AU GOLD CORP.

(formerly Schooner Capital Corporation)

(An Exploration Stage Company)

CONSOLIDATED FINANCIAL STATEMENTS

For the years ended March 31, 2022 and 2021

Contents

DeVISSER GRAY LLP
CHARTERED PROFESSIONAL ACCOUNTANTS

401-905 West Pender St
Vancouver BC V6C 1L6
www.devissergray.com
t 604.687.5447
f 604.687.6737

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of Au Gold Corp.

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the consolidated financial statements of Au Gold Corp. (formerly Schooner Capital Corporation) (the "Company"), which comprise the consolidated statements of financial position as at March 31, 2022 and March 31, 2021 and the consolidated statements of comprehensive loss, changes in 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 financial position of the Company as at March 31, 2022 and March 31, 2021 and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards ("IFRS").

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the 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 audit of the financial statements in Canada, and we have fulfilled our 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's ability to continue as a going concern is dependent upon its ability to raise sufficient funds in order to finance exploration and operations. These matters, along with other matters as set forth in Note 1, indicate that material uncertainties exist 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.

Other Information

Management is responsible for the other information. The other information comprises the information included in "Management's Discussion and Analysis" but does not include the consolidated financial statements and our auditor's report thereon.

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 audit 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 audit or otherwise appears to be materially misstated. If, based on the work we have performed, 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 IFRS, 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 audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

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

The engagement partner on the audit resulting in this independent auditor's report is James D. Gray.

De Visser Gray LLP

Chartered Professional Accountants

Vancouver, BC, Canada
July 20, 2022

AU GOLD CORP.
(Formerly Schooner Capital Corporation)
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
(Expressed in Canadian dollars)

	Note	March 31 2022	March 31, 2021
ASSETS			
Current			
Cash	11	$ 1,209,130	$ 1,731,878
Receivables		3,950	333
Prepaid expenses		68,930	13,618
		1,282,010	1,745,829
Non-current			
Exploration and evaluation assets	5	700,034	412,480
Government bond		71,000	-
		$ 2,053,044	$ 2,158,309
LIABILITIES			
Current			
Trade and other payables	8	$ 59,927	$ 21,283
		59,927	21,283
SHAREHOLDER'S EQUITY			
Common shares	6	2,723,406	2,723,406
Reserves	6	74,256	67,106
Deficit		(804,545)	(653,486)
		1,993,117	2,137,026
		$ 2,053,044	$ 2,158,309

Nature of Operations (Note 1)

These consolidated financial statements are authorized for issue by the Board of Directors on July 20, 2022. They are signed on the Company's behalf by:

"Mark T. Brown"	***"Scott Trebilcock"***
Mark T. Brown, Director	Scott Trebilcock, Director

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

AU GOLD CORP.
(Formerly Schooner Capital Corporation)
CONSOLIDATED STATEMENTS OF COMPREHENSIVE LOSS
(Expressed in Canadian dollars)

	Note	For the years ended March 31 2022	2021
Administrative expenses			
Accounting and audit	8	$ 84,155	$ 75,983
Bank charges and interest		280	442
Consulting	8	48,208	3,390
Filing and transfer agent fees		16,990	39,782
Insurance		479	-
Legal		(8,101)	115,245
Listing expense	4	-	351,424
Marketing and shareholders communication		3,719	1,344
Office and miscellaneous		2,215	905
Investor relations		321	-
Project investigation		3,281	-
Stock-based compensation	6	7,150	54,900
		158,697	643,415
Other Items			
Interest income		7,638	1
		7,638	1
Total comprehensive loss for the year		$ 151,059	$ 643,414
Basic and diluted loss per share	7	$ 0.00	$ 0.04
Weighted average number of common shares outstanding		32,905,824	17,249,737

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

AU GOLD CORP.
(Formerly Schooner Capital Corporation)
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
(Expressed in Canadian dollars)

		Common Shares		Reserves				
	Note	**Number of common shares***	**Amount***	**Equity-settled employee benefits***	**Finder's warrants***	**Total***	**Deficit***	**Total shareholder's equity***
Balance at March 31, 2020		7,578,948	$ 89,079	$ -	$ -	$ -	$ (10,072)	$ 79,007
Shares issued for debt	6	5,396,064	109,851	-	-	-	-	109,851
Property option payment	5, 6	336,635	16,832	-	-	-	-	16,832
Consolidation of Ponderosa's common shares	4	(6,655,823)	-	-	-	-	-	-
Shares issued pursuant to QT with Ponderosa	4	4,750,000	475,000	-	-	-	-	475,000
Private placement - common shares	6	11,000,000	1,100,000	-	-	-	-	1,100,000
Private placement - flow-through shares	6	10,000,000	1,000,000	-	-	-	-	1,000,000
Share issue costs	6	-	(117,356)	-	12,206	12,206	-	(105,150)
Property option payment	5, 6	500,000	50,000	-	-	-	-	50,000
Share-based payments	6	-	-	54,900	-	54,900	-	54,900
Net loss and comprehensive loss		-	-	-	-	-	(643,414)	(643,414)
Balance at March 31, 2021		32,905,824	2,723,406	54,900	12,206	67,106	(653,486)	2,137,026
Share-based payments	6	-	-	7,150		7,150	-	7,150
Net loss and comprehensive loss		-	-	-	-	-	(151,059)	(151,059)
Balance at March 31, 2022		**32,905,824**	**$ 2,723,406**	**$ 62,050**	**$ 12,206**	**$ 74,256**	**$ (804,545)**	**$ 1,993,117**

******For purposes of consistency and presentation, the continuity of both the issued share capital and the related accounting values is that of Ponderosa.*

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

AU GOLD CORP.
(Formerly Schooner Capital Corporation)
CONSOLIDATED STATEMENTS OF CASH FLOWS
(Expressed in Canadian dollars)

	Note	For the years ended March 31 2022	2021
Cash provided by (used for):			
Operating activities			
Net loss		$ (151,059)	$ (643,414)
Items not involving cash:			
Share-based compensation		7,150	54,900
Listing expense		-	351,424
Changes in non-cash working capital items:			
Receivables		(3,617)	4,863
Prepaid expenses		(55,312)	(13,618)
Trade and other payables		6,398	(41,475)
Shareholder's loan		-	3,414
Cash used in operating activities		(196,440)	(283,906)
Investing activities			
Cash from qualifying transaction	4	-	174,016
Exploration and evaluation assets	5	(266,954)	(143,499)
BC METC received		11,646	18,630
Government bond		(71,000)	-
Cash (used in) provided by investing activities		(326,308)	49,147
Financing activities			
Proceeds from issuance of common shares	6	-	2,100,000
Share issue costs		-	(105,150)
Shareholder's loan	8	-	(58,391)
Cash provided by financing activities		-	1,936,459
Net (decrease) increase in cash		(522,748)	1,701,700
Cash - beginning of the year		1,731,878	30,178
Cash - end of the year		$ 1,209,130	$ 1,731,878

Supplemental disclosure with respect to cash flows:

Exploratrion and evaluation assets in trade and other payables	$ 39,301	$ 7,055
Common shares issued pursuant to exploration expenses	$ -	$ 66,832
Common shares issued pursuant to settlement of accounts payable and shareholder's loan	$ -	$ 109,851

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

1. NATURE AND CONTINUANCE OF OPERATIONS

Au Gold Corp. (formerly Schooner Capital Corporation) (the "Company") was incorporated under the Business Corporations Act (British Columbia) on December 7, 2017 as a Capital Pool Corporation defined in the Policy 2.4 of the TSX Venture Exchange (the "Exchange"). The principal business of the Company was the identification and evaluation of assets or businesses with a view to completing a Qualifying Transaction ("QT"). The Company's registered office is 10th floor, 595 Howe Street, Vancouver, BC V6C 2T5.

On December 21, 2020, the Company completed the share exchange transaction with Ponderosa Exploration Ltd. ("Ponderosa"; formerly 1201361 B.C. Ltd.) (Note 4) which constituted the Company's QT. Ponderosa was incorporated under the Business Corporations Act (British Columbia) on March 15, 2019 and its principal business focus is the exploration and development of gold and mineral prospects in Canada. Upon completion of the QT, on December 24, 2020, the Company began trading under its new name on the Exchange with the symbol "AUGC".

These financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS"). The continuing operations of the Company are dependent upon its ability to raise adequate financing to develop its exploration and evaluation assets, which are at the exploration stage, and to commence profitable operations in the future. To date, the Company has not generated any significant revenues and therefore has negative operating cash flows, and is largely dependent on the issuance of equity instruments to fund its business activities.

These financial statements have been prepared on the basis that the Company will continue as a 'going concern', which is the assumption that it will continue to realize its assets and meet its liabilities in the normal course of operations for the foreseeable future. Recent adverse financial market conditions and volatility increase the requirement to both manage expenditures and raise additional funds on terms acceptable to the Company. In addition, a significant portion of the Company's March 31, 2022 cash on hand is subject to required expenditure on qualifying mineral exploration work prior to December 31, 2022. The existence of such material uncertainties may cast significant doubt as to the Company's continuity as a going concern.

In March 2020, the World Health Organization declared coronavirus COVID-19 a global pandemic. This contagious disease outbreak, which has continued to spread, and any related adverse public health developments, has adversely affected workforces, economies, and financial markets globally, potentially leading to an economic downturn. It is not possible for the Company to predict the duration or magnitude of the adverse results of the outbreak and its effects on the Company's business or ability to raise funds.

2. BASIS OF PRESENTATION

(a) Statement of Compliance

These consolidated financial statements, including comparatives, have been prepared in accordance with IFRS as issued by the International Accounting Standards Board ("IASB") and interpretations issued by the IFRS Interpretations Committee ("IFRIC").

(b) Basis of Measurement

These consolidated interim financial statements have been prepared using the historical cost basis except for financial instruments that have been measured at fair value. In addition, these consolidated financial statements have been prepared using the accrual basis of accounting, except for cash flow information.

The preparation of these consolidated financial statements in conformity with IFRS requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. Actual results may differ from these estimates. These consolidated financial statements do not include all of the information required for full annual financial statements.

2. BASIS OF PRESENTATION, (Continued)

(b) Basis of Measurement, (Continued)

These consolidated financial statements, including comparatives, have been prepared on the basis of IFRS standards that are published at the time of preparation.

The consolidated financial statements are presented in Canadian dollars, which is the Company's functional currency and presentation currency.

3. SIGNIFICANT ACCOUNTING POLICIES

These financial statements have, in management's opinion, been properly and consistently prepared within reasonable limits of materiality and within the framework of the significant accounting policies summarized below:

Basis of consolidation

Subsidiary
The consolidated financial statements include the financial statements of the Company and the Company's wholly owned subsidiary Ponderosa Exploration Ltd. Control is achieved where the Company has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

The subsidiary is fully consolidated from the date of acquisition, being the date on which the Company obtains control, and continues to be consolidated until the date that such control ceases (Note 4).

Inter-company balances and transactions
Inter-company balances and transactions, including unrealized income and expenses arising from inter-company transactions, are eliminated in preparing the consolidated financial statements.

Cash and cash equivalents

Cash and cash equivalents include cash on hand. At March 31, 2022, the Company had $1,209,130 in cash.

Exploration and evaluation assets

The Company is in the exploration stage with respect to its investment in exploration and evaluation assets and accordingly follows the practice of capitalizing all costs relating to the acquisition of, exploration for and development of its mineral claims and crediting all proceeds received against the cost of related claims. Such costs include, but are not exclusive to, geological, geophysical studies, exploratory drilling and sampling. At such time as commercial production commences, these costs will be charged to operations on a unit-of-production method based on proven and probable reserves. The aggregate costs related to abandoned mineral claims are charged to operations at the time of any abandonment or when it has been determined that there is evidence of a permanent impairment. An impairment charge relating to a mineral property is subsequently reversed when new exploration results or actual or potential proceeds on sale result in a revised estimate of the recoverable amount but only to the extent that this does not exceed the original carrying value of the property that would have resulted if no impairment had been recognized.

The recoverability of amounts shown for exploration and evaluation assets is dependent upon the discovery of economically recoverable reserves, the ability of the Company to obtain financing to complete development of the properties, and on future production or proceeds of disposition.

The Company recognizes in income costs recovered on exploration and evaluation assets when amounts received or receivable are in excess of the carrying amount.

3. SIGNIFICANT ACCOUNTING POLICIES, (Continued)

Exploration and evaluation assets, (Continued)

Upon transfer of "exploration and evaluation costs" into "mine development", all subsequent expenditure on the construction, installation or completion of infrastructure facilities is capitalized within "mine development". After production starts, all assets included in "mine development" are transferred to "producing mines".

All capitalized exploration and evaluation expenditures are monitored for indications of impairment. Where a potential impairment is indicated, assessments are performed for each area of interest. To the extent that exploration expenditures are not expected to be recovered, they are charged to operations. Exploration areas where reserves have been discovered, but require major capital expenditure before production can begin, are continually evaluated to ensure that commercial quantities of reserves exist or to ensure that additional exploration work is underway as planned.

The Company is eligible to claim refundable exploration tax credits (the 'BCMETC') at rates of up to 30% of qualifying CEE incurred in a taxation year, exclusive of amounts renounced for tax purposes to shareholders pursuant to flow-through share purchase agreements. These BCMETC amounts are accrued as receivable when and if collection can be reasonably assured, and are offset against the related deferred costs incurred.

Impairment of non-financial assets

Impairment tests on intangible assets with indefinite useful economic lives are undertaken annually at the financial year-end. Other non-financial assets, including exploration and evaluation assets are subject to impairment tests whenever events or changes in circumstances indicate that their carrying amount may not be recoverable. Where the carrying value of an asset exceeds its recoverable amount, which is the higher of value in use and fair value less costs to sell, the asset is written down accordingly.

Where it is not possible to estimate the recoverable amount of an individual asset, the impairment test is carried out on the asset's cash-generating unit, which is the lowest group of assets in which the asset belongs for which there are separately identifiable cash inflows that are largely independent of the cash inflows from other assets. The Company has one cash-generating unit for which impairment testing is performed.

An impairment loss is charged to the profit or loss, except to the extent they reverse gains previously recognized in other comprehensive loss.

Decommissioning, restoration, and similar obligations

An obligation to incur restoration, rehabilitation and environmental costs arises when an 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 at the start of each project 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 against profit or 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 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. Costs for restoration of subsequent site damage which is created on an ongoing basis during production are provided for at their net present values and charged against profits as extraction progresses.

As at March 31, 2022, the Company has no material restoration, rehabilitation and environmental costs as the disturbance to date is minimal.

3. SIGNIFICANT ACCOUNTING POLICIES, (Continued)

Income taxes

Current income tax:
Current income tax assets and liabilities for the current year are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date, in the countries where the Company operates and generates taxable income.

Current income tax relating to items recognized directly in other comprehensive income or equity is recognized in other comprehensive income or equity and not in profit or loss. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

Deferred income tax:
Deferred income tax is provided using the asset and liability method on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

The carrying amount of deferred income tax assets is reviewed at the end of each reporting period and recognized only to the extent that it is probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilized.

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 by the end of the reporting period.

Deferred income tax assets and deferred income tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current income tax liabilities and the deferred income taxes relate to the same taxable entity and the same taxation authority.

Share capital

Common shares are classified as equity. Transaction costs directly attributable to the issue of common shares and share options are recognized as a deduction from equity. Common shares issued for consideration other than cash, are valued based on their market value at the date the shares are issued.

The Company has adopted a residual value method with respect to the measurement of shares and warrants issued as private placement units. The residual value method first allocates value to the more easily measurable component based on fair value and then the residual value, if any, to the less easily measurable component. The Company considers the fair value of common shares issued in a private placement to be the more easily measurable component and the common shares are valued at their fair value, as determined by the closing quoted bid price on the announcement date. The balance, if any, is allocated to the attached warrants. Any fair value attributed to the warrants is recorded as reserves.

Basic loss per share

Basic loss per share is computed using the weighted average number of common shares outstanding during the year. The computation of diluted earnings per share assumes the conversion, exercise or contingent issuance of securities only when such conversion, exercise or issuance would have a dilutive effect on earnings per share. The dilutive effect of convertible securities is reflected in diluted earnings per share by application of the "if converted" method. The effect of potential issuances of shares from the exercise of outstanding options and warrants would be anti-dilutive for the years presented and accordingly, basic and diluted losses per share are the same.

3. SIGNIFICANT ACCOUNTING POLICIES, (Continued)

Flow-through shares

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

Share-based payments

The Company's stock option plan allows the Company's employees and consultants to acquire shares of the Company through the exercise of granted stock options. The fair value of options granted is recognized as a share-based payment expense with a corresponding increase in shareholders' equity. An individual is classified as an employee when such individual is an employee for legal or tax purposes (direct employee) or provides services similar to those performed by a direct employee.

The fair value is measured at grant date and each tranche is recognized on a graded-vesting basis over the period during which the options vest. The fair value of the options granted is measured using the Black-Scholes option pricing model taking into account the terms and conditions upon which the options were granted. At each financial position reporting date, the amount recognized as an expense is adjusted to reflect the actual number of share options that are expected to vest.

Warrants with the right to acquire common shares in the Company are typically issued through the Company's equity financing activities. Where finders' warrants are issued on a stand-alone basis, their fair values are measured on their issuance date using the Black-Scholes option pricing model and are recorded as both an increase to reserves and as a share issue cost.

When warrants are exercised, the cash proceeds along with the amount previously recorded in equity reserves are recorded as share capital.

Financial Instruments

Financial instruments are measured on initial recognition at fair value, plus, in the case of financial instruments other than those classified as fair value through profit or loss ("FVPL"), directly attributable transaction costs. Financial instruments are recognized when the Company become party to the contracts that give rise to them and are classified as amortized cost, fair value through profit or loss or fair value through other comprehensive income, as appropriate.

The Company considers whether a contract contains an embedded derivative when the entity first becomes a party to it. The embedded derivatives are separated from the host contract if the host contract is not measured at fair value through profit or loss and when the economic characteristics and risks are not closely related to those of the host contract. Reassessment only occurs if there is a change in the terms of the contract that significantly modifies the cash flows that would otherwise be required.

3. SIGNIFICANT ACCOUNTING POLICIES, (Continued)

Financial assets at FVPL

Financial assets at FVPL include financial assets held for trading and financial assets not designated upon initial recognition as amortized cost or fair value through other comprehensive income ("FVOCI"). A financial asset is classified in this category principally for the purpose of selling in the short term, or if so, designated by management. Transaction costs are expensed as incurred. On initial recognition, a financial asset that otherwise meets the requirements to be measured at amortized cost or FVOCI may be irrevocably designated as FVPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise. Financial assets measured at FVPL are measured at fair value with changes in fair value recognized in profit or loss.

Financial assets at FVOCI

On initial recognition of an equity investment that is not held for trading, an irrevocable election is available to measure the investment at fair value upon initial recognition plus directly attributable transaction costs and at each period end, changes in fair value are recognized in other comprehensive income ("OCI") with no reclassification to profit or loss. The election is available on an investment-by-investment basis.

Financial assets at amortized cost

A financial asset is measured at amortized cost if it is held within a business model whose objective is to hold assets to collect contractual cash flows and its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding, and is not designated as FVPL. Financial assets classified as amortized cost are measured subsequent to initial recognition at amortized cost using the effective interest method. Cash and receivables are classified as and measured at amortized cost.

Financial liabilities

Financial liabilities, including accounts payable and accrued liabilities and finance leases are recognized initially at fair value, net of transaction costs. After initial recognition, other financial liabilities are subsequently measured at amortized cost using the effective interest method. Gains and losses are recognized in net earnings when the liabilities are derecognized as well as through the amortization process. Borrowing liabilities are classified as current liabilities unless the Company has an unconditional right to defer settlement of the liability for at least 12 months after the statement of financial position date. Accounts payable and accrued liabilities and shareholder's loan are classified as and measured at amortized cost.

Derivative instruments

Derivative instruments, including embedded derivatives, are measured at fair value on initial recognition and at each subsequent reporting period. Any gains or losses arising from changes in fair value on derivatives are recorded in profit or loss.

3. SIGNIFICANT ACCOUNTING POLICIES, (Continued)

Financial Instruments, (Continued)

Fair values

The fair value of quoted investments is determined by reference to market prices at the close of business on the statement of financial position date. Where there is no active market, fair value is determined using valuation techniques. These include using recent arm's length market transactions; reference to the current market value of another instrument which is substantially the same; discounted cash flow analysis; and, pricing models.

Financial instruments that are measured at fair value subsequent to initial recognition are grouped into a hierarchy based on the degree to which the fair value is observable as follows:

- Level 1 fair value measurements are quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

Impairment of financial assets

A loss allowance for expected credit losses is recognized in OCI for financial assets measured at amortized cost. At each balance sheet date, on a forward-looking basis, the Company assesses the expected credit losses associated with its financial assets carried at amortized cost and FVOCI. The impairment methodology applied depends on whether there has been a significant increase in credit risk. The impairment model does not apply to investment in equity instruments. The expected credit losses are required to be measured through a loss allowance at an amount equal to the 12-month expected credit losses (expected credit losses that result from those default events on the financial instrument that are possible within 12 months after the reporting date) or full lifetime expected credit losses (expected credit losses that result from all possible default events over the life of the financial instrument). A loss allowance for full lifetime expected credit losses is required for a financial instrument if the credit risk of that financial instrument has increased significantly since initial recognition.

Derecognition of financial assets and liabilities

A financial asset is derecognised when either the rights to receive cash flows from the asset have expired or the Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party. If neither the rights to receive cash flows from the asset have expired nor the Company has transferred its rights to receive cash flows from the asset, the Company will assess whether it has relinquished control of the asset or not. If the Company does not control the asset, then derecognition is appropriate.

A financial liability is derecognized when the associated obligation is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognized in profit or loss.

3. SIGNIFICANT ACCOUNTING POLICIES, (Continued)

Significant estimates and assumptions

The preparation of these financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and reported amounts of expenses during the reporting period. Actual outcomes could differ from these estimates. These financial statements include estimates which, by their nature, are uncertain. The impacts of such estimates are pervasive throughout these financial statements, and may require accounting adjustments based on future occurrences. Revisions to accounting estimates are recognized in the period in which the estimate is revised, if the revision affects only that period, or in the period of the revision and further periods if the revision affects both current and future periods.

Significant assumptions about the future and other sources of estimation uncertainty that management has made at the statement of financial position date, that could result in a material adjustment to the carrying amounts of assets and liabilities, in the event that actual results differ from assumptions made, relate to, but are not limited to, the following:

Critical judgments

- Assessment of indications of impairment of each mineral property and related determination of the net realized value and write-down of those properties where applicable; and
- Determination that the Company will continue as a going concern for the next year.

Critical estimates

- Inputs to the calculation of the fair value of share purchase warrants and options; and
- Fair value of the common shares of Schooner at the date of completion of the QT.

Future accounting pronouncements

The Company has reviewed any new and revised IFRS accounting pronouncements that were issued and effective as of April 1, 2021 and has determined that these new and revised standards did not have a material impact on the Company's consolidated financial statements.

(Expressed in Canadian dollars)

4. QUALIFYING TRANSACTION

On December 21, 2020, Ponderosa and Schooner Capital Corporation ("Schooner") completed a Share Exchange Agreement, whereby Schooner acquired all of the issued and outstanding securities of Ponderosa. The transaction allowed Ponderosa to obtain a public listing by completing a reverse take-over transaction whereby Ponderosa, substantively and for accounting purposes, was considered to be the acquiring and the continuing entity.

Pursuant to the term of the Share Exchange Agreement, Schooner issued common shares (i.e., of the resulting issuer) to the pre-existing shareholders of Ponderosa on the basis of one new share for each two shares of Ponderosa then outstanding, for a total issuance of 6,655,823 common shares. Schooner's pre-existing issued share capital comprised 4,750,000 common shares.

In connection with the transaction, the resulting issuer completed a concurrent financing (see Note 6(b)) totaling $2,100,000.

Upon completion of the transaction and the closing of the concurrent financing, the resulting issuer has 32,905,824 shares issued and outstanding.

In accounting for the acquisition as a reverse takeover, no goodwill or intangible asset in respect to Schooner's stock exchange listing has been recorded. For accounting purposes, Ponderosa, the legal subsidiary, has been treated as the accounting acquirer, and Schooner, the legal parent, has been treated as the accounting acquiree in these consolidated financial statements. Schooner's assets, and liabilities are included in these consolidated financial statements at their carrying values, which were considered to represent their current fair values. Schooner's results of operations have been included from December 22, 2020, the date of completion of the acquisition.

The QT did not constitute a business combination under IFRS 3. The QT is accounted for in these consolidated financial statements as a continuation of the financial statements of Ponderosa, subject to a deemed issuance of shares and re-capitalization of the resulting issuer's equity. The excess of the estimated fair value of Schooner's pre-transaction common shares over the current carrying value of its net identifiable assets was allocated to Listing expense. The acquisition was measured based on the current fair value of Schooner's 4,750,000 common shares outstanding deemed reissued at $0.10 per share, allocated to its net identifiable assets as follows:

Cash	$	174,016
Other current assets		264
Trade and other payables		(50,704)
Total fair value of assets acquired by Ponderosa		123,576
Listing expense		351,424
Fair value of Schooner's pre-transaction common shares	$	475,000

(Expressed in Canadian dollars)

5. EXPLORATION AND EVALUATION ASSETS

Ponderosa Property

The Ponderosa property comprises four claims which have been optioned from two separate parties on different terms. The claims are contiguous, however costs are tracked and presented separately herein because of the specific expenditure requirements applicable to each option. The option agreements are summarized below.

EAB Option Agreement
On April 5, 2019, the Company entered into an option agreement to earn a 100% interest in 3 claims near Merritt, British Columbia (the "EAB Option Agreement") which forms part of the Ponderosa Property. To earn the 100% interest, the Company is to pay, in aggregate, a total of $100,000 and issue 500,000 common shares to the optionors and complete exploration work over a four-year period, as follows:

	Cash	Shares	Cumulative Exploration Work Commitments
Date of execution	$ 25,000 (1)	-	-
1st anniversary	25,000 (3)	500,000 (2)	$ 100,000 (4)
2nd anniversary	25,000 (5)	-	-
3rd anniversary	25,000 (6)	-	-
5th anniversary	-	-	$ 1,000,000
TOTAL	$ 100,000	500,000	

(1) Paid.
(2) The Company must be publicly listed and issue the common shares upon getting publicly listed. On April 6, 2020, the Company and the optionors agreed to amend the deadline to October 6, 2020. On October 6, 2020, the Company and the optionors agreed to further amend the deadline. On December 21, 2020, the 500,000 shares were issued upon the completion of the QT.
(3) Paid.
(4) Completed.
(5) Paid on January 13, 2021.
(6) Paid on March 21, 2022.

5. EXPLORATION AND EVALUATION ASSETS, (Continued)

Ponderosa Property, (continued)

EAB Option Agreement, (continued)

Following the exercise of the option, the optionors are also entitled to receive an additional 500,000 common shares upon the completion of a NI 43-101 compliant maiden resource report and another 500,000 common shares issued upon the completion of a bankable feasibility study.

Upon commencement of commercial production, the Company will pay the optionors a 2% net smelter royalty ("NSR") where the Company can purchase one-half (1%) of the NSR for $1,000,000.

DEX Option Agreement

On September 6, 2019, the Company entered into an option agreement to earn a 60% interest in one claim near Merritt, British Columbia (the "DEX Option Agreement") which forms part of the Ponderosa Property. To earn the 60% interest, the Company must:

1) Issue common shares equal to 5% of the issued and outstanding common shares of the Company on a fully diluted basis on the date of the execution of the agreement (328,947 shares were issued).

2) Issue additional common shares so that the optionor owns 5% of the issued and outstanding common shares of the Company on a fully-diluted basis immediately before the "Liquidity Event", where the Liquidity Event must occur by the 4th anniversary date and such event constituted the Company becoming publicly-owned by way of a reverse takeover or initial public offering. This calculation of additional common shares to the optionor did not include any common shares issued in direct connection with the Liquidity Event itself, but did include any common shares of the Company issued in connection with settling any debt obligations of the Company existing at the time of the Liquidity Event. On December 21, 2020, the Company issued 336,635 shares to the optionor to satisfy this condition in connection with the Liquidity Event (see Note 4).

3) Incur $500,000 exploration expenditures by the 3rd anniversary date, including 500 meters of drilling. Subsequent to March 31, 2022, the Company met this requirement and had notified DEX regarding its earn-in to a 60% interest in the property. The Company and DEX now intend to advance the project as a joint venture.

(Expressed in Canadian dollars)

5. EXPLORATION AND EVALUATION ASSETS, (Continued)

Ponderosa Property, (continued)

Exploration and Evaluation Assets

	Ponderosa		
	EAB	**DEX**	**Total**
Balance at March 31, 2020	**$ 126,624**	**$ 62,100**	**$ 188,724**
Additions during the year			
Acquisition costs:			
Option payments	100,000	16,832	116,832
Exploration expenditures:			
Accommodation, travel and meals	915	915	1,830
Assays	-	2,497	2,497
Field equipment and tools	44	44	88
Reporting and drafting	840	840	1,680
Prospecting and inspection	3,180	4,380	7,560
Environmental consulting	8,301	7,950	16,251
Geological	6,875	25,087	31,962
Geological consulting	18,217	18,217	36,434
Maps	43	1,749	1,792
Geological survey	12,549	12,550	25,099
Sampling and analysis	52	52	104
Field supplies and maps	128	129	257
	151,144	91,242	242,386
Less:			
BC Mineral Exploration Tax Credit	(18,630)	-	(18,630)
Balance at March 31, 2021	**259,138**	**153,342**	**412,480**
Additions during the period			
Acquisition costs:			
Option payments	-	25,000	25,000
Exploration expenditures:			
Accommodation, travel and meals	8,579	31,720	40,299
Assays	15,885	19,529	35,414
Aircraft charter	3,491	3,491	6,982
Field equipment and tools	2,947	5,317	8,264
Reporting and drafting	560	560	1,120
Prospecting and inspection	2,100	5,100	7,200
Environmental consulting	27,404	27,404	54,808
Labour	14,622	14,622	29,244
Geological	25,996	36,146	62,142
Maps	3,315	3,315	6,630
Geological survey	2,963	2,963	5,926
Sampling and analysis	461	461	922
Field supplies and maps	6,933	8,316	15,249
	115,256	183,944	299,200
Less:			
BC Mineral Exploration Tax Credit	(11,646)	-	(11,646)
Balance at March 31, 2022	**$ 362,748**	**$ 337,286**	**$ 700,034**

6. SHARE CAPITAL

a. Authorized

There are an unlimited number of common shares without par value.

b. Common share issuances

During the year ended March 31, 2022:

The Company did not issue any common shares.

During the year ended March 31, 2021:

The Company settled $9,648 of a shareholder's loan by issuing 385,924 common shares at $0.025 per share prior to the QT (see Note 8).

The Company settled $52,133 due to related party by issuing 2,606,625 common shares at $0.02 per share prior to the QT (see Note 8) and settled another $48,070 in trade and other payables by issuing 2,403,515 common shares at $0.02 per share prior to the QT.

The Company issued 336,635 common shares at a fair value of $0.05 immediately prior to the QT to satisfy the Liquidity Event condition per the DEX Option Agreement (see Note 5); and issued 500,000 common shares at a fair value of $0.10 immediately following the QT to satisfy the EAB Option Agreement (see Note 5).

On December 21, 2020, the Company closed a non-brokered private placement of 10,000,000 flow-through common shares (the "FT Shares") at a price of $0.10 per FT Share (the "FT Financing") and 11,000,000 units (the "Units") at a price of $0.10 per Unit (the "Unit Financing" and together with the FT Financing, the "Concurrent Financing") for aggregate gross proceeds of $2,100,000. The Units are comprised of one Share and one-half of one common share purchase warrant (each full warrant, a "Warrant"). Each Warrant is exercisable to acquire a common share at a price of $0.15 per share for a period of two years expiring on December 21, 2022. Under the residual value approach, no value was assigned to the warrant component of the Units.

In consideration for introducing certain subscribers to the Concurrent Financing, the Company paid cash finder's fees of $105,150, and issued 1,051,500 non-transferrable finder's warrants ("Finder's Warrants") to certain finders. Each Finder's Warrant entitles the holder to acquire one common share at a price of $0.10 for a period of two years expiring on December 21, 2022. The value of the finder's warrants was determined to be $12,206 calculated using the Black-Scholes option pricing model.

(Expressed in Canadian dollars)

6. SHARE CAPITAL, (Continued)

c. Escrow shares

2,400,000 common shares were placed in escrow in accordance with the escrow agreement dated June 11, 2018, where 10% of the escrowed common shares were released on December 21, 2020 and 15% every six months thereafter. As at March 31, 2022, 1,440,000 common shares were held in escrow.

6,323,033 common shares were placed in escrow in accordance with the escrow agreement dated December 21, 2020, where 10% of the escrowed common shares were released on December 21, 2020 and 15% every six months thereafter. As at March 31, 2022, 3,793,821 common shares were held in escrow.

d. Stock options

Stock option transactions and the number of stock options for the year ended March 31, 2022 are summarized as follows:

Expiry date	Exercise price	March 31, 2021	Granted	Exercised	Expired / Cancelled	March 31, 2022
June 27, 2023	$ 0.10	475,000	-	-	-	475,000
December 21, 2025	$ 0.10	2,300,000	-	-	-	2,300,000
March 23, 2027	$ 0.10	-	150,000	-	-	150,000
Options outstanding		2,775,000	150,000	-	-	2,925,000
Options exercisable		2,775,000	150,000	-	-	2,925,000
Weighted average exercise price		$ 0.10	$ 0.10	$ -	$ -	$ 0.10

As at March 31, 2022, the weighted average contractual remaining life of options is 3.39 years. The weighted average fair value of stock options granted during the year ended March 31, 2022 was $0.10.

Stock option transactions and the number of stock options for the year ended March 31, 2021 are summarized as follows:

Expiry date	Exercise price	March 31, 2020	Granted	Exercised	Expired / Cancelled	March 31, 2021
June 27, 2023	$ 0.10	-	475,000	-	-	475,000
December 21, 2025	$ 0.10	-	2,300,000	-	-	2,300,000
Options outstanding		-	2,775,000	-	-	2,775,000
Options exercisable		-	2,775,000	-	-	2,775,000
Weighted average exercise price		$ -	$ 0.10	$ -	$ -	$ 0.10

As at March 31, 2021, the weighted average contractual remaining life of options is 4.30 years. The weighted average fair value of stock options granted during the year ended March 31, 2021 was $0.10.

(Expressed in Canadian dollars)

6. SHARE CAPITAL, (Continued)

d. Stock Options, (Continued)

The weighted average fair value of the stock options granted during the year ended March 31, 2022 was $0.10 per option (2021 – $0.10) and the Company recognized $7,150 of share-based payments expense (2021 – $54,900). The following table summarizes the assumptions used in the Black-Scholes Option Pricing Model to estimate the fair value of the options:

	2022	2021
Expected dividend yield	0.00%	0.00%
Expected stock price volatility	107.09%	78.71%
Risk-free interest rate	1.34%	1.27%
Forfeiture rate	0.00%	0.00%
Expected life of options	5 years	5 years

e. Warrants

The continuity of warrants for the year ended March 31, 2022 is as follows:

Expiry date	Exercise price	March 31, 2021	Issued	Exercised	Expired	March 31, 2022
December 21, 2022	$ 0.15	5,500,000	-	-	-	5,500,000
Warrants outstanding		5,500,000	-	-	-	5,500,000
Weighted average exercise price		$ 0.15	$ -	$ -	$ -	$ 0.15

As at March 31, 2022, the weighted average contractual remaining life of warrants is 0.73 years.

The continuity of warrants for the year ended March 31, 2021 is as follows:

Expiry date	Exercise price	March 31, 2020	Issued	Exercised	Expired	March 31, 2021
December 21, 2022	$ 0.15	-	5,500,000	-	-	5,500,000
Warrants outstanding		-	5,500,000	-	-	5,500,000
Weighted average exercise price		$ -	$ 0.15	$ -	$ -	$ 0.15

As at March 31, 2021, the weighted average contractual remaining life of warrants is 1.73 years.

f. Finder’s warrants

The continuity of finder’s warrants for the year ended March 31, 2022 is as follows:

Expiry date	Exercise price	March 31, 2021	Issued	Exercised	Expired	March 31, 2022
December 21, 2022	$ 0.10	1,051,500	-	-	-	1,051,500
Finders' warrants outstanding		1,051,500	-	-	-	1,051,500
Weighted average exercise price		$ 0.10	$ -	$ -	$ -	$ 0.10

As at March 31, 2022, the weighted average contractual remaining life of finder’s warrants is 0.73.

(Expressed in Canadian dollars)

6. SHARE CAPITAL, (Continued)

f. Finder's warrants, (Continued)

The continuity of finder's warrants for the year ended March 31, 2021 is as follows:

Expiry date	Exercise price	-	Issued	Exercised	Expired	-
December 21, 2022	$ 0.10	-	1,051,500	-	-	1,051,500
Finders' warrants outstanding		-	1,051,500	-	-	1,051,500
Weighted average exercise price		$ -	$ 0.10	$ -	$ -	$ 0.10

As at March 31, 2021, the weighted average contractual remaining life of finder's warrants is 1.73.

The weighted average assumptions used to estimate the fair value of finder's warrants for the year ended March 31, 2021 were as follows:

	2022	2021
Expected dividend yield	-	0.00%
Expected stock price volatility	-	78.71%
Risk-free interest rate	-	0.54%
Forfeiture rate	-	0.00%
Expected life of options	-	2 years

(Expressed in Canadian dollars)

7. LOSS PER SHARE

Basic and diluted loss per share

The calculation of basic and diluted loss per share for the year ended March 31, 2022 was based on the loss attributable to common shareholders of $151,059 (2021 – $643,415) and the weighted average number of common shares outstanding of 32,905,824 (2021 – 17,249,737).

8. SHAREHOLDER'S LOAN AND RELATED PARTY TRANSACTIONS

Marc Blythe, the Chief Executive Officer, was owed $39,625 by the Company at March 31, 2020, mainly for the reimbursement of exploration costs incurred on behalf of the Company. During the year ended March 31, 2021, additional amounts aggregating $36,002 were paid on an out-of-pocket basis, including a $25,000 property option payment. These amounts were all repaid in cash during the year ended March 31, 2021, except for an amount of $9,648 which was settled for the issue of common shares.

Other related party transactions and balances:

		For the years ended		As at	As at
		March 31,	March 31,	March 31	March 31,
Amounts in accounts payable:	Services for:	2022	2021	2022	2021
Private company owned by the Chief Executive Officer (a)	Prospecting, inspection and consulting fee	$ 54,028	$ 10,500	$ 36,239	$ -
Private company owned by the Exploration Manager (b)	Geological consulting and project investigation	58,713	34,688	12,110	7,055
Private company controlled by a director of the Company (c)	Accounting and management services	51,135	61,926	5,030	5,250
Total		$ 163,875	$ 107,114	$ 53,379	$ 12,305

(a) Marc Blythe, the Chief Executive Officer, president, and director of the Company is the owner of this private company.
(b) Bill Wengzynowski, the exploration manager, is the owner of this private company.
(c) Mark T. Brown, a director of the Company, is the president of this private company.

Key management personnel compensation includes all compensation paid to executive management and members of the board of directors of the Company.

(Expressed in Canadian dollars)

8. SHAREHOLDER'S LOAN AND RELATED PARTY TRANSACTIONS, (Continued)

For the year ended March 31, 2022:

	Short-term employee benefits	Post-employment benefits	Other long-term benefits	Termination benefits	Other expenses	Share-based payments (1)	Total
Marc Blythe Chief Executive Officer, Director	$Nil	$Nil	$Nil	$Nil	$Nil	$Nil	$Nil
Winnie Wong Chief Financial Officer, Corporate Secretary	$Nil	$Nil	$Nil	$Nil	$Nil	$Nil	$Nil
Mark T. Brown Director	$Nil	$Nil	$Nil	$Nil	$Nil	$Nil	$Nil
Garrett Ainsworth Director	$Nil	$Nil	$Nil	$Nil	$Nil	$Nil	$Nil
Neil Burns Director	$Nil	$Nil	$Nil	$Nil	$Nil	$Nil	$Nil
Scott Trebilcock Director	$Nil	$Nil	$Nil	$Nil	$Nil	$Nil	$Nil
Bill Wengzynowski Exploration Manager	$Nil	$Nil	$Nil	$Nil	$Nil	$Nil	$Nil
Total:	$Nil	$Nil	$Nil	$Nil	$Nil	$Nil	$Nil

For the year ended March 31, 2021:

	Short-term employee benefits	Post-employment benefits	Other long-term benefits	Termination benefits	Other expenses	Share-based payments (1)	Total
Marc Blythe Chief Executive Officer, Director	$Nil	$Nil	$Nil	$Nil	$Nil	$ 12,415	$ 12,415
Winnie Wong Chief Financial Officer, Corporate Secretary	$Nil	$Nil	$Nil	$Nil	$Nil	$ 6,208	$ 6,208
Mark T. Brown Director	$Nil	$Nil	$Nil	$Nil	$Nil	$ 6,208	$ 6,208
Garrett Ainsworth Director	$Nil	$Nil	$Nil	$Nil	$Nil	$ 6,208	$ 6,208
Neil Burns Director	$Nil	$Nil	$Nil	$Nil	$Nil	$ 6,208	$ 6,208
Scott Trebilcock Director	$Nil	$Nil	$Nil	$Nil	$Nil	$ 6,208	$ 6,208
Bill Wengzynowski Exploration Manager	$Nil	$Nil	$Nil	$Nil	$Nil	$ 6,208	$ 6,208
Total:	$Nil	$Nil	$Nil	$Nil	$Nil	$ 49,663	$ 49,663

(1) Share-based payments are the fair values of the stock options granted during the years ended March 31, 2022 and 2021 calculated using the Black-Scholes Option Pricing Model (see Note 6(d)).

(Expressed in Canadian dollars)

9. FINANCIAL INSTRUMENTS

Fair value measurements

		March 31, 2022		March 31, 2021
Financial assets				
Amortized cost				
Cash and cash equivalents	$	1,209,130	$	1,731,878
Financial liabilities				
Other liabilities, measured at amortized cost				
Accounts payable and accrued liabilities	$	59,927	$	21,283

Fair value hierarchy

The Company's financial instruments recorded at fair value require disclosure about how the fair value was determined based on significant levels of inputs described in the following hierarchy:

Level 1 – Quoted prices are available in active markets for identical assets or liabilities as of the reporting date. Active markets are those in which transactions occur in sufficient frequency and value to provide pricing information on an ongoing basis.

Level 2 – Pricing inputs are other than quoted prices in active markets included in Level 1. Prices in Level 2 are either directly or indirectly observable as of the reporting date. Level 2 valuations are based on inputs including quoted forward prices for commodities, time value and volatility factors, which can be substantially observed or corroborated in the market place.

Level 3 – Valuations in this level are those with inputs for the asset or liability that are not based on observable market data.

As at March 31, 2022 and 2021, the Company's financial instruments are comprised of cash and cash equivalents, trade and other payables. The carrying value of cash and cash equivalents, trade and other payables approximate their fair values due to the relatively short periods to maturity of these financial instruments.

At March 31, 2022

Assets		**Level 1**		**Level 2**		**Level 3**		**Total**
Cash	$	1,209,130	$	-	$	-	$	1,209,130
Total	$	1,209,130	$	-	$	-	$	1,209,130
Liabilities		**Level 1**		**Level 2**		**Level 3**		**Total**
Trade and other payables	$	59,927	$	-	$	-	$	59,927
Total	$	59,927	$	-	$	-	$	59,927

(Expressed in Canadian dollars)

9. FINANCIAL INSTRUMENTS, (Continued)

At March 31, 2021

Assets		**Level 1**		**Level 2**		**Level 3**		**Total**
Cash	$	1,731,878	$	-	$	-	$	1,731,878
Total	$	1,731,878	$	-	$	-	$	1,731,878
Liabilities		**Level 1**		**Level 2**		**Level 3**		**Total**
Trade and other payables	$	21,283	$	-	$	-	$	21,283
Total	$	21,283	$	-	$	-	$	21,283

Financial risk factors

The Company's financial instruments are exposed to certain financial risks. The risk exposures and the impact on the Company's financial instruments are summarized below:

Credit risk
Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The Company's cash is exposed to credit risk. The Company reduces its credit risk on cash by placing these instruments with institutions of high credit worthiness.

Interest rate risk
Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company's cash is exposed to interest rate risk.

Liquidity risk
Liquidity risk is the risk that the Company will encounter difficulty in meeting obligations associated with financial liabilities. The Company's trade and other payables are all current and due within 90 days of the balance sheet date. At March 31, 2022, the Company had a working capital of $1,222,083 (2021 – $1,724,546) which will provide sufficient capital to meet its short-term financial obligations.

Management of industry risk
The Company is engaged primarily in the mineral exploration field and manages related industry risk issues directly. The Company is potentially at risk for environmental reclamation and fluctuations in commodity-based market prices associated with resource property interests. Management is of the opinion that the Company addresses environmental risk and compliance in accordance with industry standards and specific project environmental requirements.

(Expressed in Canadian dollars)

10. CAPITAL MANAGEMENT

The Company manages its cash and cash equivalents, common shares, warrants and share purchase options as capital. The Company's objectives when managing capital are to safeguard its ability to continue as a going concern and to maintain a flexible capital structure which optimizes the costs of capital at an acceptable risk.

The Company manages the capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust the capital structure, the Company may attempt to issue new shares, acquire or dispose of assets or adjust the amount of cash and cash equivalents held.

In order to maximize ongoing operating efforts, the Company does not pay out dividends. The Company's investment policy is to invest its short-term excess cash in highly liquid short-term interest-bearing investments with maturities of 90 days or less from the original date of acquisition, selected with regards to the expected timing of expenditures from continuing operations.

The Company expects its current capital resources will be sufficient to carry out its exploration and operations in the near term.

11. INCOME TAXES

No provision has been made for current income taxes as the Company has no taxable income. A reconciliation of the expected income tax recovery to the actual income tax recovery is as follows:

	For the years ended March 31, 2022	2021
Net loss	$ 151,059	$ 643,414
Statutory tax rate	27.00%	27.00%
Expected income tax recovery	40,786	173,722
Permanent differences, deductibe and non-deductible amounts	(1,931)	(81,317)
Change in valuation allowance	(38,855)	(92,405)
Income tax recovery	$ -	$ -

(Expressed in Canadian dollars)

11. INCOME TAXES, (Continued)

The components of the Company's deferred income tax assets and liabilities are estimated as follows:

	2022	2021
Loss carry-forwards	$ 671,000	$ 501,000
Exploration and evaluation assets	(359,000)	(85,000)
Share issuance costs	106,000	132,000
	418,000	548,000
Valuation allowance	(418,000)	(548,000)
Net deferred income tax assets	$ -	$ -

The tax pools relating to these deductible temporary differences expire as follows:

	Loss carry-forwards
2039	$ 94,000
2040	84,000
2041	323,000
2042	170,000
	$ 671,000

During the year ended March 31, 2022, the Company renounced $Nil (2021 – $1,000,000) of resource expenditures. Expenditures related to the use of flow-through share proceeds are included in exploration costs but are not available as a tax deduction to the Company as the tax benefits of these expenditures are renounced to the investors.

At March 31, 2022, the Company's remaining obligation to incur flow-through expenditures relating to the 2021 renunciation was approximately $659,000. This commitment is required to be met on or before December 31, 2022. Subsequent to March 31, 2022, the Company completed its commitment obligation.