of \$187,500 on March 9, 2021. In accordance with the Company’s accounting policy, this amount was credited to the related exploration and evaluation asset. The Company does not record any expenditures made by Goldseek.

As at December 31, 2021, Goldseek has satisfied the first anniversary minimum commitment of \$500,000 and excess expenditures will be carried forward to the second anniversary minimum commitment under the option agreement. The Company received 750,000 shares of Goldseek in February 2022.

Goldseek may accelerate its expenditures and the option will be effectively exercised when they have incurred expenditures which total \$3,000,000 and issue 4,283,672 common shares.

The Beschefer property is subject to a 1% and a 2% net smelter return royalty on any future commercial production.

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## **9. Exploration and evaluation assets (continued):**

### **(g) Beschefer Project (continued):**

At December 31, 2020, the Company recorded an impairment of \$1,009,935 on the Beschefer property to the estimated recoverable amount of \$1,105,000. The Company was not planning on incurring any additional exploration expenditures on the property.

### **(h) Sudbury Properties subject to Loncan exploration joint venture agreements:**

The Company has exploration joint venture agreements with Loncan on 30 properties in the Sudbury, Ontario area: the Sudbury Camp Joint Venture ("SCJV") and the North Range Joint Venture and amendment agreements ("NRJV") on the Parkin, North Range and Wisner Properties.

On October 28, 2019, the Company signed a definitive letter agreement whereby Lonmin appointed Wallbridge as operator of Loncan (note 12) which wholly owns 100% of the Denison property and is a participant in the SCJV and NRJV.

While the operatorship agreement is in effect, the Company has agreed to suspend the earn-in requirements on the exploration joint venture agreements and subsequent amendment agreements with Loncan.

If the operatorship agreement is terminated, the earn-in requirements resume and the earn-in expiry date for the NRJV is one year from the date of termination of the agreement. The earn-in requirements are as follows:

#### SCJV:

Nine properties have been assigned to the SCJV. The Company retains a 100% interest in each property until there is an indicated resource on a particular property. Provided Loncan has fulfilled its minimum expenditure commitment of US \$1 million each year, it will earn, at that time, a 50% interest in the particular property. Loncan's interest would be diluted to the extent the Company has contributed to work on a property. As a joint venture participant, the Company may elect to fund its pro-rata share of approved exploration budgets in order to increase its interest in the property. By funding a feasibility study and securing the Company's portion of financing through to commercial production, Loncan can increase its interest in a property to 65%. Some of the properties are subject to NSR royalties, ranging from 1% to 2% with some having buyback provisions.

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## 9. Exploration and evaluation assets (continued):

### (h) Sudbury Properties subject to Loncan exploration joint venture agreements (continued):

#### NRJV Agreement re North Range Properties:

Twelve properties are assigned to the NRJV relating to the North Range properties. Loncan could earn up to a 50% interest by spending twice the Company's expenditures on each of the properties. Loncan can then earn up to a 65% interest in each of the properties by making additional expenditures. Loncan has earned a 65% interest in the Iron Mask, Foy North and Ministic Properties. Some of the North Range properties are subject to NSR royalties, ranging from 2% to 3% with some having buyback provisions.

#### NRJV Amendment re Wisner Properties:

Loncan could earn a 50% interest in the five Wisner properties by funding exploration costs of \$6 million. Upon vesting, Loncan will have the option to earn a 15% additional interest by committing to fund the Wisner properties through to a definitive feasibility study. Loncan's remaining commitment to earn a 50% interest at December 31, 2021 is \$1,124,073. Some of the Wisner Properties are subject to NSR royalties, ranging between 1% and 5% with some having buyback provisions.

#### NRJV Amendment re Parkin Properties

Loncan can earn up to a 50% initial interest in the four Parkin properties by making payments and funding aggregate expenditures up to \$11,083,000. The expenditures include the cash payments to purchase the Impala Platinum Holdings Limited interest in the Parkin Properties. Loncan's remaining commitment to earn 50% in the four Parkin properties is \$4,986,257 at December 31, 2021. Some of the Parkin Properties are subject to NSR royalties between 1.5% and 5%.

#### Impala Platinum Holdings Limited ("Impala") Agreement

Subject to an option and joint venture agreement with Impala on its Parkin properties, Impala earned a 49.6% interest and Wallbridge had a 50.4% interest at December 31, 2014. The Company entered into an option agreement with Impala, effective December 31, 2014 to purchase Impala's 49.6% interest by making cash payments over five years. The Company has made all payments but the final option payment of \$1,500,000.

In March 2021, the Company and Impala agreed to extend the final option payment to June 30, 2022 by the Company making a \$100,000 payment by June 30, 2021.

The Company may exercise this option at its discretion.

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**9. Exploration and evaluation assets (continued):**

**(i) Other Sudbury Properties:**

At December 31, 2021, the Company has interests in six other exploration properties in the Sudbury, Ontario area of which two of the exploration properties are subject to joint venture arrangements with other parties and are subject to certain NSR royalties.

**(j) Other Ontario Properties:**

*Gargoyle, Goblin and Ghost, Ontario*

The Company has an option agreement to acquire a 100% interest in the Gargoyle Property in Ontario. The Company made an option payment on August 16, 2020 of \$40,000 and issued 71,000 common shares valued at \$66,740 and issued an additional 106,500 common shares valued at \$68,160 on August 16, 2021. The Company can exercise the option by making a final cash payment of \$50,000 by August 16, 2022. If the Company exercises the option, the Company will grant a 2% NSR royalty to the vendor, half of which the Company may repurchase at any time for \$1,000,000. The Company also has a right of first refusal on the sale of the remaining NSR interest.

The Goblin or Ghost properties are not subject to the terms and conditions of the Gargoyle Agreement and thus are 100% owned by the Company and free of royalty interests.

The Company recorded an impairment of \$719,276 on these properties as at December 31, 2021 as a result of management's decision to not incur any further expenditures on these properties. The estimated recoverable amount of the properties is \$nil.

*Northshore Gold, Ontario*

On June 22, 2020, the Company entered into an agreement to sell its 44% interest in the Northshore Gold Property, an advanced exploration gold property in Ontario. On August 31, 2020, the sale was completed for total consideration of \$1,055,000 (cash of \$255,000 and \$800,000 of shares).

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## 10. Property and equipment:

Cost:

	Buildings, leaseholds and bridges	Vehicles, Site buildings, and equipment	Right-of-Use buildings	Right-of-Use vehicles and equipment	Total
Balance, December 31, 2019	\$ 347,682	\$ 1,939,839	\$ 274,716	\$1,292,746	\$ 3,854,983
Additions	462,906	4,988,550	557,433	-	6,008,889
Reclassification of purchased right-of-use assets	-	1,205,938	-	(1,205,938)	-
Disposals	-	(67,147)	(495,558)	-	(562,705)
Balance, December 31, 2020	\$ 810,588	\$ 8,067,180	\$ 336,591	\$86,808	\$ 9,301,167
Additions	-	3,574,974	-	-	3,574,974
Disposals	-	-	-	-	-
Balance, December 31, 2021	\$ 810,588	\$ 11,642,154	\$ 336,591	\$86,808	\$ 12,876,141

Accumulated depreciation:

	Buildings, leaseholds and bridges	Vehicles, Site buildings, and equipment	Right-of Use buildings	Right-of Use vehicles and equipment	Total
Balance, December 31, 2019	\$ 171,611	\$ 778,978	\$ 73,256	\$ 268,010	\$ 1,291,855
Depreciation	12,122	561,216	119,519	127,483	820,340
Reclassification of purchased right-of-use assets	-	351,576	-	(351,576)	-
Disposals	-	(36,349)	(41,107)	-	(77,456)
Balance, December 31, 2020	\$ 183,733	\$ 1,655,421	\$ 151,668	\$ 43,917	\$ 2,034,739
Depreciation	54,295	1,482,500	104,194	21,272	1,662,261
Disposals	-	-	-	-	-
Balance, December 31, 2021	\$ 238,028	\$ 3,137,921	\$ 255,862	\$ 65,189	\$ 3,697,000

Carrying amounts:

	Buildings, leaseholds and bridges	Vehicles, Site buildings, and equipment	Right-of-Use buildings	Right-of-Use vehicles and equipment	Total
At December 31, 2020	\$ 626,855	\$ 6,411,759	\$ 184,923	\$ 42,891	\$ 7,266,428
At December 31, 2021	\$ 572,560	\$ 8,504,233	\$ 80,729	\$ 21,619	\$ 9,179,141

The Company capitalized depreciation of \$1,488,621 to Fenelon Gold in 2021 (2020 - \$580,878).



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## 11. Accounts payable and accrued liabilities:

	2021	2020
Accounts payable	\$ 10,550,466	\$ 5,989,969
Accrued liabilities	1,826,003	1,531,864
Quebec mining tax and other tax liabilities	208,621	1,612,150
Payroll related liabilities	740,313	595,067
	<u>\$ 13,325,403</u>	<u>\$ 9,729,050</u>

Included in accounts payable and accrued liabilities at December 31, 2021 are amounts relating to exploration properties of \$9,930,168 (December 31, 2020 - \$6,618,185).

## 12. Related party transactions:

(a) The Company had the following transactions with related parties:

	2021	2020
Loncan (i)		
Recovery of costs billed to Loncan plus 10% fee	\$ (211,511)	\$ (346,252)
William Day (ii)		
Broken Hammer closure plan and other expenditures	7,995	111,288
Gemibra Media (iii)		
Social media services	49,100	15,350

(i) The Company owns 17.8% of Loncan (2020 – 17.8%) which at December 31, 2021 has a book value of \$1,223,036 (2020 - \$1,228,719). Effective October 28, 2019, the Company has an operatorship agreement with Loncan and receives a 10% fee on exploration expenditures incurred in Loncan (note 9(h)), one director (2020 – three directors) of the Company and William Day are minority shareholders of Loncan, and the Company has representation on the board of directors of Loncan. At December 31, 2021, the Company has a receivable from Loncan of \$156,486 (2020 – \$196,276). These transactions were in the normal course of operations and measured at the exchange amount of consideration established and agreed to by the related parties.

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**12. Related party transactions (continued):**

- (ii) Shawn Day is a director and the President of William Day and became a director of the Company in 2017. William Day provided services to the Company as noted above. At December 31, 2021, the Company has accounts payable of \$nil (2020 - \$6,924) owing to William Day. These transactions were in the normal course of operations and measured at the exchange amount of consideration established and agreed to by the related parties.

As part of the consideration for granting a loan to the Company in 2016 which was subsequently repaid, the Company entered into a cooperation agreement granting William Day the right of first opportunity to bid on commercially reasonable terms, all contracts relating to the construction of surface facilities, and transportation services for mining operations.

- (iii) A principal of Gemibra Media is a close family member of Marz Kord, the President and CEO, and director of the Company. At December 31, 2021, the Company has a payable to Gemibra Media of \$4,520 (2020 - \$2,500). In October 2020, the Company entered into an agreement for Gemibra Media to provide social media services at \$2,500 per month for a term of six months. In March 2021, the Company entered into two agreements to provide social media, website and video production services for a total of \$4,000 per month for a term of ten months. In January 2022, the Company entered into two agreements to provide social media, website and video production services for a total of \$4,700 per month for a term of twelve months. These transactions were in the normal course of operations and measured at the exchange amount of consideration established and agreed to by the related parties.

(b) Key management personnel compensation:

The remuneration of Directors, President and CEO, and CFO of Wallbridge was as follows:

	2021	2020
Salaries and benefits <sup>(1)</sup>	\$1,210,941	\$1,165,702
Share-based compensation <sup>(2)</sup>	698,528	521,888
	<u>\$1,909,469</u>	<u>\$1,687,590</u>

<sup>(1)</sup> Salaries and benefits and directors' fees are included in general and administrative expenses on the statement of loss and comprehensive loss. Included in directors' fees are deferred share units ("DSUs") granted for 2021 fees totalling \$337,135 (2020 - \$233,417).

<sup>(2)</sup> Share based compensation is included in general and administrative expenses on the statement of loss and comprehensive loss and consists of stock options.

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## 13. Flow-through premium liability and commitment for qualifying flow-through expenditures:

Balance, December 31, 2019	\$ 1,139,037
Acquired from Balmoral, May 22, 2020	293,799
Other income recorded as flow-through expenditures incurred	(1,412,836)
Balance, December 31, 2020	\$ 20,000
Premium recorded through flow-through proceeds	7,161,556
Other income recorded as flow-through expenditures incurred	(7,181,556)
Balance, December 31, 2021	\$ -

The Company incurred expenditures prior to December 31, 2020, and has renounced effective December 31, 2019, qualifying Canadian exploration expenses ("CEE") of \$7,858,785.

With the acquisition of Balmoral in 2020, the Company acquired an additional commitment of approximately \$5,045,000 which approximately \$4,807,000 was fulfilled in 2020 and the balance was fulfilled in 2021.

The Company has incurred and renounced effective December 31, 2021, qualifying CEE of \$20,010,230. The Company recorded premiums of \$7,161,556 in connection with the charity flow-through financing completed in 2021 (2020 - \$nil). The Company estimates the proportion of the proceeds attributable to the flow-through premium as the excess of the subscription price over the market value of the shares and records this value as a liability at the time the shares are issued.

As qualifying expenditures are incurred, the Company recognizes a pro-rata reduction of the flow-through premium liability as other income in the statements of loss and comprehensive loss. During the year ended December 31, 2021, a reduction in the flow-through liability of \$7,181,556 was recorded in other income (2020 - \$1,412,836).

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**14. Provision for Closure Plan:**

	December 31, 2021	December 31, 2020
Broken Hammer mine	\$ 2,004,259	\$ 2,554,129
Fenelon Gold property	1,089,860	1,089,860
Martiniere property	100,000	100,000
Provision for closure plan	\$ 3,194,119	\$ 3,743,989

The following is a reconciliation of the provision for closure plan amounts:

	2021	2020
Provision for closure plan, beginning of the year	\$ 3,743,989	\$ 2,688,759
Change in estimate - Broken Hammer	-	2,676,646
Provision for Martiniere property reclamation - acquisition of Balmoral	-	100,000
Closure plan expenditures - Broken Hammer	(549,870)	(1,721,416)
Provision for closure plans, end of the year	\$ 3,194,119	\$ 3,743,989
Current portion	(575,843)	(787,277)
Provision for closure plan, long term	\$2,618,276	\$ 2,956,712

The Company's initial estimates are based on independent studies or agreements with the respective government body for each project using current restoration standards and techniques. Subsequent changes to the closure plan were based on management's best estimates for the requirements and an independent study at December 31, 2020. The Company determined that the impact of discounting the future closure expenditures as at December 31, 2021 and 2020 is immaterial and as such, no discount rate has been applied in determining the closure provision. The Broken Hammer mine has been in a state of inactivity since 2015 and closure plan activities have been ongoing. The long term balance of \$1,428,416 for the Broken Hammer Project is expected to be incurred between 2023 and 2033, \$1,089,860 on the Fenelon Gold property is expected to be incurred between 2024 and 2029, and \$100,000 on the Martiniere property is expected to be incurred in 2023. The closure plan liability at Fenelon Gold is based on the current closure plan which may be required to be amended based on future activities on the property.

On August 12, 2021, the Company received approval from the Ministère de l'Énergie et des Ressources Naturel ("MERN") for an updated closure plan at Fenelon. The updated closure plan includes additions for future disturbances which have not occurred as at December 31, 2021. With the approval of the closure plan, the Company increased its financial assurance with MERN from \$1,089,960 to \$2,908,600 and will increase the closure plan provision once the disturbances have occurred.

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## 14. Provision for Closure Plan (continued):

At December 31, 2021, the Company has one-year renewable letters of credit, secured by cash and cash equivalents, of \$3,259,845 (December 31, 2020 - \$1,441,105) supporting the closure plans.

## 15. Taxes:

### (a) Tax provision:

Income taxes differ from the amount that would be computed by applying the combined Federal and Provincial statutory income tax rates of 26.5% (2020 – 26.5%). The reconciliation between the statutory and the effective tax rates is provided as follows:

	2021	2020
Income (loss) before income taxes	\$ 298,484	\$(15,775,282)
Expected tax expense (recovery) at statutory rate	79,000	(4,180,000)
Increase (decrease) in provision resulting from:		
Renunciation of exploration expenditures	8,504,000	5,307,000
Other permanent differences	483,000	177,000
Impairment of non-deductible exploration and evaluation assets	-	2,429,000
Adjustment to prior years	843,000	-
Non-taxable income on flow through shares	(1,903,000)	(374,000)
Change in unrecognized deferred tax assets	(538,000)	(819,000)
Future deductibility of deferred and minimum mining related taxes	(1,562,000)	(1,081,000)
Attributes utilized to claim tax credit	2,286,000	2,620,000
Deferred tax expense	\$ 8,192,000	\$ 4,079,000

### (b) The components of deferred tax assets and liabilities are as follows:

	2021	2020
Exploration and evaluation assets	\$(28,445,000)	\$(15,258,000)
Property and equipment	(397,000)	(544,000)
Non-capital losses	10,893,000	6,940,000
Deferred financing and other costs	1,339,000	1,477,000
Deferred and minimum mining related taxes	3,252,000	1,793,000
Deferred tax liability	\$ (13,358,000)	\$ (5,592,000)

The Company has non-capital losses of approximately \$69,476,000 that will expire between 2027 and 2041 if not used.

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## 15. Taxes (continued):

(c) Unrecognized deferred tax assets:

Deferred tax assets have not been recognized in respect of the following deductible temporary differences, because it is not probable that future taxable profit will be available against which the Company can utilize the benefits therefrom:

	2021	2020
Capital losses	\$10,020,384	\$ 9,810,771
Non-capital losses	-	2,225,530
Provision for closure plan	1,089,860	1,139,860
Unrealized loss on marketable securities	71,608	-

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## 16. Shareholders' equity:

(a) Share capital transactions:

	Number of shares	Share capital
Balance, December 31, 2019	586,997,997	\$149,440,804
Shares issued for acquisition of exploration asset (i)	3,000,000	1,320,000
Shares issued for option payment of exploration asset (ii)	71,000	66,740
Shares issued to Balmoral shareholders upon acquisition (iii)	130,556,944	151,446,055
Shares issued upon conversion of deferred share units (iv)	996,464	812,313
Shares issued upon exercise of warrants (v)	7,944,388	6,234,832
Shares issued upon exercise of stock options (vi)	3,568,423	2,950,575
Public offering – shares October 2020 (vii)	55,500,000	63,825,000
Issuance costs allocated to shares (vii)	-	(2,617,194)
Balance, December 31, 2020 (note 2(b))	788,635,216	\$373,479,125
Shares issued upon exercise of warrants (viii)	3,585,938	4,148,156
Shares issued upon exercise of stock options (ix)	475,000	83,860
Bought deal public offering – flow-through shares (x)	21,063,400	20,010,230
Issuance costs allocated to shares, net of tax impact (x)	-	(1,179,517)
Flow-through premium (x)	-	(7,161,556)
Shares issued upon exercise of deferred share units (xi)	4,249,837	2,083,810
Shares issued for option payment of exploration asset (xii)	106,500	68,160
Balance, December 31, 2021	818,115,891	\$391,532,268

- (i) On March 17, 2020, 3,000,000 common shares were issued for acquisition of an exploration asset, Beschefer (note 9(g)). Value of the common shares issued of \$1,320,000 is included in share capital.
- (ii) On August 16, 2020, 71,000 common shares were issued as part of an option agreement to purchase an exploration asset, Gargoyle (note 9(j)). Value of the common shares issued of \$66,740 is included in share capital.
- (iii) On May 22, 2020, 130,556,944 common shares were issued to Balmoral shareholders upon the Company's acquisition of all of Balmoral's outstanding shares (note 8). Value of the shares issued of \$151,446,055 is included in share capital.

Notes to Financial Statements  
(expressed in Canadian Dollars)

Years ended December 31, 2021 and December 31, 2020

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**16. Shareholders' equity (continued):**

(a) Share capital transactions (continued):

- (iv) During the year ended December 31, 2020, 996,464 common shares were issued upon conversion of deferred share units by a retired director.
- (v) During the year ended December 31, 2020, 7,944,388 common shares were issued upon exercise of warrants at an average exercise price of \$0.57 for total proceeds of \$4,503,576. Value of the warrants exercised of \$1,731,256 is included in share capital.
- (vi) During the year ended December 31, 2020, 3,568,423 common shares were issued upon exercise of stock options at an average exercise price of \$0.34 for total proceeds of \$1,200,428. Value of the stock options exercised of \$1,750,147 is included in share capital.
- (vii) On October 2, 2020, the Company completed a public offering through the issuance of an aggregate of 55,500,000 common shares of the Company at a price of \$1.15 per common share for gross proceeds of \$63,825,000 ("the Offering"), inclusive of the partial exercise of the over-allotment by the underwriters.

In connection with the Offering, Kirkland acquired 20,000,000 common shares to increase its ownership interest in the Company to approximately 9.9% (on a non-diluted basis) in accordance with the non-dilution rights granted to Kirkland by the Company pursuant to a participation agreement between the Company and Kirkland dated December 6, 2019.

The underwriters were paid a cash commission of 5% on the gross proceeds of the Offering, excluding Kirkland's participation. Total share issuance costs incurred were \$2,617,194. The net proceeds from the Offering of \$61,207,806 is being used for continued advancement of Fenelon and for general corporate purposes.

- (viii) During the year ended December 31, 2021, 3,585,938 common shares were issued upon exercise of warrants at an average exercise price of \$0.42 for total proceeds of \$1,515,185. Value of the warrants exercised of \$2,632,971 is included in share capital.



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(expressed in Canadian Dollars)

Years ended December 31, 2021 and December 31, 2020

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**16. Shareholders' equity (continued):**

(a) Share capital transactions (continued):

- (ix) During the year ended December 31, 2021, 475,000 common shares were issued upon exercise of stock options at an average exercise price of \$0.11 for total proceeds of \$52,374. Value of the stock options exercised of \$31,486 is included in share capital.
- (x) On April 15, 2021, the Company completed a "bought deal" public offering through the issuance of an aggregate of 21,063,400 charity flow-through common shares of the Company at a price of \$0.95 (the "Offering Price") per charity flow-through share for gross proceeds of \$20,010,230 to the Company, inclusive of the full exercise of the over-allotment option by the Underwriters to acquire an additional 2,747,400 charity flow-through shares at the Offering Price. The charity flow-through shares were issued and sold pursuant to the terms of an underwriting agreement dated March 31, 2021. The Underwriters were paid a cash commission of 5.5% on the gross proceeds of the Offering.

In connection with the Offering, Kirkland was one of the back-end buyers and acquired 2,085,277 Common Shares to maintain its ownership interest in the Company at approximately 9.9% (on a non-diluted basis) in accordance with the non-dilution rights granted to Kirkland by the Company pursuant to a participation agreement between the Company and Kirkland dated December 6, 2019. In respect of the Offering, the charity flow-through shares were offered by way of a short form prospectus dated April 12, 2021, filed in all of the provinces of Canada.

The Company recorded a flow-through share premium and a corresponding deferred liability of \$7,161,556 (note 13). Share issuance costs of \$1,605,517 for the public offering were charged as a reduction of share capital, net of tax impact of \$426,000.

- (xi) During the year ended December 31, 2021, 4,249,837 common shares were issued upon conversion of deferred share units by retired directors. Value of the common shares issued of \$2,083,810 is included in share capital.
- (xii) On August 16, 2021, 106,500 common shares were issued as part of an option agreement to purchase an exploration asset included in Other Ontario Properties. Value of the common shares issued of \$68,160 is included in share capital.

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(expressed in Canadian Dollars)

Years ended December 31, 2021 and December 31, 2020

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## **16. Shareholders' equity (continued):**

### **(b) Share based compensation plan:**

The Company has an omnibus share based compensation plan comprised of restricted share units, deferred share units and stock options. Awards under the plan may be granted to any non-employee director, officer, employee or consultant. Under the plan, no cash settlements will be made as settlement will be in common shares only. The number of common shares available for issuance may not exceed 10% of the issued and outstanding common shares. In addition, the number of common shares issued and issuable to insiders within one year period shall not exceed 10% of the issued and outstanding common shares and to any one insider within one year shall not exceed 5% of the issued and outstanding common shares. The number of common shares reserved for the purpose of the omnibus share compensation based plan was 1,715,072 or 0.21% of issued and outstanding shares at December 31, 2021.

- (i) Restricted Share Units ("RSUs") may be granted to participants and are based on individual and corporate performance criteria. The Compensation and HR Committee determines the vesting schedule at the time of grant. The RSUs will be paid out to the participant no later than three years from the year in which the RSUs were granted. A restricted share unit is automatically converted into one common share upon vesting for no additional consideration. RSUs are equity-settled and are fair valued based on the market value of the shares at the grant date. The Company's compensation expense is recognized over the vesting period based on the number of units estimated to vest. Management estimates the number of awards likely to vest on grant and at each reporting date up to the vesting date. The estimated forfeiture rate is adjusted for actual forfeitures in the period. On settlement of RSUs, the shares are issued from treasury. No RSUs were issued during 2021 and 2020.
- (ii) DSUs may be used for partial payment of directors' fees to non-employee directors. A DSU is a notional share that has the same value as one common share. Directors may choose to take all or part of their fees in DSUs, with the consent of the Company. DSUs are paid out to the directors when they retire from the Board. DSUs are equity settled and are fair valued based on the market value of the shares at the grant date.

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**16. Shareholders' equity (continued):**

(b) Share based compensation plan (continued):

A summary of the Company's DSUs are as follows:

	2021	2020
DSUs	Number	Number
Outstanding, beginning of year	6,420,004	7,211,107
Granted for settlement of prior year's directors' fees	77,924	29,794
Granted for settlement of current year's directors' fees	471,727	175,567
Exercised	(4,249,837)	(996,464)
Outstanding, end of year	2,719,818	6,420,004

In 2021, a total of 77,924 DSUs (2020 – 29,794) were granted to directors of the Company in settlement of 2020 directors' fees owing of \$60,625 (2020 - \$27,500). In 2022, a total of 219,791 DSUs were granted to the directors of the Company in settlement of 2021 directors' fees owing of \$85,719.

(iii) Stock Options may be granted to participants of the plan. The Compensation and HR Committee determines the exercise price, vesting period and exercise rights for each stock option granted. The exercise price of options granted in accordance with the plan must not be lower than the closing price for such shares as quoted on the TSX on the last business day prior to the date of the grant. Alternatively, the exercise price must not be lower than the five day weighted average trading price of the shares for the last five days that the shares traded on the TSX prior to the date of the grant.

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**16. Shareholders' equity (continued):**

(b) Share based compensation plan (continued):

A summary of the Company's stock options are as follows:

Stock Options	2021		2020	
	Number	Weighted Average Exercise Price	Number	Weighted Average Exercise Price
Outstanding, beginning of year	9,519,724	\$0.59	4,855,000	\$0.165
Replacement stock options	-	-	6,871,647	\$0.70
Granted	4,930,012	\$0.64	1,423,000	\$0.92
Cancelled	(45,700)	\$0.64	(12,000)	\$0.93
Expired unexercised	(1,283,600)	\$0.92	(49,500)	\$0.343
Exercised	(475,000)	\$0.11	(3,568,423)	\$0.34
Outstanding, end of year	12,645,436	\$0.59	9,519,724	\$0.588

At December 31, 2021, 8,255,724 stock options were exercisable. The weighted average exercise price of options exercisable at December 31, 2021 is \$0.57 (December 31, 2020 – 8,820,224 exercisable stock options with a weighted average exercise price of \$0.56 per share). The weighted average remaining contractual life of stock options outstanding is 3.51 years (December 31, 2020 – 2.83 years).

For the year ended December 31, 2021, \$772,902 (year ended December 31, 2020 - \$618,360) of expense relating to stock options was recorded in share based compensation, and \$173,894 (December 31, 2020 - \$122,269) was capitalized to exploration and evaluation assets.

On May 11, 2020, 1,323,000 stock options were granted at an exercise price of \$0.93 which will expire on May 11, 2025 of which 661,500 options vested immediately and 661,500 options vested May 11, 2021.

Upon resignation of employees during the 2020 year, 12,000 stock options were cancelled as they did not vest, and 49,500 expired unexercised.

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Years ended December 31, 2021 and December 31, 2020

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## **16. Shareholders' equity (continued):**

### (b) Share based compensation plan (continued):

On May 22, 2020, the outstanding stock options of Balmoral have been adjusted in accordance with their terms and the Exchange Ratio such that 6,871,647 options of Wallbridge were reserved for exercise. The fair value of the stock options acquired was \$5,021,418 (note 8). The Company recorded a stock option expense of \$203,480 when re-valuing the stock options at May 22, 2020 to \$5,224,898. The stock options were calculated using a Black-Scholes option pricing model with the following weighted average assumptions and inputs: (i) expected life – 2.4 years, (ii) weighted average expected volatility – 102.6%, (iii) risk free interest rate – 0.29%, (iv) share price – \$1.16.

On December 12, 2020, 100,000 stock options were granted at an exercise price of \$0.77 which will expire on December 12, 2025 of which 50,000 options vested immediately and 50,000 vested December 12, 2021.

On March 19, 2021, 4,294,200 stock options were granted at an exercise price of \$0.64. Upon the retirement of two directors on May 12, 2021, 494,600 of the granted options vested immediately and will expire on May 12, 2022. The remaining 3,799,600 stock options in this grant will expire on March 19, 2028 and will vest equally over three years beginning on March 19, 2022. Upon resignation of employees during the year, 45,700 stock options were cancelled as they did not vest.

On June 15, 2021, 280,312 stock options were granted at an exercise price of \$0.61 which will expire on June 15, 2028. The stock options will vest equally over three years beginning on June 15, 2022.

On September 1, 2021, 240,200 stock options were granted at an exercise price of \$0.60 which will expire on September 1, 2028. The stock options will vest equally over three years beginning on September 1, 2022.

On September 13, 2021, 115,300 stock options were granted at an exercise price of \$0.61 which will expire on September 13, 2028. The stock options will vest equally over three years beginning on September 13, 2022.

# WALLBRIDGE MINING COMPANY LIMITED

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Notes to Financial Statements  
(expressed in Canadian Dollars)

Years ended December 31, 2021 and December 31, 2020

## 16. Shareholders' equity (continued):

### (b) Share based compensation plan (continued):

The fair value of stock options granted during the year ended December 31, 2021 has been estimated using the Black-Scholes pricing model to be \$1,607,387 (2020 - \$832,000) or \$0.33 per common share (2020 - \$0.585 per common share).

The assumptions used in the pricing model are as follows:

	2021	2020
Estimated risk free interest rate	0.54% to 0.58%	0.29% to 0.31%
Expected life	3.2 years	3.2 to 3.5 years
Expected volatility *	81.2% to 85.3%	87.9% to 94.9%
Expected dividends	\$Nil	\$Nil
Forfeiture rate *	3.2% to 3.3%	3.3%

\* The expected volatility used was based on the historical volatility of the Company's share price over a period equivalent to the expected life of the options prior to their grant date. The forfeiture rate is based on historical rate of forfeitures at the time of stock option grant.

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

Exercise Price	Number	Exercisable	Expiry Date
\$1.100	1,269,124	1,269,124	March 2, 2022
\$0.640	494,600	494,600	May 12, 2022
\$0.085	30,000	30,000	June 5, 2022
\$0.075	100,000	100,000	November 9, 2022
\$0.075	450,000	450,000	July 5, 2023
\$0.250	191,700	191,700	September 7, 2023
\$0.165	400,000	400,000	December 7, 2023
\$0.155	1,275,000	1,275,000	January 3, 2024
\$0.175	200,000	200,000	January 28, 2024
\$0.250	624,800	624,800	April 12, 2024
\$0.420	200,000	200,000	July 21, 2024
\$0.785	200,000	200,000	December 9, 2024
\$0.660	1,597,500	1,597,500	January 30, 2025
\$0.930	1,123,000	1,123,000	May 11, 2025
\$0.770	100,000	100,000	December 12, 2025
\$0.640	3,753,900	-	March 19, 2028
\$0.610	280,312	-	June 15, 2028
\$0.600	240,200	-	September 1, 2028
\$0.610	115,300	-	September 13, 2028
<b>Outstanding options</b>	<b>12,645,436</b>	<b>8,255,724</b>	

# WALLBRIDGE MINING COMPANY LIMITED

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## 16. Shareholders' equity (continued):

### (c) Share purchase warrants:

Each warrant entitles the holder to purchase one common share.

At December 31, 2021, the Company has reserved shares for issuance as follows:

Warrants	2021		2020	
	Number	Average Price	Number	Average Price
Outstanding, beginning of period	4,088,423	\$0.49	6,591,591	\$0.60
Issued	-	-	500,000	\$1.00
Replacement warrants (note 8)	-	-	4,941,220	\$0.40
Expired unexercised	(2,485)	\$0.43	-	-
Exercised	(3,585,938)	\$0.35	(7,944,388)	\$0.56
Outstanding, end of period	500,000	\$1.00	4,088,423	\$0.49

No warrants were issued during the year ended December 31, 2021. The fair value of the warrants issued in 2020 was estimated using the Black-Scholes pricing model to be \$129,500, \$0.259 per warrant using the following assumptions:

	2020
Estimated risk free interest rate	0.93%
Expected life	5 years
Expected volatility*	94.6%
Expected dividends	\$nil

\* The expected volatility used was based on the historical volatility of the Company's share price over a period equivalent to the expected life of the warrants prior to their grant date.

There are 500,000 warrants outstanding and exercisable as at December 31, 2021 with an exercise price of \$1.00 which expire on March 17, 2025.

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Years ended December 31, 2021 and December 31, 2020

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### **17. Commitments and contingencies:**

- (a) The Company's activities are subject to environmental regulation (including regular environmental impact assessments and permitting) in each of the jurisdictions in which its mineral properties are located. Such regulations cover a wide variety of matters including, without limitation, prevention of waste, pollution and protection of the environment, labour relations and worker safety. The Company may also be subject under such regulations to clean-up costs and liability for toxic or hazardous substances which may exist on or under any of its properties or which may be produced as a result of its operations. It is likely that environmental legislation and permitting will evolve in a manner which will require stricter standards and enforcement. This may include increased fines and penalties for non-compliance, more stringent environmental assessments of proposed projects and a higher degree of responsibility for companies, their directors and employees.

The Company is not aware whether any provision for such costs is required and is unable to determine the impact on its financial position, if any, of environmental laws and regulations that may be enacted in the future due to the uncertainty surrounding the form that these laws and regulations may take.

- (b) From time to time the Company may be subject to legal claims, with and without merit. These claims may commence informally and reach a commercial settlement or may progress to a more formal dispute resolution process. The causes of potential future claims cannot be known and may arise from, among other things, business activities, environmental laws, volatility in stock price or failure to comply with disclosure obligations. Defense and settlement costs may be substantial, even with respect to claims that have no merit. Due to the inherent uncertainty of the litigation and dispute resolution process, there can be no assurance that the resolution of any particular legal proceeding or dispute will not have a material adverse effect on the Company's future cash flows, results of operations or financial condition.

Management determines when the Company has a present obligation (legal or constructive) that has arisen as a result of a past event and is probable that a future outflow of resources will be required to settle the obligation, provided that a reasonable estimate of the amount of the obligation can be made. Provisions for legal claims, onerous contracts and commitments are recognized at the best estimates of the expenditures required to settle the Company's liability. Provisions are measured at the present value of the expenditures required to settle the obligation.

- (c) The Company has committed to contributing up to \$1,500,000 to improve and upgrade the road that will facilitate access to the Sunday Lake geological fault located near Matagami, Quebec. The total road improvement and upgrade costs are estimated to be \$6,500,000 with the balance of the costs to be contributed by the Government of Quebec.



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### **17. Commitments and contingencies (continued):**

- (d) In December 2020, the Company signed an agreement with McGill University to sponsor a research project on the Detour-Fenelon gold district for \$240,000 which is payable at \$60,000 per year for four years. The first payment was made in January 2021 and the second payment was made in December 2021.
- (e) The Company terminated a contract with a vendor in December 2021, effective January 14, 2022. The Company has recorded a provision of \$854,376 in relation to costs associated upon termination of the contract as at December 31, 2021.

### **18. Subsequent Events:**

#### “Bought deal” Public Offering

On February 24, 2022, the Company completed a “bought deal” public offering through the issuance of an aggregate of 27,300,000 charity flow-through common shares of the Company at a price of \$0.55 (the “Offering Price”) per charity flow-through share for gross proceeds of \$15,015,000 to the Company. The charity flow-through shares were issued and sold pursuant to the terms of an underwriting agreement dated February 8, 2022. The Underwriters were paid a cash commission of 6% on the gross proceeds of the Offering.

In connection with the Offering, Kirkland was one of the back-end buyers and acquired 6,362,519 common shares to maintain its ownership interest in the Company at approximately 9.9% (on a non-diluted basis) in accordance with the non-dilution rights granted to Kirkland by the Company pursuant to a participation agreement between the Company and Kirkland dated December 6, 2019. William Day Holdings Limited also participated as a back-end buyer and acquired 1,612,903 common shares of the Company.

In respect of the Offering, the charity flow-through shares were offered by way of a short form prospectus dated February 18, 2022, filed in all of the provinces of Canada.

The charity flow-through shares will qualify as “flow-through shares” within the meaning of subsection 66(15) of the Income Tax Act (Canada) and, in respect of eligible Quebec resident purchasers, section 359.1 of the Taxation Act (Quebec). The gross proceeds from the sale of the charity flow-through shares will be used to support the Company’s 2022 exploration program at the Company’s Detour-Fenelon Gold Property, which will qualify as CEE and “flow-through mining expenditures”, both within the meaning of the Income Tax Act (Canada). The Company will renounce such CEE with an effective date of no later than December 31, 2022.

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#### 18. Subsequent Events:

##### Private Placement

On February 24, 2022, the Company completed a non-brokered private placement of 24,611,351 National flow-through common shares (the "National FT Shares") and 12,357,000 Quebec flow-through common shares (the "Quebec FT Shares") for aggregate gross proceeds of \$14,172,570. The National FT Shares were issued at a price of \$0.37 and the Quebec FT Shares at a price of \$0.41. In connection with the Private Placement, the Company paid a cash finder's fee of 4%.

Each National FT Share and Quebec FT Share will qualify as "flow-through shares" within the meaning of subsection 66(15) of the Income Tax Act (Canada) and, in respect of eligible Quebec resident purchasers, section 359.1 of the Taxation Act (Quebec). The gross proceeds from the sale of the flow-through shares will be used to support the Company's 2022 exploration program at the Company's Detour-Fenelon Gold Property, which will qualify CEE and "flow-through mining expenditures", both within the meaning of the Income Tax Act (Canada). The Company will renounce such CEE with an effective date of no later than December 31, 2022.