Hercules Silver Corp.

(Formerly "Bald Eagle Gold Corp.")

Consolidated Financial Statements

For the Years ended December 31, 2022 and 2021

(Expressed in Canadian Dollars)

Independent Auditor's Report

To the Shareholders of Hercules Silver Corp. (formerly Bald Eagle Gold Corp.):

Opinion

We have audited the consolidated financial statements of Hercules Silver Corp. (formerly Bald Eagle Gold Corp.) and its subsidiaries (the "Company"), which comprise the consolidated statements of financial position as at December 31, 2022 and December 31, 2021, and the consolidated statements of loss and comprehensive loss, changes in shreholders' equity, and cash flows for the years then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Company as at December 31, 2022 and December 31, 2021, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with International Financial Reporting Standards.

Basis for Opinion

We conducted our audits in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audits of the consolidated 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.

Material Uncertainty Related to Going Concern

We draw attention to Note 1 in the consolidated financial statements which indicates that the Company incurred a net loss during the year ended December 31, 2022 and, as of that date, the Company had a an accumulated deficit. As stated in Note 1, these events or conditions, along with other matters as set forth in Note 1, indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Key Audit Matters

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

Except for the matter described in the Material Uncertainty Related to Going Concern section, we have determined that there are no other key audit matters to communicate in our report.

Other Information

Management is responsible for the other information. The other information comprises Management's Discussion and Analysis.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audits of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audits or otherwise appears to be materially misstated. We obtained Management's Discussion and Analysis prior to the date of this auditor's 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. We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

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

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

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

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated 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 consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated 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 auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's 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 report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor's report is Andrew Kevin Spidle.

MNP LLP

Mississauga, Ontario | Chartered Professional Accountants

April 24, 2023 | Licensed Public Accountants

Hercules Silver Corp. (Formerly "Bald Eagle Gold Corp.")
Consolidated Statements of Financial Position
As at December 31, 2022 and 2021
(Expressed in Canadian dollars)

	December 31, 2022	December 31, 2021
	$	$
Assets		
Cash	**1,802,284**	1,835,699
Sales tax recoverable	**141,106**	25,101
Prepaid expenses	**32,183**	22,917
Total Assets	**1,975,573**	1,883,717
Liabilities		
Accounts payable and accrued liabilities (Notes 5 and 11)	**517,209**	133,810
Total Liabilities	**517,209**	133,810
Shareholders' Equity		
Share capital (Note 6)	**12,731,456**	10,913,815
Warrant reserve (Note 8)	**1,102,784**	278,832
Options reserve (Note 9)	**545,222**	256,647
RSU reserve (Note 10)	**126,641**	80,022
Accumulated deficit	**(13,047,739)**	(9,779,409)
Total Shareholders' Equity	**1,458,364**	1,749,907
Total Liabilities and Shareholders' Equity	**1,975,573**	1,883,717

Nature of operations and going concern (Note 1)
Contingencies (Note 17)
Subsequent events (Note 18)

Approved on behalf of the Board of Directors:

"Christopher Paul"
Christopher Paul, Director

"Darren Collins"
Darren Collins, Director

Hercules Silver Corp. (Formerly “Bald Eagle Gold Corp.”)
Consolidated Statements of Loss and Comprehensive loss
For the Years ended December 31, 2022 and 2021
(Expressed in Canadian dollars)

	2022	2021
	$	$
Expenses		
General and administrative (Notes 11 and 12)	**(1,122,650)**	(1,253,597)
Exploration and evaluation expenditures	**(1,008,024)**	(441,560)
Share-based compensation (Notes 9, 10 and 11)	**(771,938)**	(105,685)
Professional fees (Note 11)	**(401,934)**	(538,559)
Disposal of exploration property (Note 4(ii))	**-**	1,571,721
Acquisition of exploration properties (Notes 4(ii),(iii),(iv))	**-**	(5,349,071)
Listing expense (Note 4(i))	**-**	(998,007)
Foreign exchange gains	**8,890**	33,286
Interest income	**332**	523
Net Loss and Comprehensive Loss	**(3,295,324)**	(7,080,949)
Net Loss per Share – Basic and Diluted (Note 7)	**(0.02)**	(0.08)
Weighted Average Number of Outstanding Shares - Basic and Diluted (Note 7)	**134,656,012**	90,599,067

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

Hercules Silver Corp. (Formerly "Bald Eagle Gold Corp.")
Consolidated Statements of Changes in Shareholders' Equity
For the Years ended December 31, 2022 and 2021
(Expressed in Canadian dollars)

	Number of Common Shares	Share Capital	Warrants Reserve	Options Reserve	RSU Reserve	Accumulated Deficit	Total
	#	$	$	$	$	$	$
Balance, December 31, 2020	**34,770,001**	**3,352,898**	**-**	**210,728**	**-**	**(2,698,460)**	**865,166**
Subscription receipts (Note 6)	20,991,058	2,246,043	272,884	-	-	-	2,518,927
Share issuance costs (Note 6)	-	(147,651)	5,948	-	-	-	(141,703)
Wolf acquisition (Note 4(i))	11,736,001	1,255,752	-	27,479	-	-	1,283,231
Frontera acquisition (Note 4(ii))	34,650,003	3,707,550	-	-	-	-	3,707,550
Hercules acquisition (Note 4(iii))	1,540,000	77,000	-	-	-	-	77,000
Leviathan acquisition (Note 4(iv))	10,000,000	400,000	-	-	-	-	400,000
Options exercised (Note 6)	180,000	22,223	-	(7,223)	-	-	15,000
Share-based compensation (Notes 9 and 10)	-	-	-	25,663	80,022	-	105,685
Net loss for the year	-	-	-	-	-	(7,080,949)	(7,080,949)
Balance, December 31, 2021	**113,867,063**	**10,913,815**	**278,832**	**256,647**	**80,022**	**(9,779,409)**	**1,749,907**
Issuance from private placement (Note 6)	30,666,666	1,450,886	849,114	-	-	-	2,300,000
Share issuance costs (Note 6)	-	(42,995)	(25,162)	-	-	-	(68,157)
Issuance on vesting of RSUs (Notes 6 and 10)	4,900,000	409,750	-	-	(409,750)	-	-
Share-based compensation (Notes 9 and 10)	-	-	-	315,569	456,369	-	771,938
Expiry and cancellation of stock options (Note 9)	-	-	-	(26,994)	-	26,994	-
Net loss for the year	-	-	-	-	-	(3,295,324)	(3,295,324)
Balance, December 31, 2022	**149,433,729**	**12,731,456**	**1,102,784**	**545,222**	**126,641**	**(13,047,739)**	**1,458,364**

Hercules Silver Corp. (Formerly "Bald Eagle Gold Corp.")
Consolidated Statements of Cash Flows
For the Years ended December 31, 2022 and 2021
(Expressed in Canadian dollars)

	2022	2021
	$	$
Operating Activities		
Net loss for the year	**(3,295,324)**	(7,080,949)
Items not affecting cash:		
Share-based compensation (Notes 9 and 10)	**771,938**	105,685
Listing expense (Note 4(i))	**-**	954,319
Acquisition of exploration properties (Notes 4(ii),(iii),(iv))	**-**	5,156,571
	(2,523,386)	(864,374)
Change in working capital items:		
Sales tax recoverable	**(95,846)**	34,404
Prepaid expenses	**(9,266)**	(20,917)
Income tax recoverable	**(20,159)**	-
Accounts payables and accrued liabilities	**383,399**	(353,793)
Due to related parties	**-**	(55,750)
Cash Flows (used in) Operating Activities	**(2,265,258)**	(1,260,430)
Financing Activities		
Proceeds from financings (Note 6)	**2,300,000**	2,518,927
Share issuance costs (Note 6)	**(68,157)**	(16,259)
Proceeds from exercise of stock options (Note 6)	**-**	15,000
Cash Flows provided by Financing Activities	**2,231,843**	2,517,668
Investing Activities		
Net cash acquired from Wolf (Note 4(i))	**-**	328,912
Net cash acquired from Hercules (Note 4(iii))	**-**	320
Loan issued to Frontera (Note 4(ii))	**-**	(442,192)
Cash Flows (used in) Investing Activities	**-**	(112,960)
(Decrease) increase in cash	**(33,415)**	1,144,278
Cash, beginning of year	**1,835,699**	691,421
Cash, end of year	**1,802,284**	1,835,699

1. Nature of Operations and Going Concern

Hercules Silver Corp. ("Hercules Silver" or the "Company") is incorporated under the *Business Corporations Act (Ontario)* with its registered office located at 1 First Canadian Place, 100 King Street West, Suite 1600, Toronto, Ontario, M5X 1G5, Canada.

The Company was incorporated on January 25, 2018, as 2617283 Ontario Corp., before changing its name to Wolf Acquisition Corp ("Wolf") on February 23, 2018. On March 19, 2021, the Company completed its qualifying transaction as defined by Policy 2.4 of the TSX Venture Exchange (the "TSX-V"), with CX One Inc. ("CX One") and Frontera Gold Inc. ("Frontera") (see Note 4) and changed its name from Wolf Acquisition Corp. to Bald Eagle Gold Corp. (the "Qualifying Transaction") The Company amalgamated Frontera and CX One with its wholly-owned subsidiary 12590425 Canada Inc. forming a new subsidiary, BE Gold Inc. On March 5, 2021, the Company filed its filing statement related to the Qualifying Transaction identified and on March 19, 2021, the Company became the resulting issuer and legal parent of the CX One and Frontera. CX One was determined to be the accounting acquiror and these consolidated financial statements reflect the historical accounting of CX One and an issuance of shares to acquire both Wolf and Frontera.

On August 18, 2022, the Company changed its name to Hercules Silver Corp.

The Company's common shares are listed on the TSX-V under the symbol "BIG", on the OTCQB® Venture Market under the symbol "BADEF", and on the Frankfurt Stock Exchange under the symbol "8Q7".

The Company holds a 100% interest in its Hercules and Leviathan exploration properties located in Washington County, Idaho, in the United States (the "U.S."). The business of mining and exploring for minerals involves a high degree of risk and there can be no assurance that current exploration programs will result in profitable mining operations. This is dependent upon the discovery of economically recoverable reserves, the ability of the Company to raise additional financing, the achievement of profitable operations or, alternatively, upon the Company's ability to dispose of its interests on an advantageous basis.

These consolidated financial statements have been prepared on the basis that the Company will continue as a going concern, which contemplates the realization of assets and the settlement of liabilities in the normal course of operations. The Company's viability depends upon the acquisition and financing of mineral exploration or other projects. If mineral projects are to be successful, additional funds will be required for development and, if warranted, to place them into commercial production. The sources of financing presently available to the Company are through equity financing. The ability of the Company to raise new funds will depend, in part, on prevailing market conditions as well as the operating performance of the Company. There can be no assurance that the Company will be successful in securing the necessary financing, if needed, on terms satisfactory to the Company. If additional financing is arranged through the issuance of shares, control of the Company may change, and shareholders may suffer significant dilution.

During the year ended December 31, 2022, the Company incurred a net loss of $3,295,324, and as of that date, the Company's accumulated deficit was $13,047,739 (December 31, 2021 – accumulated deficit of $9,779,409). As at December 31, 2022, the Company had available working capital of $1,458,364 (December 31, 2021 – working capital of $1,749,907), including a cash balance of $1,802,284 (December 31, 2021 – $1,835,699), which it can deploy to fulfill financial requirements for the 12-month period ending December 31, 2023. Nevertheless, it is not possible to predict whether financing efforts will continue to be successful in the future or if the Company will attain profitable levels of operations. These conditions, including the volatile and speculative nature of the mining business, represent material uncertainties which may cast doubt on the Company's ability to continue as a going concern.

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

2. Basis of Presentation

(a) Statement of Compliance

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB"), and interpretations of the International Financial Reporting Interpretations Committee. The accounting policies set out below were consistently applied to the period presented unless otherwise noted.

(Expressed in Canadian dollars)

2. Basis of Presentation (continued)

(a) Statement of Compliance (continued)

These consolidated financial statements were reviewed, approved, and authorized for issuance by the Board of Directors of the Company (the "Board") on April 24, 2023.

(b) Basis of Measurement

These consolidated financial statements have been prepared in accordance with IFRS, based on the historical cost basis, modified by the measurement at fair value of certain financial instruments. In addition, these consolidated financial statements have been prepared using the accrual basis of accounting, except for cash flow information.

(c) Basis of Consolidation

These consolidated financial statements include the accounts of the Company and its wholly owned subsidiaries, as follows:

Name	Jurisdiction	Percentage Owned
Hercules Silver Corp.	Ontario, Canada	100%
BE Gold Inc.	Ontario, Canada	100%
Frontera Gold Nevada Inc.	Nevada, U.S.	100%
1218530 B.C. Ltd.	British Columbia, Canada	100%
Anglo-Bomarc, U.S., Inc.	Idaho, U.S.	100%
Frontier Metals Canada Holdings Corp.	Ontario, Canada	100%
Frontier Metals LLC	Idaho, U.S.	100%

Subsidiaries consist of entities over which the Company is exposed to, or has rights to, variable returns as well as the ability to affect those returns through the power to direct the relevant activities of the entity. Subsidiaries are fully consolidated from the date control is transferred to the Company and are-deconsolidated from the date control ceases. The consolidated financial statements include all the assets, liabilities, revenues, expenses and cash flows of the Company and its subsidiaries after eliminating inter-entity balances and transactions.

(d) Functional Currency

The functional and presentation currency of the Company and its Canadian subsidiaries is the Canadian dollar ("$" or "CAD"). The functional currency of the Company's U.S. subsidiaries is the US dollar. The functional currency is the currency of the primary economic environment in which the Company operates.

(e) Significant Accounting Judgments and Estimates

The preparation of these consolidated financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, revenue, and expenses. On an ongoing basis, management evaluates its judgments and estimates in relation to assets, liabilities, revenue, and expenses, and uses historical experience and various other factors it believes to be reasonable under the given circumstances as the basis for its judgments and estimates. Actual outcomes may differ from these estimates under different assumptions and conditions. These estimates are reviewed periodically, and adjustments are made as appropriate in the period they become known.

Items for which actual results may differ materially from these estimates are described as follows:

Going concern

At each reporting period, management exercises judgment in assessing the Company's ability to continue as a going concern by reviewing the Company's performance, resources and future obligations. The conclusion that the Company will be able to continue as a going concern is subject to critical judgments of management with respect to assumptions surrounding the short and long-term operating budgets, expected profitability, investment and financing activities and management's strategic planning. The assumptions used in management's going concern assessment are derived from actual operating results along with industry and market trends. Management believes there is sufficient capital to meet the Company's business obligations for at least the next 12 months, after taking into account expected cash flows, capital commitments, future financing and the Company's cash position at year-end.

2. Basis of Presentation (continued)

(e) Significant Accounting Judgments and Estimates (continued)

Fair value of financial assets and financial liabilities

Fair value of financial assets and financial liabilities on the consolidated statements of financial position that cannot be derived from active markets, are determined using a variety of techniques including the use of valuation models. The inputs to these models are derived from observable market data where possible, but where observable market data are not available, judgment is required to establish fair values. The judgments include, but are not limited to, consideration of model inputs such as volatility, estimated life and discount rates.

Technical feasibility and commercial viability

Management exercises judgment, in accordance with IFRS 6 – Exploration for and Evaluation of Mineral Resources, to determine an accounting policy specifying which expenditures, if any, are capitalized as exploration and evaluation ("E&E") assets, and to apply the policy consistently. E&E expenditures not capitalized as E&E assets are expensed as incurred. Once the technical feasibility and commercial viability of extracting a mineral resource are demonstrable, an entity stops recording E&E expenditures for that mineral project, tests capitalized E&E assets, if any, for impairment, and reclassifies those E&E assets to other applicable development-stage accounts. An assessment of technical feasibility and commercial viability is conducted on a project-by-project basis with regard to all relevant facts and circumstances. The nature and status of the mineral project is determined on the merits of the mineral project itself.

Business combination

In a business acquisition, substantially all identifiable assets, liabilities and contingent liabilities acquired are recorded at the acquisition date at their respective fair values. The date on which the acquirer obtains control of the acquiree is generally the date on which the acquirer legally transfers the consideration, acquires the assets and assumes the liabilities of the acquiree – the closing date. However, the acquirer might obtain control on a date that is either earlier or later than the closing date. Management exercises judgment in considering all pertinent facts and circumstances in identifying the acquisition date.

Classification of an acquisition as a business combination or an asset acquisition depends on whether the assets acquired constitute a business, which can be a complex judgment. Whether an acquisition is classified as a business combination or asset acquisition can have a significant impact on the entries made on and after acquisition.

In determining the fair value of all identifiable assets, liabilities and contingent liabilities acquired, the most significant estimates relate to contingent consideration and intangible assets.

Management exercises judgement in estimating the probability and timing of when earn-outs are expected to be achieved, which is used as the basis for estimating fair value. For any intangible asset identified, depending on the type of intangible asset and the complexity of determining its fair value, an independent valuation expert or management may develop the fair value, using appropriate valuation techniques, which are generally based on a forecast of the total expected future net cash flows. The evaluations are linked closely to the assumptions made by management regarding the future performance of these assets and any changes in the discount rate applied. Purchase consideration also includes consideration of any pre-existing relationships that are effectively settled as a result of the acquisition at their fair values.

Income taxes

Income taxes and tax exposures recognized in the consolidated financial statements reflect management's best estimate of the outcome based on facts known at the reporting date. When the Company anticipates a future income tax payment based on its estimates, it recognizes a liability. The difference between the expected amount and the final tax outcome has an impact on current and deferred taxes when the Company becomes aware of this difference. In addition, when the Company incurs losses that cannot be associated with current or past profits, it assesses the probability of taxable profits being available in the future based on its budgeted forecasts. These forecasts are adjusted to take into account certain non-taxable income and expenses and specific rules on the use of unused credits and tax losses. When the forecasts indicate the sufficient future taxable income will be available to deduct the temporary differences, a deferred tax asset is recognized for all deductible temporary differences.

2. Basis of Presentation (continued)

(e) Significant Accounting Judgments and Estimates (continued)

Valuation of share-based compensation and share purchase warrants

Management determines the costs for share-based compensation on options, restricted share units ("RSUs") and share purchase warrants 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 judgments are used in applying the valuation techniques. These assumptions and judgments include the expected volatility of the share price, expected forfeitures, expected dividend yield, expected term of the warrants or options, and expected risk-free interest rate. Such assumptions and judgments are inherently uncertain. Changes in these assumptions can affect the fair value estimates of share-based compensation and share purchase warrants.

Provisions

The Company recognizes a provision if there is a present obligation as a result of a past event, it is probable that the Company will be required to settle the obligation, and the obligation can be reliably estimated. The amount recognized as a provision reflects management's best estimate of the consideration required to settle the present obligation at the reporting date, taking into account the risks and uncertainties surrounding the obligation.

Expected credit losses on financial assets

Determining an allowance for expected credit losses ("ECL") for amounts receivable and all debt financial assets not held at fair value through profit or loss ("FVTPL") requires management to make assumptions about the historical patterns for the probability of default, the timing of collection and the amount of incurred credit losses, which are adjusted based on management's judgment about whether economic conditions and credit terms are such that actual losses may be higher or lower than what the historical patterns suggest.

3. Summary of Significant Accounting Policies

(a) Cash and Cash Equivalents

Cash and cash equivalents consist of cash deposits in banks, certificates of deposit, and short-term investments with remaining maturities of three months or less at time of acquisition. The Company does not hold any asset-backed commercial paper. There were no cash equivalents as at December 31, 2022 and 2021.

(b) Financial Instruments

Classification

The Company classifies its financial assets and financial liabilities in the following measurement categories: (a) those to be measured subsequently at FVTPL; (b) those to be measured subsequently at fair value through other comprehensive income ("FVTOCI"); and (c) those to be measured at amortized cost. The classification of financial assets depends on the business model for managing the financial assets and the contractual terms of the cash flows. Financial liabilities are classified as those to be measured at amortized cost unless they are designated as those to be measured subsequently at FVTPL (irrevocable election at the time of recognition). For assets and liabilities measured at fair value, gains and losses are recorded in the consolidated statements of loss and comprehensive loss.

The Company reclassifies financial assets when its business model for managing those assets changes. Financial liabilities are not reclassified.

Fair value through profit or loss

This category includes derivative instruments as well as quoted equity instruments which the Company has not irrevocably elected, at initial recognition or transition, to classify at FVTOCI. This category would also include debt instruments whose cash flow characteristics fail the solely principal and interest ("SPPI") criterion or are not held within a business model whose objective is either to collect contractual cash flows, or to both collect contractual cash flows and sell. Financial assets in this category are recorded at fair value with changes recognized in the consolidated statements of loss and comprehensive loss. As at December 31, 2022 and 2021, the Company did not have any financial assets at FVTPL.

3. Summary of Significant Accounting Policies (continued)

(b) Financial Instruments (continued)

Classification (continued)

Financial assets at fair value through other comprehensive income

Equity instruments that are not held-for-trading can be irrevocably designated to have their change in FVTOCI instead of through profit or loss. This election can be made on individual instruments and is not required to be made for the entire class of instruments. Attributable transaction costs are included in the carrying value of the instruments. Financial assets at FVTOCI are initially measured at fair value and changes therein are recognized in other comprehensive income (loss) (“OCI”).

Amortized cost

This category includes financial assets that are held within a business model with the objective to hold the financial assets in order to collect contractual cash flows that meet the SPPI criterion. Financial assets classified under this category are measured at amortized cost using the effective interest method.

The Company’s classification of financial assets and financial liabilities under IFRS 9 are summarized below:

Cash	Amortized cost
Accounts payable and accrued liabilities	Amortized cost

Measurement

All financial instruments are required to be measured at fair value on initial recognition, plus, in the case of a financial asset or financial liability not at FVTPL, transaction costs that are directly attributable to the acquisition or issuance of the financial asset or financial liability. Transaction costs of financial assets and financial liabilities carried at FVTPL are expensed in profit or loss. Financial assets and financial liabilities with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and interest.

Financial assets that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are on the principal outstanding are generally measured at amortized cost at the end of the subsequent accounting periods. All other financial assets, including equity investments, are measured at their fair values at the end of subsequent accounting periods, with any changes taken through profit and loss or OCI (irrevocable election at the time of recognition). For financial liabilities measured subsequently at FVTPL, changes in fair value due to credit risk are recorded in OCI.

Expected credit loss impairment model

IFRS 9 introduced a single ECL impairment model, which is based on changes in credit quality since initial application. The Company assumes that the credit risk on a financial asset has increased significantly if it is more than 30 days past due. The Company considers a financial asset to be in default when the borrower is unlikely to pay its credit obligations to the Company in full or when the financial asset is more than 90 days past due.

The carrying amount of a financial asset is written off (either partially or in full) to the extent that there is no realistic prospect of recovery. This is generally the case when the Company determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts.

Derecognition

Financial assets

The Company derecognizes financial assets only when the contractual rights to cash flows from the financial assets expire, or when it transfers the financial assets and substantially all the associated risks and rewards of ownership to another entity. Gains and losses on derecognition are generally recognized in the consolidated statements of loss and comprehensive loss.

Financial liabilities

The Company derecognizes financial liabilities only when its obligations under the financial liabilities are discharged, cancelled or expired. The difference between the carrying amount of the financial liabilities derecognized and the consideration paid or payable, including any non-cash assets transferred or liabilities assumed, is recognized in the consolidated statements of loss and comprehensive loss.

3. Summary of Significant Accounting Policies (continued)

(b) Financial Instruments (continued)

Fair value hierarchy

The Company classifies fair value measurements using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

- Level 1 – Quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2 – Inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- Level 3 – Inputs for the asset or liability that are not based on observable market data (unobservable inputs).

As at December 31, 2022 and 2021, the Company did not have any financial instruments measured at fair value.

(c) Mineral Properties and Exploration and Evaluation Expenditures

Pre-exploration costs are expensed in the period in which they are incurred. Once the legal right to explore a mineral property has been acquired, the Company expenses E&E expenditures as incurred. These expenditures include, but are not limited to, costs such as materials used, surveying costs, drilling costs, payments made to contractors and depreciation on property, plant and equipment, if any, during the exploration phase. Costs not directly attributable to E&E activities, including general administrative overhead costs, are expensed in the period in which they occur.

Once a project has been established as commercially viable, technically feasible and the decision to proceed with development has been approved by the Board, related development expenditures are capitalized. This includes costs incurred in preparing the site for mining operations. Capitalization ceases when the mine is capable of commercial production. The capitalized balance, net of any impairment recognized, is then reclassified to either tangible or intangible mine development assets according to the nature of the asset.

(d) Impairment

At the end of each reporting period, the carrying amounts of the Company’s assets are reviewed to determine whether there is any indication that those assets are impaired. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment, if any. The recoverable amount is the higher of fair value less costs to sell and value in use. Fair value is determined as the amount that would be obtained from the sale of the asset in an arm’s length transaction between knowledgeable and willing parties. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount and the impairment loss is recognized in the consolidated statements of loss and comprehensive loss for the period. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash generating unit to which the asset belongs. For the purposes of impairment testing, exploration and evaluation assets are allocated to cash-generating units (“CGU”) to which the exploration activity relates.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or CGU) is increased to the revised estimate of its recoverable amount so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset (or CGU) in prior years. A reversal of an impairment loss is recognized immediately in the consolidated statements of loss and comprehensive loss.

(e) Reclamation Obligations

An obligation to incur restoration, rehabilitation, and environmental costs arises when environmental disturbance is caused by the exploration, development, or ongoing production of a mineral property interest. Such costs arising for the decommissioning of plant and other site preparation work, discounted to their net present value, are provided for and capitalized to the carrying value of the asset, as soon as the obligation to incur such costs arises. Discount rates using a pre-tax rate that reflect the time value of money are used to calculate the net present value. These costs are charged to the consolidated statements of loss and comprehensive loss over the economic life of the related asset, through amortization using either the unit-of-production or the straight-line method. The related liability is adjusted for each period for the unwinding of the discount rate and for changes to the current market-based discount rate, amount or timing of the underlying cash flows needed to settle the obligation. As at December 31, 2022 and 2021, the Company had no material reclamation obligations.

3. Summary of Significant Accounting Policies (continued)

(f) Provisions

Provisions are recorded when the Company has a present legal or constructive obligation as a result of a past event, and it is probable that an outflow of economic benefits will be required to settle the obligation, and a reliable estimate of the amount of the obligation can be reliably estimated. If the effect is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability. A provision for onerous contracts is recognized when the expected benefits to be derived by the Company from a contract are lower than the unavoidable cost of meeting its obligations under the contract. As at December 31, 2022 and 2021, the Company had no material provisions.

(g) Income Taxes

Income tax comprises current and deferred income tax expenses. Current and deferred taxes are recognized in profit or loss, except to the extent that it relates to items recognized directly in equity or in OCI.

Current income taxes

Current income taxes are recognized and measured at the amount expected to be recovered from, or payable to, the taxation authorities based on the income tax rates enacted or substantively enacted at the end of the reporting period and includes any adjustment to taxes payable in respect of previous years.

Deferred income taxes

Deferred income taxes are recorded for temporary differences at the date of the consolidated statements of financial position between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes. The carrying amount of a deferred income tax asset is reviewed at the end of the reporting period and is reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilized.

Unrecognized deferred income tax assets are reassessed at the end of the reporting period and are recognized to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the end of the reporting period. Deferred income tax assets and deferred income tax liabilities are offset if, and only if, they relate to income taxes levied by the same taxation authority and the Company has the legal rights and intent to offset.

(h) Share Capital

In situations where the Company issues units, the value of units is bifurcated, and the value of warrants is included as a separate reserve for warrants of the Company's equity. The proceeds from the issuance of units are allocated between common shares and warrants on a pro-rated basis using the relative fair value method. The fair value of the common shares is determined using the share price at the date of issuance of the units. The fair value of the warrants is determined using the application of the Black-Scholes valuation model ("Black-Scholes").

(i) Share Issuance Costs

Costs incurred in connection with the issuance of share capital are netted against the proceeds received. Costs related to the issuance of share capital and incurred prior to issuance are recorded as deferred share issuance costs and subsequently netted against proceeds when they are received.

(j) Loss Per Share

The basic loss per share is computed by dividing the net loss by the weighted average number of common shares outstanding during the period. The diluted loss per share reflects the potential dilution of common share equivalents, in the weighted average number of common shares outstanding during the period, if dilutive. The "treasury stock method" is used for the assumed proceeds upon the exercise of the options and warrants that are used to purchase common shares at the average market price during the period.

3. Summary of Significant Accounting Policies (continued)

(k) Share-Based Payments

The Company operates an employee stock option plan, which allows eligible participants to acquire shares of the Company. Share-based payments to employees are measured at the fair value of the instruments issued and amortized over the vesting periods. Share-based payments to non-employees are measured at the fair value of goods or services received, or at the fair value of the equity instruments issued, if it is determined the fair value of the goods or services cannot be reliably measured and are recorded at the date the goods or services are received. The fair value of options is determined using the Black-Scholes model. The fair value of equity-settled share-based transactions is recognized as a stock-based compensation expense with a corresponding increase in contributed surplus.

The number of options expected to vest is reviewed and adjusted at the end of each reporting period such that the amount ultimately recognized for services received as consideration for the equity instruments granted is based on the number of equity instruments that eventually vest.

Amounts recorded for cancelled or expired unexercised options are transferred to retained earnings (accumulated deficit) in the period of which the cancellation or expiry occurs.

Upon the exercise of stock options and warrants, proceeds received from the stock option or warrant holders are recorded as an increase to share capital and the related reserves are transferred to share capital.

(l) Restricted Share Units

The Company also operates a RSU plan (the "RSU Plan"), where RSUs are granted to directors, employees and consultants from time to time. Under the RSU Plan, employees and directors are granted RSUs where each RSU has a value equal to one common share of the Company. RSUs are equity-settled share-based payments and are measured at fair value on the date of grant, based on the closing price of the Company's common shares on the grant date. Share-based compensation is recognized over the vesting period with a corresponding credit to RSU reserve.

Amounts recorded for cancelled RSUs are transferred to retained earnings (accumulated deficit) in the period of which the cancellation or expiry occurs.

Upon the issuance of common shares on vested RSUs, the amounts of the RSUs are transferred to share capital and the related reserves are transferred to share capital.

(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 ("ROU") asset and a lease liability at the commencement date of the lease (i.e., the date the underlying asset is available for use). ROU assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any re-measurement of lease liabilities. The cost of ROU 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 ROU assets are depreciated on a straight-line basis over the shorter of the estimated useful life and the lease term. ROU assets are subject to impairment.

3. Summary of 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 re-measured 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 presents ROU assets under property and equipment, if any, on the consolidated statements of financial position and lease liabilities in the lease payable line item on the consolidated statements of financial position. The Company has elected not to recognize ROU 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 consolidated statements of loss and comprehensive loss.

(n) Related Party Transactions

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

(o) Foreign Currency Translation

Monetary assets and liabilities denominated in currencies other than the functional currency are translated into the functional currency at the rate of exchange in effect at the consolidated statements of financial position date. Non-monetary assets and liabilities are translated at the historical rates. Revenues and expenses are translated at the transaction exchange rate. Foreign currency gains or losses resulting from translation are reflected in net comprehensive income (loss) for the period.

The assets and liabilities of entities with a functional currency that differs from the presentation currency are translated to the presentation currency as follows:

- Assets and liabilities are translated at the closing rate at the financial period;
- Income and expenses are translated at average exchange rates (unless the average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case, income and expenses are translated at the rate on the dates of the transactions);
- Equity transactions are translated using the exchange rate at the date of the transaction; and
- All resulting exchange differences are recognized as a separate component of equity as reserve for foreign exchange.

When a foreign operation is disposed of, the relevant amount in the reserve for foreign exchange in OCI is transferred to profit or loss as part of the profit or loss on disposal.

On the partial disposal of a subsidiary that includes a foreign operation, the relevant proportion of such cumulative amount is reattributed to non-controlling interest. In any other partial disposal of a foreign operation, the relevant proportion is reclassified to profit or loss.

Foreign exchange gains or losses arising from a monetary item receivable from or payable to a foreign operation, the settlement of which is neither planned nor likely to occur in the foreseeable future, and which in substance, is considered to form part of the net investment in the foreign operation, are recognized in the reserve for foreign exchange.

3. Summary of Significant Accounting Policies (continued)

(p) Adoption of New Accounting Policies

The Company adopted the following amendments, effective January 1, 2022. The changes were made in accordance with the applicable transitional provisions. The Company had assessed that there was no material impact upon the adoption of these following amendments on its consolidated financial statements:

Amendments to IAS 1 – Presentation of Financial Statements ("IAS 1")

In January 2020, the IASB issued amendments to IAS 1 which clarify the requirements for classifying liabilities as either current or non-current by: (i) specifying that the conditions which exist at the end of the reporting period determine if a right to defer settlement of a liability exists; (ii) clarifying that settlement of a liability refers to the transfer to the counterparty of cash, equity instruments, other assets or services; (iii) clarifying that classification is unaffected by management's expectation about events after the balance sheet date; and (iv) clarifying the classification requirements for debt an entity may settle by converting it into equity.

The amendments clarify existing requirements, rather than make changes to the requirements, and so are not expected to have a significant impact on an entity's financial statements. However, the clarifications may result in reclassification of some liabilities from current to non-current or vice-versa, which could impact an entity's loan covenants. Because of this impact, the IASB has provided a longer effective date to allow entities to prepare for these amendments.

In July 2020, the IASB issued an amendment to defer the effective date of the amendments by one year from its originally planned effective date to annual periods beginning on or after January 1, 2023 due to the impact of COVID-19. The Company early-adopted these amendments as permitted.

Amendments to IAS 37 – Provisions, Contingent Liabilities and Contingent Assets ("IAS 37")

In May 2020, the IASB issued amendments to update IAS 37. The amendments specify that in assessing whether a contract is onerous under IAS 37, the cost of fulfilling a contract includes both the incremental costs and an allocation of costs that relate directly to contract activities. The amendments also include examples of costs that do, and do not, relate directly to a contract.

Amendments to IAS 8 – Accounting Policies, Changes in Accounting Estimates and Errors ("IAS 8")

In February 2021, the IASB issued *Definition of Accounting Estimates*, which amended IAS 8. The amendments clarify how companies should distinguish changes in accounting policies from changes in accounting estimates. That distinction is important because changes in accounting estimates are applied prospectively only to future transactions and other future events, but changes in accounting policies are generally also applied retrospectively to past transactions and other past events. The amendments to IAS 8 are effective for annual periods beginning on or after January 1, 2023. The Company early-adopted these amendments as permitted.

(q) Segment Reporting

A segment is a component of the Company that is distinguishable by economic activity (business segment), or by its geographical location (geographical segment), which is subject to risks and rewards that are different from those of other segments. The Company operates in one business segment, mineral exploration, and two geographical segments, Canada and the U.S.

(Expressed in Canadian dollars)

4. Acquisitions

(i) Acquisition of Wolf (Qualifying Transaction)

On March 19, 2021, the Company completed its Qualifying Transaction pursuant to the terms of the business combination agreement dated March 5, 2020 (the "QT Agreement"). Pursuant to the QT Agreement, former shareholders of Wolf received 11,736,001 common shares and 660,000 stock options of the Company. Management has estimated the fair value of each common share to be $0.107 based on the based on the subscription receipt financing (see Note 6(i)). The fair value of the 660,000 stock options was determined using Black-Scholes based on the following assumptions:

Exercise price	$0.08333
Stock price	$0.107
Expected life of options	1.0
Risk-free interest rate	0.49%
Expected volatility	76%
Expected dividend yield	0%
Exercise price	$0.08333

The transaction is considered a reverse takeover asset acquisition with CX One as the accounting acquiror. The following table summarizes the allocation of the purchase price to the net assets acquired:

	$
Fair value of common shares issued	1,255,752
Fair value of options issued	27,479
Total Consideration Fair Value	**1,283,231**

	$
Cash	328,912
Net Asset Acquired	**328,912**
Listing Expense	**954,319**

In addition, the Company incurred $43,688 of costs related to the listing which included in listing expense.

(ii) Acquisition of Hot Springs Property

On March 19, 2021, the Company acquired 100% of the issued and outstanding shares of Frontera in exchange for 34,650,000 common shares of the Company. Management has estimated the fair value of each common share to be $0.107 based on the subscription receipt financing (see Note 6(i)). Prior to the acquisition, CX One had a 5% short-term loan of $882,469 receivable from Frontera which was settled upon closing of acquisition is included as part of the purchase price. The transaction was accounted for as an asset acquisition as the entity did not meet the definition of a business under IFRS 3 – Business Combination ("IFRS 3").

The following table summarizes the allocation of the purchase price to the net assets acquired:

	$
Fair value of common shares issued	3,707,550
Loan	882,469
Total Consideration Fair Value	**4,590,019**

	$
Input tax credits	2,987
Accounts payable and accrued liabilities	(90,582)
Mineral properties – expensed [1]	4,677,614
Net Assets Acquired	**4,590,019**

[1] In accordance with the Company's accounting policy for exploration stage activities, the Company has expensed the value attributed to the mineral rights acquired.

(Expressed in Canadian dollars)

4. Acquisitions (continued)

(ii) Acquisition of Hot Springs Property (continued)

Frontera, through its wholly owns subsidiary Frontera Gold Nevada Inc. held a 50% exploration interest in the Hot Springs Property located between the Battle Mountain and Getchell-Comstock Gold-Trend in north-central Nevada, covering a total area of approximately 11,894 acres. This interest was sold on October 4, 2021 for cash proceeds of $1,571,721 (USD $1,270,000).

(iii) Acquisition of Hercules Property

On August 5, 2021, the Company acquired 100% of the issued and outstanding shares of 1218530 B.C. Ltd. and its wholly owned subsidiary Anglo-Bomarc US, Inc. for $175,000 cash and 1,400,000 common shares of the Company. A 10% finder's fee was paid on the transactions comprising a cash payment of $17,500 and the issuance of 140,000 common shares of the Company. The transaction was accounted for as an asset acquisition as the entity did not meet the definition of a business under IFRS 3.

The following table summarizes the allocation of the purchase price to the net assets acquired:

	$
Cash	175,000
Fair value of common shares	70,000
Finder's fee – cash	17,500
Finder's fee – shares	7,000
Total Consideration Fair Value	**269,500**

	$
Cash	320
Accounts payable and accrued liabilities	(529)
Mineral properties – expensed [1]	269,709
Net Assets Acquired	**269,500**

Anglo-Bomarc US, Inc. owns the right and title to the Hercules Silver Property (the "Hercules Property") located in Washington County, Idaho.

(iv) Acquisition of Leviathan Property

On November 29, 2021, the Company acquired a 100% interest in Frontier Metals Canada Holdings Corp. and its wholly owned subsidiary Frontier Metals LLC for 10,000,000 common shares of the Company. The vendor retained a 2% NSR on the Leviathan property. The transaction was accounted for as an asset acquisition as the entity did not meet the definition of a business under IFRS 3.

The following table summarizes the allocation of the purchase price to the net assets acquired:

	$
Fair value of common shares issued	400,000
Total Consideration Fair Value	**400,000**

	$
Input tax credits	252
Accounts payable and accrued liabilities	(2,000)
Mineral properties – expensed [2]	401,748
Net Assets Acquired	**400,000**

Frontier Metals LLC's 100% of the right and title to the Leviathan Property comprises sixty-five unpatented mineral claims in the Heath Mining District of Washington County, Idaho, immediately east and adjoins the Hercules Property (see Note 4(iii)).

[2] In accordance with the Company's accounting policy for exploration stage activities, the Company has expensed the value attributed to the mineral rights acquired.

(Expressed in Canadian dollars)

5. Accounts Payable and Accrued Liabilities

	December 31, 2022	December 31, 2021
	$	$
Trade payables	**412,429**	67,855
Accrued liabilities	**104,780**	65,955
	517,209	133,810

Accounts payable and accrued liabilities of the Company are principally comprised of amounts outstanding for trade purchases incurred in the normal course of business.

6. Share Capital

Authorized share capital

The Company is authorized to issue an unlimited number of common shares without par value. Common shares issued and outstanding as at December 31, 2022 and 2021 are as follows:

	Common shares	**Amount**
	#	**$**
Balance, December 31, 2020	**34,770,001**	**3,352,898**
Shares issued on subscription receipts (i)	20,991,058	2,246,043
Share issuance cost (i)	-	(147,651)
Shares issued on Wolf acquisition (ii)	11,736,001	1,255,752
Shares issued on Frontera acquisition (iii)	34,650,003	3,707,550
Shares issued on Hercules acquisition (iv)	1,540,000	77,000
Shares issued on Leviathan acquisition (v)	10,000,000	400,000
Shares issued on exercise of stock options (vi)	180,000	22,223
Balance, December 31, 2021	**113,867,063**	**10,913,815**
Shares issued from private placement (vii)	30,666,666	1,450,886
Share issuance cost (vii)	-	(42,995)
Shares issued on vesting of RSUs (viii)	4,900,000	409,750
Balance, December 31, 2022	**149,433,729**	**12,731,456**

Share capital transactions for the year ended December 31, 2021

(i) On February 26, 2021, the Company closed a subscription receipt financing (the "Subscription Receipt Financing") of 20,991,058 units (each a "Unit"), with each Unit comprising one common share and one half of one common share purchase warrant (each a "Warrant"). Each Warrant is exercisable into one common share of the Company at $0.20 for two years.

The fair value of the common shares and the Warrants was determined using Black-Scholes such that the resulting combined values of the shares and Warrant totaled the subscription price of $0.12 per Unit. The assumptions used in Black-Scholes are outlined in Note 4(i). The fair value of one common share was determined to be $0.107. Cash-based issuance costs of $141,703 were incurred including $125,444 of deferred financing charges at December 31, 2020. In addition, the Company issued 233,753 broker warrants exercisable into one common share of the Company at $0.20 for two years and a fair value of $5,948.

(ii) On March 19, 2021, the Company issued 11,736,001 common shares valued at $1,255,752 as part of the Wolf acquisition (see Note 4(i)).

(iii) On March 19, 2021, the Company issued 34,650,003 common shares valued at $3,707,550 as part of the Frontera acquisition (see Note 4(ii)).

(iv) On August 5, 2021, the Company issued 1,540,000 common shares valued at $77,000 as part of the Hercules acquisition (see Note 4(iii)).

(v) On November 29, 2021, the Company issued 10,000,000 common shares valued at $400,000 as part of the Leviathan acquisition (see Note 4(iv)).

(Expressed in Canadian dollars)

6. Share Capital (continued)

Share capital transactions for the year ended December 31, 2021 (continued)

(vi) During the year ended December 31, 2021, the Company also issued 180,000 common shares as a result of the exercise of stock options for total cash proceeds of $15,000.

Share capital transactions for the year ended December 31, 2022

(vii) On May 31, 2022, the Company completed a non-brokered private placement (the "Private Placement") of 30,666,666 Units at a price of $0.075 per Unit, for gross proceeds of $2,300,000 with each Unit comprising one common share and one Warrant exercisable at an exercise price of $0.11 for a period of 24 months from closing. Crescat Portfolio Management LLC ("Crescat") and certain accounts managed by Crescat participated in the Private Placement and collectively made an investment of approximately $1,100,000. The Company granted Crescat a right to participate in future financings so as to allow Crescat to maintain its current equity stake on a pro rata basis, subject to certain terms and conditions. In connection with the Private Placement, the Company paid total issuance costs of $68,157, of which $25,162 was allocated to warrant reserve.

(viii) During the year ended December 31, 2022, the Company also issued a total of 4,900,000 common shares as a result of the vesting of RSUs. The fair value of these RSUs was estimated to be $409,750.

Escrow

As at December 31, 2022, a total of 25,861,503 common shares are held in escrow and will be released as follows:

March 19, 2023	8,620,501
September 19, 2024	8,620,501
March 19, 2024	8,620,501
	25,861,503

7. Loss per Share

Basic and diluted loss per share for the year ended December 31, 2022 is calculated by dividing the net loss of $3,295,324 (2021 – $7,080,949) by the weighted average number of common shares outstanding of 134,656,012 (2021 – 90,599,067). For the year ended December 31, 2022, the basic and diluted loss per share was $0.02 (2021– basic and diluted loss of $0.08).

8. Warrants

The following summarizes the warrants activity for the years ended December 31, 2022 and 2021:

	2022		2021	
	Number of warrants	**Weighted average exercise price**	Number of warrants	Weighted average exercise price
	#	**$**	#	$
Outstanding, beginning of year	**10,729,278**	**0.20**	-	-
Issued from financing	**30,666,666**	**0.11**	10,729,278	0.20
Outstanding, end of year	**41,395,944**	**0.13**	10,729,278	0.20

Warrant issuance for the year ended December 31, 2021

On March 19, 2021, in connection with the Subscription Receipt Financing as disclosed in Note 6(i), the Company issued a total of 10,729,278 Warrants, including 233,753 Warrants issued to brokers (each a "Broker Warrant"), at an exercise price of $0.20 per share for a period of two years from the closing date. The grant date fair value of the Warrants and Broker Warrants issued was estimated to be $272,884 and $5,948, respectively, using Black-Scholes with the following assumptions: expected volatility of 76% based on comparable companies, expected dividend yield of 0%, risk-free interest rate of 0.28% and an expected life of two years.

(Expressed in Canadian dollars)

8. Warrants (continued)

Warrant issuance for the year ended December 31, 2022

On May 31, 2022, the Company issued 30,666,666 Warrants in connection with the Private Placement, as disclosed in Note 6(vii). Each Warrant is exercisable at $0.11 to purchase one common share of the Company for a period of 24 months from closing. The grant date fair value of the Warrants issued was estimated to be $849,114 using Black-Scholes with the following assumptions: expected volatility of 115% based on comparable companies, expected dividend yield of 0%, risk-free interest rate of 2.67% and an expected life of two years. In connection with the Private Placement, issuance costs of $25,162 had also been allocated under warrant reserve.

The following table summarizes information of warrants outstanding as at December 31, 2022:

Date of expiry	**Number of warrants outstanding**	**Exercise price**	**Weighted average remaining life**
	#	$	Years
March 24, 2023	10,729,278	0.20	0.23
May 31, 2024	30,666,666	0.11	1.42
	41,395,944	**0.13**	**1.11**

9. Stock Options

The Company previously had a stock option plan (the “Stock Option Plan”) for qualified directors, officers, employees and consultants of the Company (the “Eligible Participants”). The Stock Option Plan provided for the granting of options up to 10% of its issued and outstanding common shares. The designation of Eligible Participants, number of options, exercise price and vesting provisions of awards under the Stock Option Plan was determined by the Board at the time of issuance.

On July 15, 2022, shareholders of the Company approved a new omnibus incentive plan (the “Omnibus Plan”), and the Company will no longer be issuing options pursuant to the Stock Option Plan. The Stock Option Plan will remain in force and effect solely for the purposes of governing previously existing options granted thereunder. The Omnibus Plan provides for the issuance of options and RSUs to Eligible Participants. Pursuant to the terms and conditions of the Omnibus Plan, the maximum amount of the Company’s common shares reserved for issuance under the New Plan is limited to 29,341,745 common shares less any other common shares reserved for issuance pursuant to other securities-based compensation arrangements.

The following summarizes the options activity for the years ended December 31, 2022 and 2021:

	2022		2021	
	Number of options	**Weighted average exercise price**	Number of options	Weighted average exercise price
	#	**$**	#	$
Outstanding, beginning of year	**1,680,000**	**0.25**	2,200,000	0.37
Issued as part of Qualifying Transaction	**-**	**-**	660,000	0.0833
Granted	**1,200,000**	**0.10**	650,000	0.15
Granted	**7,930,000**	**0.09**	-	-
Exercised	**-**	**-**	(180,000)	0.0833
Expired	**(390,000)**	**0.0833**	-	-
Cancelled	**(250,000)**	**0.50**	(1,650,000)	0.35
Outstanding, end of year	**10,170,000**	**0.11**	1,680,000	0.25

Options activities for the year ended December 31, 2021

On April 16, 2021, the Company granted 650,000 options to certain consultants. The options vest in various tranches ranging between April 16, 2021 and October 16, 2022. The fair value of the options was estimated to be $35,172 using Black-Scholes with the following assumptions: expected volatility of 76% based on comparable companies, expected dividend yield of 0%, risk-free interest rate of 0.45% and an expected life of between two to five years. Share-based compensation of $9,509 was recorded in connection with the vesting of these options during the year ended December 31, 2022 (2021 – $25,663).

9. Stock Options (continued)

Options activities for the year ended December 31, 2022

On January 24, 2022, the Company granted 1,200,000 options to an officer. The options are exercisable at a price of $0.10 per common share for a period of five years. The options vest 25% at each six-month anniversary from grant up to January 24, 2024. The options were valued using Black-Scholes with the following assumptions: expected volatility of 100% based on comparable companies, expected dividend yield of 0%, risk-free interest rate of 1.63% and an expected life of five years. The grant date fair value attributable to these options was $68,868, of which $52,097 was recorded as share-based compensation in connection with the vesting of options during the year ended December 31, 2022.

On March 28, 2022, the Company granted 500,000 options to a consultant. The options are exercisable at a price of $0.09 per common share for a period of five years. The options vested immediately on grant. The options were valued using Black-Scholes with the following assumptions: expected volatility of 100% based on comparable companies, expected dividend yield of 0%, risk-free interest rate of 2.46% and an expected life of five years. The grant date fair value attributable to these options of $29,482 was recorded as share-based compensation in connection with the vesting of options during the year ended December 31, 2022.

On May 10, 2022, the Company granted 3,500,000 options to a former director. The options are exercisable at a price of $0.09 per common share for a period of five years. 1,000,000 options vested immediately on grant, with the remaining options to vest in equal increment after six months and 12 months until fully vested. The options were valued using Black-Scholes with the following assumptions: expected volatility of 100% based on comparable companies, expected dividend yield of 0%, risk-free interest rate of 2.77% and an expected life of five years. The grant date fair value attributable to these options was $222,210, of which $63,489 was recorded as share-based compensation in connection with the vesting of options during the year ended December 31, 2022. These options were subsequently cancelled after year-end.

On July 27, 2022, the Company granted 3,500,000 options to various consultants and directors. The options are exercisable at a price of $0.09 per common share for a period of five years. 25% of the options vested immediately on grant, with the remaining options to vest in equal increment after six months, 12 months and 18 months until fully vested. The options were valued using Black-Scholes with the following assumptions: expected volatility of 100% based on comparable companies, expected dividend yield of 0%, risk-free interest rate of 2.83% and an expected life of five years. The grant date fair value attributable to these options was $237,699, of which $152,684 was recorded as share-based compensation in connection with the vesting of options during the year ended December 31, 2022.

On August 10, 2022, the Company granted 130,000 options to various consultants. The options are exercisable at a price of $0.09 per common share for a period of five years. 25% of the options vested immediately on grant, with the remaining options to vest in equal increment after six months, 12 months and 18 months until fully vested. The options were valued using Black-Scholes with the following assumptions: expected volatility of 100% based on comparable companies, expected dividend yield of 0%, risk-free interest rate of 2.85% and an expected life of five years. The grant date fair value attributable to these options was $7,128, of which $4,329 was recorded as share-based compensation in connection with the vesting of options during the year ended December 31, 2022.

On December 1, 2022, the Company granted 300,000 options to an investor relations consultant. The options are exercisable at a price of $0.09 per common share for a period of five years. The options vest 25% at each six-month anniversary from grant up to December 1, 2023. The options were valued using Black-Scholes with the following assumptions: expected volatility of 100% based on comparable companies, expected dividend yield of 0%, risk-free interest rate of 3.05% and an expected life of five years. The grant date fair value attributable to these options was $23,072, of which $3,979 was recorded as share-based compensation in connection with the vesting of options during the year ended December 31, 2022.

On March 19, 2022, 390,000 options granted from the Qualifying Transaction at an exercise a price of $0.0833, expired unexercised.

On April 24, 2022, 250,000 options granted on April 16, 2021 to a former officer and director at an exercise a price of $0.50, were cancelled.

In total, share-based compensation of $315,569 was recorded in connection with the vesting of options during the year ended December 31, 2022 (2021 – $25,663).

(Expressed in Canadian dollars)

9. Stock Options (continued)

The following table summarizes information of stock options outstanding and exercisable as at December 31, 2022:

Date of expiry	Number of options outstanding	Number of options exercisable	Exercise price	Weighted average remaining contractual life
	#	#	$	Years
April 16, 2023	250,000	250,000	0.15	0.29
May 19, 2024	300,000	300,000	0.50	1.38
April 16, 2026	400,000	400,000	0.15	2.29
January 24, 2027	1,200,000	300,000	0.10	4.07
March 28, 2027	500,000	500,000	0.09	4.24
May 10, 2027	3,500,000	1,000,000	0.09	4.36
July 27, 2027	3,500,000	875,000	0.09	4.57
August 10, 2027	130,000	32,500	0.09	4.61
December 1, 2027	300,000	-	0.09	4.92
August 2, 2028	90,000	90,000	0.0833	5.59
	10,170,000	**3,747,500**	**0.11**	**4.15**

10. Restricted Share Units

On June 4, 2021, the Company granted 3,000,000 RSUs to certain directors and consultants. The RSUs were subject to vesting conditions with 25% vesting every six months from the date of grant. The Company subsequently cancelled 1,400,000 RSUs with the termination of certain management and consultants prior to vesting. Share-based compensation of $24,747 was recorded in connection with the vesting of these RSUs during the year ended December 31, 2022 (2021 – $80,022). During the year ended December 31, 2022, the Company cancelled a further 450,000 RSUs with the termination of certain consultants prior to vesting.

On January 31, 2022, the Company granted 1,700,000 RSUs to an officer. The RSUs vested immediately on grant. The RSUs were valued at $136,000 based on the Company's closing share price on the date of grant and was recorded as share-based compensation in connection with the vesting of RSUs during the year ended December 31, 2022.

On July 27, 2022, the Company granted 4,000,000 RSUs to a former director and consultants. 2,000,000 RSUs granted to the former director vested immediately on grant. Of the remaining 2,000,000 RSUs, 25% vested immediately on grant, with the remaining RSUs to vest in equal increment after six months, 12 months and 18 months until fully vested. The RSUs were valued at $360,000 based on the Company's closing share price on the date of grant, of which $295,622 was recorded as share-based compensation in connection with the vesting of RSUs during the year ended December 31, 2022.

During the year ended December 31, 2022, the Company also issued a total of 4,900,000 common shares as a result of the vesting of RSUs. The fair value of these RSUs was estimated to be $409,750.

In total, share-based compensation of $456,369 was recorded in connection with the vesting of RSUs during the year ended December 31, 2022 (2021 – $80,022).

As at December 31, 2022, the Company had a total of 2,250,000 RSUs outstanding (December 31, 2021 – 1,900,000 RSUs outstanding).

11. Related Party Transactions

In accordance with IAS 24 – Related Party Disclosures, key management personnel, including companies controlled by them, are those persons having authority and responsibility for planning, directing and controlling the activities of the Company directly or indirectly, including any directors (executive and non-executive) of the Company. The remuneration of directors and key executives is determined by the compensation committee of the Board.

(Expressed in Canadian dollars)

11. Related Party Transactions (continued)

Remuneration to key management personnel and directors

The remuneration of directors and other members of key management personnel during the years ended December 31, 2022 and 2021 were as follows:

	2022	2021
	$	$
Consulting fees, salaries and wages	**337,487**	344,736
Professional fees	**216,719**	321,848
Share-based compensation – options	**85,301**	-
Share-based compensation – RSUs	**344,902**	50,540
	984,409	717,124

On January 24, 2022, Hercules Silver and Clearwater Resources Inc. ("Clearwater"), an entity controlled by the Chief Executive Officer ("CEO") and also a director of the Company, entered into a consulting agreement for CEO's services to be provided to the Company. During the year ended December 31, 2022, Clearwater charged fees of $165,000 for consulting services provided to the Company, which are included in consulting fees, salaries and wages under general and administrative ("G&A") expenses (see Note 12). As at December 31, 2022, $31,500 owing to Clearwater was included in accounts payable and accrued liabilities. The amount outstanding is unsecured, non-interest bearing and due on demand.

During the year ended December 31, 2022, a director of the Company, who is also the former Chief Financial Officer ("CFO") of Hercules Silver, charged fees of $35,000 for services provided to the Company, which are included in consulting fees, salaries and wages under G&A expenses (see Note 12). As at December 31, 2022, $2,500 (December 31, 2021 – $nil) owing to the former CFO was included in accounts payable and accrued liabilities. The amount outstanding is unsecured, non-interest bearing and due on demand.

During the year ended December 31, 2022, former officers and directors of the Company charged fees of $137,486 (2021 – $344,736) for services provided to the Company, which are included in consulting fees, salaries and wages under G&A expenses (see Note 12). As at December 31, 2022, no balance was owed to these former directors (December 31, 2021 – $12,263 included in accounts payable and accrued liabilities).

During the year ended December 31, 2022, Gowling WLG (Canada) LLP ("Gowling"), a law firm in which a director of the Company is a partner, charged fees of $206,719 (2021 – $321,848) for legal services provided to the Company, which are included in professional fees. As at December 31, 2022, $117,056 (December 31, 2021 – $27,927) owing to Gowling was included in accounts payable and accrued liabilities. The amount outstanding is unsecured, non-interest bearing and due on demand.

On November 1, 2022, Hercules Silver and Branson Corporate Services Ltd. ("Branson"), where the Company's current CFO is employed, entered into a management services agreement, for CFO services, as well as other accounting and administrative services, to be provided to the Company. During the year ended December 31, 2022, Branson charged fees of $10,000 which are included in professional fees. As at December 31, 2022, no balance was owed to Branson.

12. General and Administrative Expenses

The Company's G&A expenses for the years ended December 31, 2022 and 2021 were comprised of the following:

	2022	2021
	$	$
Consulting fees, salaries and wages	**624,449**	590,399
Business development	**259,126**	487,184
Office and general	**154,761**	49,498
Filing fees	**84,314**	112,525
Rent	**-**	14,000
	1,122,650	1,253,606

(Expressed in Canadian dollars)

13. Income Taxes

The reconciliation of the combined Canadian federal and provincial statutory tax rate of 26.5% (2021 – 26.5%) to the effective tax rate is as follows:

	2022	2021
		$
Loss before income taxes	**(3,295,324)**	(7,080,949)
Expected income tax recovery based on statutory rate	**(873,260)**	(1,876,450)
Adjustment to expected income tax recovery		
Tax rate changes and other adjustments	**-**	(98,700)
Share based compensation and other non-deductible items	**187,810**	69,760
Acquisition of exploration properties	**-**	1,417,500
Listing expense	**-**	252,890
Change in tax benefits not realized	**685,450**	235,000
Income tax expense (recovery)	**-**	-

Unrecognized deferred tax assets

Deferred taxes are provided as a result of temporary differences that arise due to the differences between the income tax values and the carrying amount of assets and liabilities. 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 group can utilize the benefits therefrom:

	2022	2021
		$
Share issuance costs	**168,520**	174,910
Resource pools	**1,449,580**	441,560
Operating tax losses carried forward - USA	**4,298,840**	332,350
Operating tax losses carried forward - Canada	**322,350**	2,713,870
	6,239,290	3,652,690

Share issuance costs will be deducted by December 31, 2025.

Resource pools and U.S. operating tax losses may be carried forward indefinitely.

The Canadian operating tax losses expire as noted in the table below.

	$
2038	1,372,760
2039	1,097,890
2040	-
2041	243,220
2042	1,584,970
	4,298,840

14. Capital Management

The Company manages its capital structure and adjusts it, based on the funds available to the Company, in order to support the development of its planned business activities. The Board does not establish quantitative return on capital criteria for management, but rather relies on the expertise of the Company's management to sustain future development of the business. In order to carry out the planned business activities and pay for administrative costs, the Company will spend its existing working capital and raise additional funds as needed. Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Company, is reasonable. There were no changes to the Company's approach for managing capital during the years ended December 31, 2022 and 2021.

(Expressed in Canadian dollars)

14. Capital Management (continued)

The Company considers its capital to be shareholders’ equity, which is comprised of share capital, warrants reserve, options reserve, RSUs reserve, and accumulated deficit. As at December 31, 2022, the Company’s capital consisted of a balance of $1,458,364 (December 31, 2021 – $1,749,907).

The Company’s objective when managing capital is to obtain adequate levels of funding to support its business activities, to obtain corporate and administrative functions necessary to support organizational functioning and obtain sufficient funding to further the development of its business. The Company raises capital, as necessary, to meet its needs and take advantage of perceived opportunities and, therefore, does not have a numeric target for its capital structure.

Funds are primarily secured through equity capital raised by way of private placements. There can be no assurance that the Company will be able to continue raising capital in this manner.

The Company is not subject to externally imposed capital requirements.

15. Financial Instruments

The Company is exposed to various risks as it relates to financial instruments. Management, in conjunction with the Board, mitigates these risks by assessing, monitoring and approving the Company’s risk management process. There have not been any changes in the nature of these risks or the process of managing these risks from the previous reporting periods.

Credit risk

Credit risk is the risk of loss associated with a counterparty’s inability to fulfill its payment obligations. The Company’s credit risk is primarily attributable to cash, and receivables (excluding sales tax receivable), which expose the Company to credit risk should the borrower default on maturity of the instruments. Cash is held with reputable Canadian chartered banks and in trust with the Company’s legal counsel which is closely monitored by management. Management believes that the credit risk concentration with respect to financial instruments included in cash and receivables is minimal.

Liquidity risk

Liquidity risk is the risk that the Company will not have sufficient cash resources to meet its financial obligations as they come due. The Company’s liquidity and operating results may be adversely affected if the Company’s access to the capital market is hindered, whether as a result of a downturn in stock market conditions generally or related to matters specific to the Company. The Company generates cash flow primarily from its financing activities. The Company endeavors to have sufficient cash on demand to meet expected operational expenses, including the servicing of financial obligations; this excludes the potential impact of extreme circumstances that cannot be reasonably predicted. As at December 31, 2022, the Company had a cash balance of $1,802,284 (December 31, 2021 – $1,835,699), to settle current liabilities of $517,209 (December 31, 2021 – $133,810).

The following table summarizes the carrying amount and the contractual maturities of both the interest and principal portion of significant financial liabilities as at December 31, 2022:

	Carrying amount	Year 1	Year 2 to 3	Year 4 to 5
	$	$	$	$
Accounts payable and accrued liabilities	517,209	517,209	-	-

The Company manages liquidity risk by maintaining adequate cash reserves and by continuously monitoring forecasts and actual cash flows for a rolling period of 12 months to identify financial requirements. Where insufficient liquidity may exist, the Company may pursue various debt and equity instruments for short or long-term financing of its operations.

Management believes there will be sufficient capital to meet short-term business obligations, after taking into account cash flow requirements from operations and the Company’s cash position as at December 31, 2022. Nevertheless, management understands that it will have to raise more funds in order to support its operations going forward.

Market risk

Market risk is the risk that the fair value of, or future cash flows from, the Company’s financial instruments will significantly fluctuate due to changes in market prices. The value of financial instruments can be affected by changes in interest rates, foreign exchange rates, and equity and commodity prices.

15. Financial Instruments (continued)

Price risk

The Company is exposed to price risk with respect to commodity prices. Price risk is remote since the Company is not a producing entity.

Foreign exchange risk

Foreign exchange risk is the risk that the Company will be subject to foreign currency fluctuations in satisfying obligations related to its foreign activities. The Company may have, from time to time, transactions denominated in foreign currencies. The Company's primary exposure to foreign exchange risk is that transactions denominated in foreign currency may expose the Company to the risk of exchange rate fluctuations. Based on its current operations, management believes that the foreign exchange risk is minimal.

Fair value

Fair value estimates of financial instruments are made at a specific point in time based on relevant information about financial markets and specific financial instruments. As these estimates are subjective in nature, involving uncertainties and matters of significant judgment, they cannot be determined with precision. Changes in assumptions can significantly affect estimated fair values.

The Company's financial instruments consist of cash, and accounts payable and accrued liabilities. The fair value of cash and accounts payables and accrued liabilities are approximately equal to their carrying value due to their short-term nature.

The Company classifies fair value measurements using a fair value hierarchy that reflects the significance of the inputs used in making the measurements.

16. Segmented information

The Company has one operating segment focused on the exploration and development of the Leviathan and Hercules Properties in Idaho, United States.

17. Contingencies

The Company's E&E activities are subject to various laws and regulations governing the protection of the environment. These laws and regulations are continually changing and generally becoming more restrictive. As at December 31, 2022, the Company believes its operations are materially in compliance with all applicable laws and regulations. The Company expects to make future expenditures to comply with such laws and regulations.

18. Subsequent Events

Subsequent to December 31, 2022, the Company issued 2,600,000 common shares as a result of the exercise of options for total cash proceeds of $252,000. The Company also issued 5,117,260 common shares from exercises of warrants for total proceeds of $1,009,952.

On January 15, 2023, 2,500,000 options previously granted to a former director at an exercise a price of $0.09, were cancelled.

On January 31, 2023, the Company issued 250,000 common shares as a result of the vesting of RSUs.

On February 8, 2023, the Company issued an additional 500,000 common shares as a result of the vesting of RSUs.

On March 1, 2023, the Company granted 750,000 options and 750,000 RSUs to a director. The options are exercisable at a price of $0.265 per common share for a period of five years. The options and RSUs both vest 25% at each six-month anniversary from grant up to March 1, 2025.

On March 24, 2023, a remainder of 5,762,018 Warrants issued in connection with the Subscription Receipt Financing, at an exercise price of $0.20, expired unexercised.

18. Subsequent Events (continued)

On April 20, 2023, the Company completed a brokered Private Placement of 28,750,000 Units at a price of $0.20 per Unit, for gross proceeds of $5,750,000. Each Unit is comprised of one common share and one-half of a Warrant exercisable at an exercise price of $0.30 for a period of 24 months from closing. In connection with the brokered Private Placement, the Company also issued 1,460,250 Broker Warrants at an exercise price of $0.20 for a period of 24 months from closing.