Kintavar Exploration Inc.

Consolidated Financial Statements

For the years ended December 31, 2021 and 2020

MNP LLP

Independent Auditor's Report

To the Shareholders of Kintavar Exploration Inc.:

Opinion

We have audited the consolidated financial statements of Kintavar Exploration Inc. and its subsidiary (the "Company"), which comprise the consolidated statements of financial position as at December 31, 2021 and the consolidated statements of net loss and comprehensive loss, changes in equity and cash flows for the year 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, 2021 and the results of its consolidated operations and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards.

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 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.

Other Matter

The consolidated financial statement for the year ended December 31, 2020 were audited by another auditor who expressed an unmodified opinion on those statements on April 30, 2021.

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.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entity or business activities within the Company to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

The engagement partner on the audit resulting in this independent auditor's report is Anand Beejan.

MNP LLP

Ottawa, Ontario
April 21, 2022

Chartered Professional Accountants
Licensed Public Accountants

MNP

Kintavar Exploration Inc.

Consolidated Statements of Financial Position
As of December 31, 2021, and 2020
(In Canadian dollars)

	Note	As at December 31, 2021	As at, December 31, 2020
		$	$
Assets			
Current assets			
Cash and cash equivalents	4	3,153,325	3,643,175
Receivables	7	932,812	694,049
Inventory		61,808	27,804
Investments	5	1,000,819	150,000
Investments in listed companies	6	87,400	28,500
Prepaid fees and other		154,042	119,267
Current assets		5,390,206	4,634,295
Non-current assets			
Exploration and evaluation assets	8	2,505,247	2,569,990
Property and equipment	9	4,359,495	2,788,446
Non-current assets		6,864,742	5,386,936
Total assets		**12,254,948**	**10,021,231**
Liabilities			
Current liabilities			
Bank Overdraft		-	6,794
Trade and other payables	10	583,353	239,398
Deferred revenues		461,614	9,381
Obligations under finance leases	11	145,822	-
Long-term debt	13	80,648	93,768
Liability related to the premium on flow-through shares	12	136,469	212,745
Current liabilities		1,407,906	562,086
Non-current liabilities			
Deferred tax liability	21	56,642	43,010
Long-term debt	13	985,340	1,068,124
Non-current liabilities		1,041,982	1,111,134
Total liabilities		**2,449,888**	**1,673,220**
Equity			
Share capital	14	21,517,532	18,499,250
Broker options	16	58,902	10,020
Stock options	17	1,845,691	1,719,814
Contributed Surplus		1,303,569	1,300,956
Deficit		(14,920,634)	(13,182,029)
Total equity		**9,805,060**	**8,348,011**
Total liabilities and equity		**12,254,948**	**10,021,231**

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

On behalf of the Board

(s) Kiril Mugerman
Kiril Mugerman
Director

(s) Mark Billings
Mark Billings
Director

Kintavar Exploration Inc.

Consolidated Statements of Net Loss and Comprehensive Loss
For the years ended December 31, 2021 and 2020
(In Canadian dollars)

	Note	2021	2020
		$	**$**
Project management fees		83,207	18,916
Sales		2,331,294	1,239,918
Income		**2,414,501**	**1,258,834**
Operating expenses			
Exploration and evaluation, net of tax credits	19	1,428,409	712,164
Costs of sales		933,927	399,088
Salaries and benefits	18	1,007,093	713,696
Share-based compensation		149,290	204,630
Professional fees		66,885	83,702
Travel, conference and investor relations		118,406	174,273
General expenses and maintenance		295,388	196,700
Administration		127,408	82,093
Filing fees		37,378	21,282
Rent		10,175	11,100
Insurances and taxes		51,589	53,363
Impairment of exploration and evaluation assets		3,993	22,688
Depreciation of property and equipment		299,413	215,931
		4,529,354	2,890,710
Operating loss		**(2,114,853)**	**(1,631,876)**
Other income (expenses)			
Interest income		15,605	44,009
Finance costs		(76,392)	(95,487)
Other revenue		86,956	45,287
Gain on disposal of exploration and evaluation assets		75,375	14,953
Unrealized loss in fair value of investments in listed companies		(19,150)	(21,000)
Gain (loss) on disposal of property and equipment		5,000	(1,151)
		87,394	(13,389)
Net loss before income taxes		**(2,027,459)**	**(1,645,265)**
Current tax		-	(90)
Deferred tax recovery	21	288,854	142,353
Net loss and comprehensive loss		**(1,738,605)**	**(1,503,002)**
Basic and diluted loss per share		(0.02)	(0.02)
Weighted average number of basic and diluted outstanding shares		**108,246,234**	**92,004,232**

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

Kintavar Exploration Inc.

Consolidated Statements of Changes in Equity
For the years ended December 31, 2021 and 2020
(In Canadian dollars)

	Note	Number of shares outstanding	Capital Stock	Broker Warrants	Stock Options	Contributed surplus	Deficit	Total equity
			$	$	$	$	$	$
Balance as at January 1, 2021		**105,929,134**	**18,499,250**	**10,020**	**1,719,814**	**1,300,956**	**(13,182,029)**	**8,348,011**
Loss and comprehensive loss for the period		-	-	-	-	-	(1,738,605)	(1,738,605)
Issuance of shares under a private placement, net of issuance costs	14	6,226,297	987,065	48,882	-	-	-	1,035,947
Issuance of shares under a flow-through private placement, net of issuance costs	14	9,702,947	2,081,127	-	-	-	-	2,081,127
• Less: premium		-	(226,210)	-	-	-	-	(226,210)
Stock-based compensation	17	-	-	-	149,290	-	-	149,290
Exercised options		200,000	48,800	-	(20,800)	-	-	28,000
Exercised warrants		850,000	127,500	-	-	-	-	127,500
Expired options		-	-	-	(2,613)	2,613	-	-
Balance as at December 31, 2021		**122,908,378**	**21,517,532**	**58,902**	**1,845,691**	**1,303,569**	**(14,920,634)**	**9,805,060**

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

Kintavar Exploration Inc.

Consolidated Statements of Changes in Equity
For the years ended December 31, 2021 and 2020
(In Canadian dollars)

	Note	Number of shares outstanding	Capital Stock	Warrants	Broker Options	Stock Options	Contributed surplus	Deficit	Total equity
			$	$	$	$	$	$	$
Balance as at January 1, 2020		**91,199,324**	**17,391,097**	**1,040,101**	**40,830**	**1,648,054**	**87,155**	**(11,679,027)**	**8,528,210**
Loss and comprehensive loss for the period		-	-	-	-	-	-	(1,503,002)	(1,503,002)
Issuance of shares under a private placement, net of issuance costs		7,112,500	536,441	-	10,020	-	-	-	546,461
Issuance of shares under a flow-through private placement, net of issuance costs		7,617,310	789,957	-	-	-	-	-	789,957
• Less: premium		-	(218,245)	-	-				(218,245)
Stock-based compensation		-	-	-	-	204,630	-	-	204,630
Expired options		-	-	-	-	(132,870)	132,870	-	-
Expired warrants		-	-	(1,040,101)	-	-	1,040,101	-	-
Expired broker options		-	-	-	(40,830)	-	40,830	-	-
Balance as at December 31, 2020		**105,929,134**	**18,499,250**	**-**	**10,020**	**1,719,814**	**1,300,956**	**(13,182,029)**	**8,348,011**

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

Kintavar Exploration Inc.

Consolidated Statements of Cash Flows
For the years ended December 31, 2021 and 2020
(In Canadian dollars)

	Note	2021	2020
		$	$
Operating activities			
Net loss for the period		(1,738,605)	(1,503,002)
Adjustments for:			
Accrued interest on investments		(819)	(4,208)
Stock-based compensation		149,290	204,630
Depreciation of property and equipment		299,413	215,931
(Gain) loss on disposal of property and equipment		(5,000)	1,151
Gain on disposal of exploration and evaluation assets		(76,242)	(14,953)
Impairment of exploration and evaluation assets	8	3,993	22,688
Deferred tax recovery	21	(288,854)	(142,353)
Unrealized loss on variation of value of investments in listed companies		19,150	21,000
Other operating gains		-	(47,384)
Accretion of long-term debt		4,367	888
Changes in non-cash working capital items	22	488,646	(332,942)
Cash flows used in operating activities		**(1,144,661)**	**(1,578,554)**
Investing activities			
Addition to investments		(1,000,000)	(150,000)
Disposal or maturities of investments		150,000	-
Additions of exploration and evaluation assets		(16,058)	(6,437)
Option payment received on exploration and evaluation assets		75,000	75,000
Acquisition of property and equipment		(1,439,509)	(168,668)
Proceeds from sale of property and equipment		5,000	8,500
Cash flows used in investing activities		**(2,225,567)**	**(241,605)**
Financing activities			
Reduction in bank overdraft		(6,794)	(30,472)
Private placements	14	1,058,470	569,000
Flow-through private placements	14	2,231,678	827,630
Share issuance costs		(173,074)	(60,212)
Options exercised		28,000	-
Exercise of warrants		127,500	-
Increase in long-term debt		-	120,000
Repayment of long-term debt		(100,271)	(67,692)
Obligations under financial leases repayment		(285,131)	(1,500)
Cash flows from financing activities		**2,880,378**	**1,356,754**
Net change in cash and cash equivalents		(489,850)	(463,405)
Cash and cash equivalents - beginning		3,643,175	4,106,580
Cash and cash equivalents - ending		**3,153,325**	**3,643,175**

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

1. NATURE OF OPERATIONS

Kintavar Exploration Inc. (the "Corporation") was formed on March 24, 2017 upon the issuance of an amalgamation certificate under the *Business Corporations Act* (Quebec) and is engaged in the acquisition, exploration and evaluation of mining properties in Canada. The Corporation's class A common shares ("Shares") are listed on the TSX Venture Exchange (the "Exchange") under the symbol KTR. The address of the Corporation's registered office and principal place of business is 75, boul. de Mortagne, Boucherville, Quebec, Canada, J4B 6Y4.

The Corporation has not yet determined whether its mineral properties contain ore reserves that are economically recoverable. The recoverability of the amounts shown for exploration and evaluation assets is dependent upon the ability of the Corporation to obtain necessary financing to pursue the exploration and evaluation on its mining properties.

The present audited financial statements (the "Financial Statements") have been prepared on the basis of accounting principles applicable to a going concern, which contemplates the realization of assets and settlement of liabilities in the normal course of business as they come due. In 2021, the Corporation reported a net loss of $1,738,605 ($1,503,002 in 2020) and has an accumulated deficit of $14,920,634 ($13,182,029 in 2020). As at December 31, 2021, the Corporation had working capital of $3,982,300 ($4,100,709 as of December 31, 2020).

Management of the Corporation believes it has sufficient funds to pay its ongoing general and administrative expenses, to pursue its budgeted exploration and evaluation expenditures, and to meet its liabilities, obligations and existing commitments for the ensuing twelve (12) months as they fall due. While management has been successful in securing financing in the past, there can be no assurance that it will be able to do so in the future or that these sources of funding or initiatives will be available to the Corporation or that they will be available on terms which are acceptable to the Corporation.

Since March 2020, the COVID-19 pandemic has had a significant impact on the world financial market as well as on the price of several metals including copper, the main resource in the Corporation's portfolio of projects. The Corporation continues to monitor and assess the impact on its exploration activities and the operation of the outfitter. Despite volatile financial market, the company has successfully raised shares through private placements (note 14) and has also increased its revenue from the operations of the outfitter.

2. SIGNIFICANT ACCOUNTING POLICIES

2.1 Statement of Compliance

These financial statements have been prepared in accordance with the *International Financial Reporting Standards* ("IFRS") as issued by the *International Accounting Standards Board* ("IASB").

The financial statements were approved by the Corporation's Board of Directors on April 21,2022.

2.2 Basis of measurement

The Financial Statements have been prepared on a historical cost basis except for certain assets carried at fair value. The Corporation has elected to present the statement of loss and comprehensive loss in a single statement.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.3 New accounting standards

At the date of authorization of these financial statements, certain new standards, amendments and interpretations to existing standards have been published but are not yet effective and have not been adopted early by the Corporation. Management anticipates that all of the pronouncements will be adopted in the Corporation's accounting policy for the first period beginning after the effective date of each pronouncement. Information on new standards, amendments and interpretations that are expected to be relevant to the Corporation's financial statements is provided below. Certain other new standards and interpretations have been issued but are not expected to have a material impact on the Corporation's financial statements. In May 2020, the IASB issued a package of narrow-scope amendments to three standards (IFRS 3 "Business Combinations", IAS 16 "Property, Plant and Equipment" and IAS 37 "Provisions, Contingent Liabilities and Contingent Assets") as well as the IASB's Annual Improvements to IFRS Standards 2018 - 2020. These amendments to existing IFRS standards are to clarify guidance and wording, or to correct for relatively minor unintended consequences, conflicts or oversights. These amendments are effective for annual periods beginning on or after January 1, 2022. The Company is assessing the potential impact of these narrow-scope amendments

2.4 Consolidation method

The financial statements of the Corporation include its accounts and those of its subsidiary Pourvoirie Fer à Cheval ("the Fer à Cheval") wholly owned and acquired on August 1, 2019. This subsidiary is engaged in providing lodging and hunting/fishing packages for tourists and workers in the region of the Hautes-Laurentides. Control refers to the power to direct the financial and operating policies of an entity in order to benefit from its activities. All intra-group transactions, balances, revenues and expenses are eliminated upon consolidation.

2.5 Functional and presentation currency

The Financial Statements are presented in Canadian dollars, which is the Corporation and its subsidiary's functional currency.

2.6 Financial Instruments

Financial assets and financial liabilities are recognized when the Corporation becomes a party to the contractual provisions of the financial instrument.

Financial assets are derecognized when the contractual rights to receive the cash flows from the financial asset have expired, or when the financial asset and all substantial risks and rewards have been transferred. A financial liability is derecognized when it is extinguished, discharged, cancelled or when it expires.

a) Financial assets

Financial assets are initially measured at fair value. If the financial asset is not subsequently accounted for at fair value through profit or loss, then the initial measurement includes transaction costs that are directly attributable to the asset's acquisition or origination. On initial recognition, the Corporation classifies its financial instruments in the following categories depending on the purpose for which the instruments were acquired.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Amortized cost:
Financial assets at amortized cost are non-derivative financial assets with fixed or determinable payments constituted solely of payments of principal and interest that are held within a "held to collect" business model. Financial assets at amortized cost are initially recognized at the amount expected to be received, less, when material, a discount to reduce the financial assets to fair value. Subsequently, financial assets at amortized cost are measured using the effective interest method less a provision for expected losses. The Corporation's cash and cash equivalents, investments and accounts receivable are classified within this category.

Financial assets at fair value through profit or loss:
Investments in equity are subsequently measured at fair market value and changes are recognized in net loss. The category includes the investments in listed mining exploration companies. This instrument is measured at fair market value and changes in fair market value are recognized in net loss. Fair market value is determined on the basis of stock market prices.

b) Financial liabilities

Amortized cost:
Trade and other payables, bank overdraft and long-term debt are initially measured at the amount required to be paid, less, when material, a discount to reduce the payables to fair value. Subsequently, financial liabilities are measured at amortized cost using the effective interest method.

c) Impairment of financial assets

Amortized cost:
The expected loss is the difference between the amortized cost of the financial asset and the present value of the expected future cash flows, discounted using the instrument's original effective interest rate. The carrying amount of the asset is reduced by this amount either directly or indirectly through the use of an allowance account. Provisions for expected losses are adjusted upwards or downwards in subsequent periods if the amount of the expected loss increases or decreases.

2.7 Cash and cash equivalents

Cash and cash equivalents consist of cash on hand, bank balances and short-term liquid investments with original maturities of three months or less or cashable at any time without penalties.

2.8 Tax credits and mining rights receivable

The Corporation is entitled to a refundable tax credit on qualified exploration expenditures incurred and a refundable credit on duties for losses under the Mining Tax Act. These tax credits are recognized as a reduction of the exploration and evaluation expenses incurred. As the Corporation intends to realize the carrying value of its assets and settle the carrying value of its liabilities through the sale of its exploration and evaluation assets, the related deferred tax has been calculated accordingly.

2.9 Short-term investments

The Corporation considers short-term investments to be those whose terms at the time of purchase are more than 90 days but maximum one year.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.10 Inventory

The inventory consists of gasoline, food, drink, housekeeping equipment and promotional materials that will be used to sell products or provide future outfitting services. Inventory is valued at the lower of cost and net realizable value. The cost is determined using the average cost method.

2.11 Exploration and evaluation expenses

Exploration and evaluation ("E&E") assets include rights in exploration properties, paid or acquired through a business combination or an acquisition of assets. Mining rights are recorded at acquisition cost less accumulated impairment losses. Mining rights and options to acquire undivided interests in mining rights are depreciated only as these properties are put into commercial production.

E&E expenses include costs related to the initial search for mineral deposits with economic potential or to obtain more information about existing mineral deposits. E&E expenses also include costs associated with prospecting, sampling, trenching, drilling and other work involved in searching for ore such as topographical, geological, geochemical and geophysical studies. Expenditures relating to E&E activities are expensed as incurred.

E&E include costs related to establishing the technical and commercial viability of extracting a mineral resource identified through exploration or acquired through a business combination or asset acquisition. E&E include the cost of:

- establishing the volume and grade of deposits through drilling of core samples, trenching and sampling activities in an ore body that is classified as either a mineral resource or a proven and probable reserve;
- determining the optimal methods of extraction and metallurgical and treatment processes, including the separation process, for the Corporation's mining properties;
- studies related to surveying, transportation and infrastructure requirements;
- permitting activities; and
- economic evaluations to determine whether development of the mineralized material is commercially justified, including scoping, prefeasibility and final feasibility studies.

The E&E expenses are recorded in the statement of loss and comprehensive loss until such time as the technical feasibility and commercial viability has been established that supports the future development of the property, and such development receives the Board of Directors approval, at which time the mine project moves into the development phase.

E&E include overhead expenses directly attributable to the related activities.

The Corporation may acquire or dispose of a property pursuant to the terms of an option agreement. Due to the fact that options are exercisable entirely at the discretion of the option holder, the amounts payable or receivable are not recorded. Option payments are recorded when they are made or received. When disposing of interest in connection with option agreements, the Corporation does not recognize exploration and evaluation expenses incurred on the properties by the purchaser. In addition, the consideration received in cash or in shares from the acquirer are recorded in order as a reduction of the book value of previously capitalized expenses, from the book value of exploration and evaluation expenses in profit or loss, any excess being recognized as a gain on disposal of exploration and evaluation assets in profit or loss.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.12 Property and equipment

Property and equipment are stated at cost less accumulated depreciation and accumulated impairment losses. Cost includes expenditures that are directly attributable to the acquisition of an asset. Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefit associated with the item will flow to the Corporation and the cost can be measured reliably.

The carrying amount of a replaced asset is derecognized when replaced. Repairs and maintenance costs are charged to the statement of loss and comprehensive loss during the period in which they are incurred.

Depreciation is calculated to amortize the cost of the property and equipment less their residual values over their estimated useful lives using the straight-line method and following periods by major categories:

Rolling stock	3 to 5 years
Right-of-use assets	Linear over the estimated lifespan of the underlying asset
Outfitter trails	20 years
Power line	20 years
Spawning grounds	20 years
Equipment	10 years
Buildings	20 years

The depreciation expense for each period is recognized in the statement of loss and comprehensive loss. In the case of certain items of property and equipment related to E&E activities on a project that has not reached the phase at which the Corporation capitalizes its E&E expenses, the depreciation expense is recognized in the statement of loss and comprehensive loss. Depreciation of an asset ceases when it is classified as held for sale (or included in a disposal group that is classified as held for sale) or when it is derecognized. Therefore, depreciation does not cease when the asset becomes idle or is retired from active use unless the asset is fully depreciated.

Residual values, methods of depreciation and useful lives of the assets are reviewed annually and adjusted if appropriate. Gains and losses on disposals of property and equipment are determined by comparing the proceeds with the carrying amount of the asset and are recorded in the statement of loss.

2.13 Leases

The Corporation leases certain equipment. Rental contracts are typically made for fixed periods. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions.

Leases with a term in excess of twelve months and for other than low-value assets are recognized as a right-of-use asset and corresponding liability at the date of which the leased asset is available for use by the Corporation. Each lease payment is allocated between the liability and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The right-of-use asset is depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Payments associated with short-term leases and leases of low-value assets are recognized on a straight-line basis as an expense in statement of loss. Low-value assets comprise IT and exploration equipment and small items of office furniture.

2.14 Impairment of non-financial assets

E&E assets and property and equipment are reviewed for impairment, by area of interest, if there is any indication that the carrying amount may not be recoverable. If any such indication is present, the recoverable amount of the asset is estimated in order to determine whether impairment exists. Where the asset does not generate cash flows that are independent from other assets, the Corporation estimates the recoverable amount of the cash generating unit ("CGU") to which the asset belongs.

An asset's recoverable amount is the higher of fair value less costs to sell and value in use. 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 for which estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset or CGU is estimated to be less than its carrying amount, the carrying amount is reduced to the recoverable amount. Impairment is recognized immediately in the statement of loss and comprehensive loss. Where an impairment subsequently reverses, the carrying amount is increased to the revised estimate of recoverable amount but only to the extent that this does not exceed the carrying value that would have been determined if no impairment had previously been recognized. A reversal is recognized as a reduction in the impairment charge for the period.

2.15 Deferred Revenues

Amounts received or receivable prior to the service delivery are classified as deferred revenues. Deferred revenues include the portion of the amounts received or charged on hunting and fishing packages for which services have not yet been rendered. Since the deposit period from customers never exceeds 12 months, all deferred revenues are classified as current liabilities.

2.16 Revenue Recognition

Revenues consists of revenue from project management fees and sales made by the subsidiary including sales of outfitting packages including leisure and worker's accommodation forfeits as well as other outfitting revenues such as promotional material, gasoline, hunting and fishing licenses, food and beverages, etc.

When the Corporation acts as operator on a property that it has optioned, the expenses incurred for the work carried out on the property are charged to the partner who has optioned the property. A management fee is applied to the re-invoiced costs. These management fees are recognized as the costs are incurred to carry out the work. These management fees are recorded as income in the statement of loss and comprehensive loss.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Revenue from the sale of packages is recognized as services are rendered (i.e. per night consumed for leisure and worker's accommodation forfeits). Revenue from the sale of goods is recognized when control is transferred to the customer, which is realized upon delivery of the product. In 2021, the subsidiary of the Company received significant amounts from 3 clients in order to help finance expansions to support a significant influx of workers in the region of the outfitter. These amounts have been recorded as deferred revenues. The amounts received represent 25% of the revenue forecast for accommodation and meals for employees of these customers. At the time an overnight stay is consumed by the employees of these customers, 75% of the value of the package is invoiced to the customer and recorded as a sale and the balance of 25% is transferred from deferred revenue to sales to the statement of loss and of the comprehensive loss.

Revenue is measured at the fair value of the consideration received.

2.17 Government grants

The Corporation and its subsidiary received financial assistance under the Canada Emergency Wage Subsidy (CEWS) and the Canada Emergency Rent Subsidy (CERS) offered by the federal government in response to the economic slowdown caused by the COVID-19. Government grants are recognized initially as other receivables when there is reasonable assurance that it will be received, and that the Corporation will comply with the conditions associated with the grant. Grants received are recognized as a reduction of the related expenditure, which includes salaries and benefits and salaries and benefits included in exploration and evaluation expenses for the CEWS and finance costs for the CERS.

2.18 Income taxes

Income tax on the profit or loss for the periods presented comprises current and deferred tax. Income tax is recognized in profit or loss except to the extent that it relates to items recognized directly in equity, in which case it is recognized in equity.

Current tax expense is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at period end, adjusted for amendments to tax payable with regards to previous years. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred tax is provided using the balance sheet liability method, providing for temporary differences between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Temporary differences are not provided for if they arise from the initial recognition of goodwill or the initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. The amount of deferred tax provided is based on the expected manner of realization or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the financial position reporting date.

A deferred tax asset is recognized only to the extent that it is probable that future taxable profits will be available against which the asset can be utilized.

Deferred tax assets and liabilities are presented as noncurrent and are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when deferred tax assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.19 Equity

Capital stock represents the amount received on the issue of shares. Warrants represent the allocation of the amount received for units issued as well as the charge recorded for the broker options relating to financing.

Contributed surplus includes charges related to stock options until they are exercised and the warrants that are expired and not exercised. Deficit includes all current and prior period retained profits or losses and share issue expenses.

The Corporation applied the residual value approach to allocate the proceeds received from the unit offering to their respective components. The fair value of the common shares was determined by using the trading price of the Corporation's shares at the date of issuance. The excess of the unit price over the fair value of the common shares was used to determine the residual value. The residual value is allocated to warrants

Share and warrant issue expenses are accounted for in the year in which they are incurred and are recorded as a deduction to equity in the deficit in the year in which the shares are issued.

2.20 Flow-through shares

The Corporation finances some E&E expenses through the issuance of flow-through shares. The resource expenditure deductions for income tax purposes are renounced to investors in accordance with the appropriate income tax legislation. Issuance of flow-through units represents in substance an issue of common shares, warrants (if applicable) and the sale of the right to tax deductions to the investors. When the flow-through units are issued, the sale of the right to tax deductions is deferred and presented as other liabilities in the statement of financial position. The proceeds received from flow-through placements are allocated between share capital, warrants issued and the liability using the residual method. Proceeds are first allocated to shares according to the quoted price of existing shares at the time of issuance, then to warrants (if applicable) according to the fair value of the warrants at the time of issuance and any residual in the proceeds is allocated to the liability. The fair value of the warrants is estimated using the Black-Scholes valuation model. The liability component recorded initially on the issuance of shares is reversed, on renouncement of the right to tax deductions to the investors and when eligible expenses are incurred and recognized in profit or loss in deferred taxes recovery.

2.21 Stock-based compensation

The Corporation operates an equity-settled share-based remuneration plan (share options plan) for its eligible directors, officers, employees and consultants. The Corporation's plan does not feature any options for a cash settlement.

An individual is classified as an employee when the individual is an employee for legal or tax purposes (direct employee) or provides services similar to those performed by a direct employee, including directors of the Corporation. The expense is recorded over the vesting period for employees and over the period covered by the contract for non-employees.

(In Canadian Dollars)

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

All goods and services received in exchange for the grant of any share-based payment are measured at their fair values, unless that fair value cannot be estimated reliably. If the Corporation cannot estimate reliably the fair value of the goods or service received, the Corporation shall measure their value indirectly by reference to the fair value of the equity instruments granted. Where employees are rewarded using share-based payments, the fair values of employees' services are determined indirectly by reference to the fair value of the equity instruments granted. This fair value is appraised at the grant date using the Black-Scholes option pricing model and excludes the impact of non-market vesting conditions.

All equity-settled share-based payments are ultimately recognized as an expense in the statement of loss and comprehensive loss with a corresponding credit to contributed surplus, in equity. Broker options, in respect of an equity financing are recognized as share issue expense reducing the equity with a corresponding credit to warrants.

If vesting periods or other vesting conditions apply, the expense is allocated over the vesting period, based on the best available estimate of the number of share options expected to vest.

Non-market vesting conditions are included in assumptions about the number of options that are expected to become exercisable. Estimates are subsequently revised if there is any indication that the number of share options expected to vest differs from previous estimates.

Upon exercise of share options, the proceeds received net of any directly attributable transaction costs are recorded as capital stock. The accumulated charges related to the share options recorded in contributed surplus are then also transferred to capital stock.

2.22 Loss per share

Loss per share is calculated using the weighted average number of shares outstanding during the year. Diluted loss per share is calculated using the weighted average number of shares outstanding during the year for the calculation of the dilutive effect of warrants and stock options unless they have an anti-dilutive effect.

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2.23 Segment disclosures

The Corporation currently operates in two segments – the acquisition, exploration and evaluation of exploration properties and the operation of a hunting and fishing and outdoor outfitter. All of the Corporation's activities are conducted in Canada. Segment information for the reporting periods is as follows:

	Exploration and evaluation	Outfitting (lodging, fishing and hunting)	Total
	$	$	$
2021			
Revenues	83,207	2,331,294	**2,414,501**
Total assets	7,484,971	4,769,977	**12,254,948**
Total liabilities	291,463	2,158,425	**2,449,888**
2020			
Revenues	18,916	1,239,918	**1,258,834**
Total assets	6,861,533	3,159,698	**10,021,231**
Total liabilities	410,127	1,263,093	**1,673,220**

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

The group's management team monitors the performance of these operating segments as well as deciding on the allocation of resources to them. Segmental performance is monitored using adjusted segment operating results.

3. CRITICAL ACCOUNTING ESTIMATES, JUDGMENTS AND ASSUMPTIONS

When preparing the financial statements, management undertakes a number of judgments, estimates and assumptions about recognition and measurement of assets, liabilities, income and expenses. The actual results could differ from the judgments, estimates and assumptions made by management, and will seldom equal the estimated results. Information about the significant judgments that have the most significant effect on the recognition and measurement of assets, liabilities, income and expenses are discussed below.

3.1 Impairment of E&E assets

Determining if there are any facts and circumstances indicating impairment loss or reversal of impairment losses is a subjective process involving judgment and a number of estimates and interpretations in many cases.

Determining whether to test for impairment of E&E assets requires management's judgment, among others, regarding the following: the period for which the entity has the right to explore in the specific area has expired during the period or will expire in the near future, and is not expected to be renewed; substantive expenditure on further E&E of mineral resources in a specific area is neither budgeted nor planned; exploration for and evaluation of mineral resources in a specific area have not led to the discovery of commercially viable quantities of mineral resources and the entity has decided to discontinue such activities in the specific area; or sufficient data exists to indicate that, although a development in a specific area is likely to proceed, the carrying amount of the E&E asset is unlikely to be recovered in full from successful development or by sale.

When an indication of impairment loss or a reversal of an impairment loss exists, the recoverable amount of the individual asset must be estimated. If it is not possible to estimate the recoverable amount of the individual asset, the recoverable amount of the cash-generating unit to which the asset belongs must be determined. Identifying the cash-generating units requires considerable management judgment. In testing an individual asset or cash-generating unit for impairment and identifying a reversal of impairment losses, management estimates the recoverable amount of the asset or the cash-generating unit. This requires management to make several assumptions as to future events or circumstances.

These assumptions and estimates are subject to change if new information becomes available. Actual results with respect to impairment losses or reversals of impairment losses could differ in such a situation and significant adjustments to the Corporation's assets and earnings may occur during the next period.

The total impairment loss of the E&E assets recognized is $3,993 for 2021 ($22,688 for 2020). No reversal of impairment losses has been recognized for the reporting periods.

3. CRITICAL ACCOUNTING ESTIMATES, JUDGMENTS AND ASSUMPTIONS (CONT'D)

3.2 Deferred taxes

The assessment of availability of future taxable profits involves judgment. A deferred tax asset is recognized to the extent that it is probable that taxable profits will be available against which deductible temporary differences and the carry-forward of unused tax credits and unused tax losses can be utilized. Judgment is also involved in the determination of the expected manner of realisation or settlement of the carrying amount of the Corporation's assets and liabilities which is expected to be through the sale of the Corporation's assets.

3.3 Valuation of credit on duties refundable for loss and the refundable tax credit for resources.

Refundable credit on mining duties and refundable tax credit related to resources for the current and prior periods are measured at the amount expected to be recovered from the taxation authorities using the tax rates and tax laws that have been enacted or substantively enacted at the statement of financial position date. Uncertainties exist with respect to the interpretation of tax regulations, including credit on mining duties and tax credit related to resources for which certain expenditures could be disallowed by the taxation authorities in the calculation of credits, and the amount and timing of their collection. The calculation of the Corporation's credit on mining duties and tax credit related to resources necessarily involves a degree of estimation and judgment in respect of certain items whose tax treatment cannot be finally determined until notice of assessments and payments have been received from the relevant taxation authority.

Differences arising between the actual results following final resolution of some of these items and the assumptions made, or future changes to such assumptions, could necessitate adjustments to credit on mining duties and tax credit related to resources, exploration and evaluation assets and expenses, and income tax expense in future periods.

The amounts recognized in the financial statements are derived from the Corporation's best estimation and judgment as described above. However, the inherent uncertainty regarding the outcome of these items means that eventual resolution could differ from the accounting estimates and therefore impact the Corporation's financial position and its financial performance and cash flows.

4. CASH AND CASH EQUIVALENTS

Cash and cash equivalents include available cash, bank balances and short-term liquid investments with an original maturity of up to 3 months or redeemable at any time without penalty.

The short-term investments held as at December 31, 2021 and classified as cash equivalent include an investment of $3,020,335 in a high interest exchange trading fund.

The Corporation has the following credit facility:

- Operating line of credit, which provides for advances of up to $50,000, bearing interest at the financial institution's prime rate plus 2.35% (effective rate of 4.80% as at December 31, 2021). As at December 31, 2021, the amount outstanding under this credit facility was nil ($6,794 as at December 31, 2020).

The flow-through financing balance not yet spent according to the terms of the financing completed on November 10, 2021 represents $1,864,000 as at December 31, 2021 ($825,277 as at December 2020). The Corporation has dedicated these funds to Canadian exploration expenses to be completed before December 31, 2022.

(In Canadian Dollars)

5. INVESTMENTS

The investments consist of three guaranteed investment certificates that are non-cashable prior to maturity. All three certificates totalize $1,000,000 in nominal value and bear interest at 1.35%, payable at maturity on December 12, 2022.

6. INVESTMENTS IN LISTED COMPANIES

The Corporation holds marketable securities. The investments are listed on the Exchange and valued at fair value based on quoted market prices.

The shares are listed on the Exchange. The total amount of the investment can be summarized as follows:

	As at December 31, 2021	**As at December 31, 2020**
	$	**$**
Gitennes Exploration Inc. – 450,000 common shares *(300,000 as at December 31, 2020)*	20,250	28,500
Northern Superior Resources Inc. – 85,000 common shares *(nil as at December 31, 2020)* (note 8.1)	67,150	-
Investment in a listed company	**87,400**	**28,500**

7. RECEIVABLES

	As at December 31, 2021	**As at December 31, 2020**
	$	**$**
Accounts receivable	178,061	348,813
Due from Geomega Resources Inc. (note 20)	28,624	-
Sales taxes receivable	155,892	14,808
Tax credits and mining rights receivable	560,041	244,567
Other	10,194	85,861
Receivables	**932,812**	**694,049**

(In Canadian Dollars)

8. EXPLORATION AND EVALUATION ASSETS

Mining properties acquisition costs	**As at Jan. 1, 2021**	**Additions**	**Impairment**	**Disposal**	**Payment on options**	**As at Dec 31, 2021**
	$	**$**	**$**		**$**	
Mitchi	921,463	8,108	-	-	-	929,571
Anik [1]	1,480,654	-	-	-	(75,000)	1,405,654
Rivière à l'aigle	105,144	-	-	-	-	105,144
Gaspard nord [2)]	1,786	22	-	(1,808)	-	-
Cousineau	4,757	22	-	-	-	4,779
New Mosher [1)]	-	-	-	-	-	-
Wabash	28,834	7,906	-	-	-	36,740
Baie Johann Beetz	27,352	-	(3,993)	-	-	23,359
	2,569,990	**16,058**	**(3,993)**	**(1,808)**	**(75,000)**	**2,505,247**

1) Option agreements are in effect on these properties. See sections 8.2 and 8.3 for more information.

2) This property was sold on September 14, 2021. See section 8.1 for more information.

Mining properties acquisition costs	**As at Jan. 1, 2020**	**Additions**	**Impairment**	**Payment on options**	**As at Dec. 31, 2020**
	$	**$**	**$**	**$**	
Mitchi	940,364	3,787	(22,688)	-	921,463
Anik	1,555,654	-	-	(75,000)	1,480,654
Rivière à l'aigle	129,894	-	-	(24,750)	105,144
Gaspard nord	1,786	-	-	-	1,786
Cousineau	4,757	-	-	-	4,757
New Mosher	9,797	-	-	(9,797)	-
Wabash	26,184	2,650	-	-	28,834
Baie Johann Beetz	27,352	-	-	-	27,352
	2,695,788	**6,437**	**(22,688)**	**(109,547)**	**2,569,990**

8.1 Gaspard Nord

On September 14, 2021, the Corporation sold the 5 claims of its Gaspard-Nord property to Northern Superior Resources Inc. (SUP.V) in exchange for a total consideration of 85,000 shares in the equity of SUP.V (see note 6). Kintavar retains a 2 % net smelter return royalty subject to a 1% partial redemption right for a purchase price of CAD $1,000,000.

At the date of the transaction, the value of the shares of Northern Superior Resources Inc. was $0.83 for a total value of $70,550. The difference between the consideration received and the value of the exploration and evaluation assets of the Gaspard Nord property has been recorded against exploration and evaluation expenses in the consolidated statement of losses and the balance as gains on disposal of exploration and evaluation assets in the consolidated statement of losses as well. No fair value was attributable to the 2 % net smelter royalty because the property is still at early stage.

(In Canadian Dollars)

8. EXPLORATION AND EVALUATION ASSETS (CONT'D)

8.2 Anik

On May 27, 2020, the Corporation signed an option agreement with IAMGOLD Corporation ("IAMGOLD") allowing it to acquire a maximum undivided interest of 80% in the Anik gold project in consideration of the following terms:

	Cash Payments	Work
	$	**$**
First option for an initial participation of 75%		
At the signature (completed)	75,000	-
On or before May 26, 2021 (completed)	75,000	250,000
On or before May 26, 2022	100,000	500,000
On or before May 26, 2023	100,000	750,000
On or before May 26, 2024	100,000	1,000,000
On or before May 26, 2025	150,000	1,500,000
	600,000	4,000,000
Second option for an additional participation of 5%		
Delivery of a prefeasibility study in the subsequent 5 years and commitment to spend an additional $500,000 yearly.	-	2,500,000
Total for a maximum participation of 80%	**600,000**	**6,500,000**

Both options can be exercised before their maturity at, IAMGOLD's option. If the options are exercised, the Corporation will retain a contributing net interest of 25% or 20% as the case may be, which can be converted at the Corporation's election to a 10% non-contributing and free carried interest until commercial production is achieved. The contributing interests are subject to standard dilution conditions and, when the dilution would equal less than 10%, it would convert into a 1.5% net smelter returns royalty ("NSR"). IAMGOLD maintains a buy back right of 0.75% of the NSR for $2,000,000.

Pursuant to the agreement, the Corporation will receive an additional $400,000 in cash upon the first declaration of at least 300,000 ounces of gold from 43-101 indicated mineral resources. In addition, and in each case, (a) upon a decision to develop a first mine and later (b) upon a decision to report commercial production on all or part of the project, IAMGOLD will issue a payment of $1,000,000 in cash and / or common share of IAMGOLD. In total, these additional payments could reach a total of $2,400,000.

8.3 Rivière à l'aigle and New Mosher

On June 29, 2020, the Company granted Gitennes Exploration Inc. ("Gitennes") an option allowing it to acquire stakes of up to 85% of the interests in the Rivière à l'aigle properties ("RAL") and New Mosher. To earn these interests in the RAL and New Mosher properties, Gitennes would make common shares and cash payments to the Corporation and incur certain exploration expenses as shown in the table below. The Corporation would remain the operator until the second part of the option agreement is completed but, no later than September 30, 2022.

On October 7, 2021, Gitennes abandoned its option on the RAL property. Kintavar once again owns 100% of the rights to the property.

(In Canadian Dollars)

8. EXPLORATION AND EVALUATION ASSETS (CONT'D)

The terms of the option agreement on with Gitennes for the New Mosher Property are as followed:

	Issuance of common shares	Work
		$
First option for an initial participation of 70%		
At the approval of the TSX-V (completed)	150,000	nil
At the latest Sept. 30, 2021 (completed)	150,000	150,000
At the latest Sept. 30, 2022	150,000	250,000
At the latest Sept. 30, 2023	150,000	300,000
At the latest Sept. 30, 2024	400,000	300,000
Total for a maximum participation of 70%	**1,000,000**	**1,000,000**

Upon making the above share issuances and exploration expenditures, Gitennes will earn a 70% interest on the New Mosher Property. Gitennes can increase its interest to 85% on the property by either producing an inferred resource estimate or conducting a preliminary economic assessment by September 30, 2025. Upon completion of an inferred resource estimate, Gitennes will pay the Corporation $250,000 in cash or shares at Gitennes' option and pay an additional $750,000 in cash only on delivering a preliminary economic assesment. Gitennes will grant to the Corporation a 1.5% NSR on the property and the Corporation will grant Gitennes the right to buy-back at any time 1% for $1,000,000 CAD.

9. PROPERTY AND EQUIPMENT

	Net book value January 1, 2021	Additions	Disposal	Depreciation	Net book value December 31, 2021
	$	$		$	$
Rolling stock	296,443	52,813	-	(76,419)	272,837
Right-of-use assets	-	673,753	-	(39,310)	634,443
Outfitter trails	71,575	-	-	(3,852)	67,723
Electric line	143,151	143,298	-	(10,430)	276,019
Spawning grounds	71,575	-	-	(3,852)	67,723
Equipment	385,340	132,501	-	(49,635)	468,206
Buildings	1,820,362	868,097	-	(115,915)	2,572,544
	2,788,446	**1,870,462**	**-**	**(299,413)**	**4,359,495**

	Net book value January 1, 2020	Additions	Disposal	Depreciation	Net book value December 31, 2020
	$	$		$	$
Rolling stock	170,447	187,967	(9,651)	(52,320)	296,443
Right-of-use assets	1,098	-	-	(1,098)	-
Outfitter trails	75,427	-	-	(3,852)	71,575
Electric line	150,854	-	-	(7,703)	143,151
Spawning grounds	75,427	-	-	(3,852)	71,575
Equipment	402,330	26,185	-	(43,175)	385,340
Buildings	1,894,159	30,134	-	(103,931)	1,820,362
	2,769,742	**244,286**	**(9,651)**	**(215,931)**	**2,788,446**

(In Canadian Dollars)

9. PROPERTY AND EQUIPMENT (CONT'D)

	As at December 31, 2021			As at December 31, 2020
	Cost	Accumulated Depreciation	Net book value	Net book value
	$	$	$	$
Rolling stock	415,930	(143,093)	272,837	296,443
Right-of-use assets	681,653	(47,210)	634,443	-
Outfitter trails	77,032	(9,309)	67,723	71,575
Electric line	297,361	(21,342)	276,019	143,151
Spawning grounds	77,032	(9,309)	67,723	71,575
Equipment	578,509	(110,303)	468,206	385,340
Buildings	2,825,948	(253,404)	2,572,544	1,820,362
	4,953,465	**(593,970)**	**4,359,495**	**2,788,446**

10. TRADE AND OTHER PAYABLES

	As at December 31, 2021	As at December 31, 2020
	$	$
Trade payables and accrued liabilities	397,890	136,950
Due to Geomega Resources Inc. (note 20)	-	14,250
Accrued salaries	67,731	36,040
Accrued vacations	63,881	39,825
Government remittances	53,851	12,333
Trade and other payables	**583,353**	**239,398**

11. OBLIGATIONS UNDER FINANCE LEASE

	2021	2020
	$	$
Balance, beginning	-	-
New contract signed during period	430,953	-
Reimbursement of lease obligation	(285,131)	-
Balance	145,822	-
Current portion	(145,822)	-
Non-current portion	**-**	**-**

During fiscal 2021, the Corporation entered into a capital lease agreement to acquire dormitory trailers in order to support the increased demand for worker accommodation at the Fer à Cheval outfitter. The contract includes the addition of 22 "VIP" type rooms and 22 regular rooms payable in 12 monthly installments of $36,800 starting in May 2021. At the end of the rental contract, the Corporation may purchase the facilities for the sum of $1. Transportation, installation and other related costs were charged separately from the capital lease.

(In Canadian Dollars)

12. LIABILITY RELATED TO THE PREMIUM ON FLOW THROUGH SHARES

	2021	2020
	$	$
Balance, beginning	212,745	99,000
Addition, net of issue costs	226,210	218,245
Reduction related to qualifying exploration expenditures	(302,486)	(104,500)
Liability related to the premium on flow through shares	**136,469**	**212,745**

13. LONG-TERM DEBT

	As at December 31, 2021	As at December 31, 2020
	$	$
Term loan secured by a first mortgage on the present and future movable properties of the Corporation, on the current immovable properties and on the universality of the receivables as well as by a joint guarantee of the Corporation and its subsidiary. The loan bears interest at prime plus 1.75% (4.20% as at December 31, 2021). Interest and principal of $4,273 are payable monthly, maturing in August 2034.	422,222	455,556
Term loan secured by a first mortgage on the present and future movable properties of the Corporation, on the current immovable properties and on the universality of the receivables as well as by a joint guarantee of the Corporation and its subsidiary. The loan bears interest at 6.3%. Interest is payable monthly, and the payment of principal begins in August 2020 until July 2035. The loan is payable through 180 installments of $4,081.	471,247	491,709
Term loan secured by a first mortgage on certain equipment at a rate of 7.49% and payable in installments of $1,079, maturing in November 2024.	33,843	43,852
Term loans engaged to finance rolling stock. These loans hold rates from 3.75% to 4.99%, are payable in monthly installments totaling $1,943 and mature between June 2023 to September 2025.	67,687	97,271
Canadian Emergency Business Account (CEBA) received in the context of the outbreak of the COVID-19 pandemic. The loans bear no interest and the principal is payable in full by December 31, 2023.	70,989	73,504
Current portion	(80,648)	(93,768)
Long-term debt - non-current portion	**985,340**	**1,068,124**

14. SHARE CAPITAL

14.1 Authorized

The Corporation is authorized to issue an unlimited number of class A, B, C common shares and class A, B, C and D special shares. Only shares are issued with the following restrictions and privileges: voting, participating with dividend as declared by the Board of Directors.

There are no shares held in escrow as at December 31, 2021 (1,250,000 as at December 31, 2020).

14.2 Private placements

a) November 2021

On November 10, 2021, the Corporation closed a private placement consisting of 9,702,447 flow-through shares issued at a price of $0.23 per share and 6,226,297 units at a price of $0.17 per unit for total gross proceeds of $3,290,148. Each unit is composed of one share and half a warrant, each whole warrant entitling the holder to acquire one share at a price of $0.23 per share for 2 years. A total of $221,957 of issue costs were engaged for this transaction. These issue costs were split proportionally between the share capital and the liability related to the premium on flow-through shares.

All of the gross proceeds from the issue of the 6,226,297 units were allocated to share capital using the residual value method. As the value of the share at closing was lower than the issue price, no value was attributed to the warrants.

Regarding the flow-through private placement, the value of the share of the Corporation is deemed to be the value of the share at closing of $0.205. Thus, the residual value attributed to the flow-through share renunciation is $0.025, for a total value of $242,574, which has been credited to liability related to the premium on flow-through shares.

As part of the private placement, the Corporation issued 603,485 broker options. Each broker option allows the holder to acquire one common share at a price of $0.23 for 2 years. The total value of broker options is $48,882, which has been estimated using the Black-Scholes model based on the following assumptions: no dividend per share, expected volatility of 78.69% as well as a 1.002% risk-free interest rate and an expected term of 2 years.

b) December 2020

On December 11, 2020, the Corporation closed a placement consisting of 7,617,310 flow-through shares issued at a price of $0.11 per share and 7,112,500 units at a price of $0.08 per unit for total gross proceeds of $1,406,904. Each unit being composed of one share and half a warrant, each whole warrant entitling the holder to acquire one share at a price of $0.15 per share for 2 years. A total of $80,506 of issue costs were engaged for this transaction. These issue costs were split proportionally between the share capital and the liability related to the premium on flow-through shares.

All of the gross proceeds from the issue of the 7,112,500 units were allocated to share capital using the residual value method. As the value of the share at closing was equal to the issue price, no value was attributed to the warrants.

Regarding the flow-through private placement, the value of the share of the Corporation is deemed to be the value of the share at closing of $0.08. Thus, the residual value attributed to the flow-through share renunciation is $0.03, for a total value of $228,519, which has been credited to liability related to the premium on flow-through shares.

(In Canadian Dollars)

14. SHARE CAPITAL (CONT'D)

As part of the private placement, the Corporation issued 455,448 broker options. Each broker option allows the holder to acquire one common share at a price of $0.15 for 2 years. The total value of broker options is $10,020, which has been estimated using the Black-Scholes model based on the following assumptions: no dividend per share, expected volatility of 82.46% as well as a 0.25% risk-free interest rate and an expected term of 2 years.

14.3 Loss per share

The calculation of basic loss per share is based on the loss for the year divided by the weighted average number of shares in circulation during the year. In calculating the diluted loss per share, potential common shares such as stock options, broker options and warrants have not been included, as they would have the effect of decreasing the loss per share from continuing operations. Decreasing the loss per share from continuing operations would be antidilutive.

14.4 Capital management

The Corporation's objective in managing capital is to safeguard its ability to continue its operations as well as its E&E programs. The Corporation manages its capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Corporation may issue new shares and acquire or sell mining rights to improve its financial performance and flexibility. The Corporation's capital is composed of equity and balances thereof and changes therein are depicted in the statement of changes in shareholders' equity.

The Corporation is not subject to externally imposed capital requirements neither regulatory nor contractual requirements to which it is subject, unless the Corporation closes a flow-through private placement in which case the funds are reserved in use for exploration expenses (and the Corporation was in compliance during the year).

15. WARRANTS

Changes in the Corporation's warrants are as follows:

	2021		**2020**	
	Number of warrants	**Weighted average exercise price**	**Number of warrants**	**Weighted average exercise price**
		$		**$**
Balance, beginning	3,556,250	0.15	8,899,091	0.70
Issued	3,113,149	0.23	3,556,250	0.15
Exercised	(850,000)	0.15	-	-
Expired	-	-	(8,899,091)	0.70
Balance, end	**5,819,399**	**0.19**	**3,556,250**	**0.15**

Warrants outstanding as at December 31, 2021 are as follows:

Number of warrants	**Exercise price**	**Expiry date**
	$	
2,706,250	0.15	December 11, 2022
3,113,149	0.23	November 10, 2023
5,819,399		

(In Canadian Dollars)

16. BROKER OPTIONS

Changes in the Corporation's broker options are as follows:

	2021		2020	
	Number of broker options	Weighted average exercise price	Number of broker options	Weighted average exercise price
		$		$
Balance, beginning	455,448	0.15	243,613	0.54
Issued	603,485	0.23	455,448	0.15
Exercised	-	-	-	-
Expired	-	-	(243,613)	0.54
Balance, end	**1,058,933**	**0.196**	**455,448**	**0.15**

Broker options outstanding as at December 31, 2021 are as follows:

Number of broker options	Exercise price	Expiry date
	$	
455,448	0.15	December 11, 2022
603,485	0.23	November 10, 2023
1,058,933		

17. STOCK OPTIONS

Changes in stock options are as follows:

	2021		2020	
	Number of options	Weighted Average Exercise Price	Number of options	Weighted Average Exercise Price
		$		$
Balance, beginning	8,972,500	0.28	8,287,500	0.32
Granted	1,590,000	0.17	1,515,000	0.10
Exercised	(200,000)	0.14	-	-
Forfeited	(38,750)	0.11	(186,250)	0.16
Expired	(26,250)	0.14	(643,750)	0.30
Balance, end	**10,297,500**	**0.27**	**8,972,500**	**0.28**
Balance, end exercisable	8,768,750	0.29	7,576,250	0.32

(In Canadian Dollars)

17. STOCK OPTIONS (CONT'D)

Stock options outstanding as at December 31, 2021 are as follows:

Number of options outstanding	Number of options exercisable	Exercise price	Expiry date
		$	
892,500	892,500	0.14	March 23, 2022
150,000	150,000	0.14	December 29, 2022
200,000	100,000	0.16	May 27, 2023
25,000	12,500	0.17	June 10, 2023
4,775,000	4,775,000	0.40	June 27, 2023
400,000	400,000	0.35	September 17, 2023
100,000	100,000	0.17	December 10, 2023
920,000	920,000	0.17	June 20, 2024
1,370,000	1,027,500	0.10	June 29, 2025
100,000	50,000	0.09	December 15, 2025
1,365,000	341,250	0.17	June 10, 2026
10,297,500	**8,768,750**		

On June 10, 2021, the shareholders of the Corporation renewed the stock option plan which stipulates that the maximum number of ordinary shares in the capital of the Corporation that can be reserved for allocation under the plan is limited to 10% of the Shares outstanding.

On June 10, 2021, the Corporation granted 1,365,000 stock options to employees and directors, at a price of $0.17. The fair value of the options granted was estimated using the Black-Scholes model based on the following assumptions: risk-free interest rate of 0.646%, expected volatility of 93.12%, no dividend per share and expected term of the options of 3.75 years.

On the same day, the Corporation granted a consultant 25,000 stock options, priced at $0.17. The fair value of the options granted was estimated using the Black-Scholes model based on the following assumptions: risk-free interest rate of 0.319%, expected volatility of 80.53%, no dividend per share and expected term of the options of 2 years. From the grant, options are earned in increments of 25% every 3 months.

On May 27, 2021, the Corporation granted a consultant 200,000 stock options, priced at $0.16, valid for 2 years. The fair value of the options granted was estimated using the Black-Scholes model based on the following assumptions: risk-free interest rate of 0.323%, expected volatility of 80.47%, no dividend per share and expected term of the options of 2 years. From the granting, options are earned in increments of 25% every 3 months.

On December 15, 2020, the Corporation granted 100,000 stock options to employees at a price of $0.09. The fair value of these stock options is $5,800 or a fair value of $0.058 per option. The fair value of the options granted was estimated using the Black-Scholes model based on the following assumptions: risk-free interest rate of 0.378%, expected volatility of 94.03%, no dividend per share and expected term of the options of 3.75 years.

On June 29, 2020, the Corporation granted its directors, officers, employees and consultants 1,415,000 stock options at a price of $0.10. The fair value of these stock options is $117,445 or a fair value of $0.083 per option. The fair value of the options granted was estimated using the Black-Scholes model based on the following assumptions: risk-free interest rate of 0.312%, expected volatility of 139.92%, no dividend per share and expected term of the options of 3.75 years.

(In Canadian Dollars)

17. STOCK OPTIONS (CONT'D)

With the exception of options granted to consultants in 2021, all options granted have the same conditions. From the date of grant, the options are earned in increments of 25% every 6 months, are valid for 5 years and were granted at a value equal to or greater than that of the market at the close preceding the grant.

The expected duration of the stock purchase options has been estimated by considering comparable situations for companies similar to the Corporation. The expected volatility is determined by calculating the historical volatility of the price of the Corporation's common shares preceding the date of issue and for a period corresponding to the expected life of the options.

18. REMUNERATION

	2021	2020
	$	$
Salaries	1,765,010	1,439,398
Benefits	138,156	131,072
Canada Emergency Wages Subsidy	(290,711)	(479,065)
Salaries and benefits	1,612,455	1,091,405
Salaries and benefits presented in the exploration and evaluation expenses	(605,362)	(377,709)
Salaries and benefits presented in the statement of loss	**1,007,093**	**713,696**

19. EXPLORATION AND EVALUATION EXPENSES

	2021	2020
	$	$
Salaries and benefits	605,362	377,709
Geology and prospecting	49,497	44,197
Drilling	453,454	144,303
Analysis	79,394	179,422
Geophysics	235,605	72,706
Geochemistry	3,905	-
Metallurgy	-	2,633
Lodging and travel	11,758	37,693
Supplies	286,209	90,250
Taxes, permits and insurance	11,335	7,818
Exploration and evaluation expenses before tax credits	**1,736,519**	**956,731**
Tax credits	(308,110)	(244,567)
Exploration and evaluation expenses	**1,428,409**	**712,164**

(In Canadian Dollars)

20. RELATED PARTY TRANSACTIONS

20.1 Transactions with Geomega

As of December 31, 2021, Geomega held 13.72% of the Corporation (15.91% as at December 31, 2020).

Effective on January 1, 2017, the Corporation signed an agreement to hire Geomega as subcontractor to execute the exploration work. Geomega charged the following expenses, in the normal course of operations:

	2021	2020
	$	$
Exploration and evaluation expenses	(1,120)	(1,624)
Travel, conference and investor relations	19,149	9,532
Rent	10,175	11,100
Other	-	(644)
Total	**28,204**	**18,364**

As of December 31, 2021, Geomega owes $28,624 to the Corporation ($14,250 owed to Geomega as at December 31, 2020), and this due from a shareholder with significant influence is non-interest bearing, unsecured and payable on demand.

20.2 In the normal course of operations

A firm in which a director and officer is a partner charged legal professional fees amounting to $22,145 ($14,192 in 2020) recorded as legal fees, share issuance expenses and listing fees. As at December 2020, the amount owed to this company was $13,680 (nil as at December 31, 2020).

During Fiscal 2021, officers and directors of the Corporation have been awarded a total of 1,000,000 stock options of the Corporation (1,050,000 during Fiscal 2020). For the same period, an amount of $99,049 was recorded in the consolidated statements of loss and comprehensive loss as share-based compensation for stock options issued to officers and directors ($47,134 in Fiscal 2020).

20.3 Out of the normal course of operations

In November 2021, officers and directors of the Corporation participated in the private placement carried out by the Corporation for a total of $132,000.

In December 2020, officers and directors of the Corporation participated in the private placement carried out by the Corporation for a total of $64,000.

21. INCOME TAXES

The income tax expense is made up of the following components:

	2021	2020
	$	$
Recovery of deferred taxes		
Premium on flow-through share issuance	302,486	104,500
Deferred taxes (expense) recovery	(13,632)	37,853
Total - deferred taxes recovery	**288,854**	**142,353**

(In Canadian Dollars)

21. INCOME TAXES (CONT'D)

The provision for income taxes presented in the financial statements is different from what would have resulted from applying the combined Canadian Statutory tax rate as a result of the following:

	2021	2020
	$	$
Net loss before income taxes	(2,027,459)	(1,645,265)
Combined federal and provincial income tax of 26.50% (26.50% in 2020)	(537,277)	(435,995)
Non-deductible expenses	7,203	56,652
Tax effect of renounced flow-through share expenditures	425,830	107,641
Amortization of flow-through share premiums	(302,486)	(104,500)
Current tax losses for which no deferred tax asset was recognized	117,876	233,849
Other elements	-	-
	(288,854)	**(142 353)**

Significant components of the Corporation's deferred tax assets and liabilities are as follows:

	2021	2020
	$	$
Deferred tax assets		
Non-capital losses	309,464	322,950
Obligations under finance leases	38,643	-
Total deferred tax assets	348,107	322,950
Deferred tax liabilities		
Fixed assets	(404,749)	(365,960)
Total deferred tax liabilities	(404,749)	(365,960)
Deferred tax liabilities	**(56,642)**	**(43,010)**

The ability to realize the tax benefits in Kintavar is dependent upon a number of factors, including the sale of properties. Deferred tax assets are recognized only to the extent that it is probable that sufficient taxable profits will be available to allow the asset to be recognized. Accordingly, some deferred tax assets have not been recognized.

As of December 31, the Corporation had unrecognized deferred tax assets as follows:

	2021	2020
	$	$
Fixed assets	3,256	1,949
Investment in listed companies	5,320	5,565
E&E expenses	523,753	510,392
E&E assets	(15,165)	3,980
Share issue costs	88,997	87,796
Non-capital losses	911,480	771,988
Deferred tax assets	**1,517,423**	**1,381,670**

(In Canadian Dollars)

21. INCOME TAXES (CONT'D)

As of December 31, 2021, expiration dates of losses available to reduce future years' income tax are:

	Federal	Provincial
	$	$
2031	252,399	270,755
2032	103,771	103,771
2033	167,175	167,176
2034	163,580	163,580
2035	175,213	175,109
2036	224,539	224,433
2037	60,304	60,241
2037	579,746	579,606
2038	1,159,567	1,151,317
2038	86,251	86,252
2039	369,751	364,747
2040	729,506	729,276
2041	530,290	530,290
	4,602,092	**4,606,553**

22. ADDITIONAL INFORMATION RELATING TO THE STATEMENT OF CASH FLOWS

Change in non-cash working capital items

	2021	2020
	$	$
Receivables	(238,763)	(36,294)
Inventory	(34,004)	48,084
Prepaid expenses and others	(34,775)	28,519
Trade and other payables	343,955	(370,965)
Deferred revenues	452,233	(2,286)
	488,646	**(332,942)**

Non-cash transactions

	2021	2020
	$	$
Property and equipment acquired and financed	-	75,618
Issuance of broker options as transaction fees on private placement	-	10,020
Option payment on an exploration and valuation asset in common shares of a listed company	-	34,547
Sale of an exploration and evaluation asset for shares of a listed company	1,808	-
Acquisition of property and equipment financed through lease agreements	430,953	-

23. FINANCIAL INSTRUMENTS AND RISKS

The Corporation is exposed to various financial risks resulting from both its operations and its investment activities. The Corporation's management manages financial risks. The Corporation does not enter into financial instrument agreements including derivative financial instruments for speculative purposes. The Corporation's main financial risk exposure and its financial risk management policies are as follows:

23.1 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 Corporation monitors its exposure to interest rate and has not entered into any derivative financial instruments to manage this risk.
Since the guaranteed investment certificates are at fixed rates, the Corporation is not exposed to interest rate risk on the instruments themselves. The Corporation's other financial assets do not comprise any interest rate risk since they do not bear interest.

The Corporation is exposed to interest rate risk on one of its long-term debt, for which the interest rate charged fluctuate based on the bank's prime rate. As at December 31, 2021, the Corporation's debt exposed to interest rates fluctuation amounts to $422,222. If the interest rate on the credit facility had been 50 basis points higher (lower), related to this long-term debt as at December 31, 2021, the impact on the net income would bee of $2,111. The Corporation's other financial liabilities do not comprise any interest rate risk since they do not bear interest.

23.2 Credit Risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. The Corporation is subject to concentrations of credit risk through cash and cash equivalents, investments and accounts receivable. The carrying value of the financial assets represents the maximum credit exposure. The Corporation reduces its credit risk by maintaining part of its cash and cash equivalents and its investments in financial instruments held with a Canadian chartered bank or with, with a broker which is a subsidiary of a Canadian chartered bank or with an independent investment dealer member of the Canadian Investor Protection Fund.

As at December 31,2021, the cash and cash equivalents include an investment in a high interest deposit account with Canadian banks while the investments are composed of guaranteed investment certificates issued by Canadian banks or guaranteed by the Canadian Investor Protection Fund.

There is also a credit risk on the Corporation's receivables. However, most of the receivables consist of amounts due from the government, for which the credit risk is very low. Credit risk is therefore limited to trade receivables, which are not significant as of December 31, 2021. Credit risk on receivables is therefore considered low.

23.3 Liquidity Risk

Liquidity risk is the risk that the Corporation will not be able to meet the obligations associated with its financial liabilities. Management believes that it has sufficient funds to finance its operations and meet its obligations as they come due.

(In Canadian Dollars)

23. FINANCIAL INSTRUMENTS AND RISKS (CONT'D)

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As at December 31, 2021, the Corporation is committed to future minimum payments of principal and interest on the debt, as follows:

	Up to 1 year	1 to 5 years	More than 5 years	Total
	$	**$**	**$**	**$**
Trade and accrued liabilities (note 10)	583,353	-	-	583,353
Obligation under finance leases (note 11)	145,822	-	-	145,822
Long-term debt (note 13)	135,660	537,471	778,718	1,451,850
	864,835	**537,471**	**778,718**	**2,181,025**

23.4 Fair value

Certain of the Company's accounting policies and disclosures require the determination of fair value. Fair value represents the amount at which a financial instrument could be exchanged between willing parties, based on current markets for instruments with the same risk, principal and remaining maturity. Fair value estimates are based on quoted market values and other valuation methods. Fair values have been determined for measurement and/or disclosure purposes based on the fair value hierarchy contained in the Company's financial instrument accounting policy. When applicable, further information about the assumptions made in determining fair values is disclosed in the notes specific to that asset or liability. 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).

The investments in listed companies measured at fair value in the consolidated statement of financial position was classified in Level 1. Guaranteed investments certificates recorded in investments are classified as Level 2 as 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). For all other financial assets and liabilities, their net carrying amount is a reasonable approximation of fair value given their relatively short maturities.