Armor Minerals Inc.

Consolidated Financial Statements

For the years ended March 31, 2022 and 2021

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of
Armor Minerals Inc.

Opinion

We have audited the accompanying consolidated financial statements of Armor Minerals Inc. (the "Company"), which comprise the consolidated statements of financial position as at March 31, 2022 and 2021 and the consolidated statements of loss and comprehensive loss, cash flows, and changes in shareholders' equity for the years then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, these consolidated financial statements present fairly, in all material respects, the financial position of the Company as at March 31, 2022 and 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 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 in our audit is sufficient and appropriate to provide a basis for our opinion.

Other Information

Management is responsible for the other information. The other information obtained at the date of this auditor's report includes Management's Discussion and Analysis.

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

In connection with our 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.

We obtained Management's Discussion and Analysis prior to the date of this auditor's report. 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.

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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.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities 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.

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 Stephen Hawkshaw.

Davidson & Company LLP

Vancouver, Canada

Chartered Professional Accountants

July 15, 2022

Armor Minerals Inc.
Consolidated Statements of Financial Position
As at March 31, 2022 and 2021
(Expressed in Canadian dollars)

	Note		2022		2021
Assets					
Current assets					
Cash and cash equivalents		$	2,874,393	$	2,312,778
Amounts receivable			2,248		736
Prepaid expenses	8		12,046		19,968
			2,888,687		2,333,482
Due from related party	8		5,026		5,026
Total assets		$	2,893,713	$	2,338,508
Liabilities and Shareholders' Equity					
Current liabilities					
Accounts payable and accrued liabilities	5	$	15,561	$	12,360
Deferred liability	6		–		10,766
			15,561		23,126
Shareholders' equity					
Share capital	7		31,720,376		30,834,138
Reserves	7		2,852,230		3,065,968
Deficit			(31,694,454)		(31,584,724)
Total shareholders' equity			2,878,152		2,315,382
Total liabilities and shareholders' equity		$	2,893,713	$	2,338,508

Nature of operations (Note 1)
Commitments (Note 10)

APPROVED BY THE DIRECTORS

"Richard W. Warke"
Richard W. Warke – Director

"*Purni Parikh*"
Purni Parikh – Director

July 15, 2022

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

Armor Minerals Inc.
Consolidated Statements of Loss and Comprehensive Loss
For the years ended March 31, 2022 and 2021
(Expressed in Canadian dollars, except share and per share amounts)

	Note		2022		2021
Expenses					
Salaries and benefits	8	$	60,112	$	52,145
General office expenses	8		18,367		21,229
Listing and filing fees	8		21,870		20,585
Professional fees	8		16,093		16,612
Investor relations	8		759		849
Loss before other items			117,201		111,420
Finance income			(7,472)		(15,072)
Foreign exchange loss			1		48
Loss and comprehensive loss		$	109,730	$	96,396
Basic and diluted loss per share attributable to shareholders of the Company			0.00	$	0.00
Weighted average number of shares outstanding – basic and diluted			76,143,491		70,874,745

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

Armor Minerals Inc.
Consolidated Statements of Cash Flows
For the years ended March 31, 2022 and 2021
(Expressed in Canadian dollars)

	Note	2022	2021
Cash provided by (used in):			
Operations			
Loss for the year		$ (109,730)	$ (96,396)
Items not affecting cash:			
Foreign exchange loss		1	48
Finance income, net		(7,472)	15,072
Amortization of deferred liability	6	(10,766)	(12,112)
Net changes in non-cash working capital items:			
Amounts receivable		(1,512)	4,720
Prepaid expenses		7,922	(11,684)
Accounts payable and accrued liabilities		3,201	(1,127)
Due to a related party		–	(504)
		(118,356)	(101,983)
Financing			
Proceeds from exercise of warrants	7	672,500	2,033,405
Finance income received, net		7,472	(15,072)
		679,972	2,018,333
Investing			
Contribution from former related party	6	–	9,420
Effect of exchange rate changes on cash and cash equivalents		(1)	(48)
Increase in cash and cash equivalents		561,615	1,925,722
Cash and cash equivalents, beginning of year		2,312,778	387,056
Cash and cash equivalents, end of year		$ 2,874,393	$ 2,312,778

Supplementary information:			
Non-cash items:			
Non-cash in investing and financing activities		$ –	$ –
Cash and cash equivalents, end of year comprise:			
Cash balances with banks		$ 1,428,961	$ 2,572
Guaranteed investment certificate		1,445,432	2,310,206
		$ 2,874,393	$ 2,312,778

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

Armor Minerals Inc.

Consolidated Statements of Changes in Shareholders' Equity

(Expressed in Canadian dollars, except number of shares)

	Share capital				Reserves									
	Number of Shares		Amount		Foreign currency translation		Options and warrants		Total		Deficit		Shareholders' equity
Balance, March 31, 2020	44,319,015	$	27,937,218	$	832	$	3,928,651	$	3,929,483	$	(31,488,328)	$	378,373
Shares issued on exercise of warrants	30,624,356		2,033,405		–		–		–		–		2,033,405
Fair value of warrants exercised	–		863,515		–		(863,515)		(863,515)		–		–
Loss and comprehensive loss	–		–		–		–		–		(96,396)		(96,396)
Balance, March 31, 2021	74,943,371	$	30,834,138	$	832	$	3,065,136	$	3,065,968	$	(31,584,724)	$	2,315,382
Shares issued on exercise of warrants	1,681,250		672,500		–		–		–		–		672,500
Fair value of warrants exercised	–		213,738		–		(213,738)		(213,738)		–		–
Loss and comprehensive loss	–		–		–		–		–		(109,730)		(109,730)
Balance, March 31, 2022	76,624,621	$	31,720,376	$	832		2,851,398	$	2,852,230	$	(31,694,454)	$	2,878,152

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

1. NATURE OF OPERATIONS

Armor Minerals Inc. (the "Company" or "Armor") is incorporated in British Columbia, Canada. The Company's head office is located at Suite 555 – 999 Canada Place, Vancouver, British Columbia, V6C 3E1. The consolidated financial statements as at March 31, 2022 are comprised of Armor and its wholly owned subsidiary, Armor Minerals (US) Inc. ("Armor US") organized under the laws of Virginia. The Company is publicly traded with shares listed on the TSX Venture Exchange under the symbol "A".

The Company is engaged in the acquisition and exploration of mineral property interests. The business of mining and the exploration for minerals involves a high degree of risk and there can be no assurance that such activities will result in profitable mining operations.

At March 31, 2022, the Company had cash and cash equivalents of $2,874,393, working capital of $2,873,126, loss for the year ended March 31, 2022 of $109,730, and a deficit of $31,694,454. Based on anticipated cash flows, the Company is expected to have sufficient resources to meet its committed expenditures for the next twelve months.

On March 11, 2020, the novel coronavirus outbreak ("COVID-19") was declared a pandemic by the World Health Organization. The situation has been and continues to be dynamic and the ultimate duration and magnitude of the impact on the economy and the Company's business are not known at this time. The Company's ability to obtain equity financing could be impacted, as well as the Company's ability to explore and conduct business.

2. BASIS OF PRESENTATION

a) Statement of compliance

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

The accounting policies applied in these consolidated financial statements are based on IFRS effective for the year ending March 31, 2022 as issued and outstanding as of July 15, 2022, the date the Board of Directors approved the financial statements.

b) Functional and presentation currency

The consolidated financial statements are presented in Canadian dollars, which is the Company's presentation currency. The functional currency of the parent is the Canadian dollar and the functional currency of Armor US is the United States dollar ("US dollar").

c) Basis of measurement

These consolidated financial statements have been prepared on a historical cost basis except for financial instruments classified as fair value through profit and loss which are stated at their fair value. In addition, these consolidated financial statements have been prepared using the accrual basis of accounting, except for cash flow information.

d) Use of judgements and estimates

In preparing these consolidated financial statements, management has made judgements, estimates and assumptions that affect the application of the Company's accounting policies and the reported amounts of assets, liabilities, income and expense. Actual results may differ. Estimates and underlying assumptions are reviewed on an on-going basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected.

Judgements and estimates that have the most significant effect on the amounts recognized in the Company's consolidated financial statements are as follows:

Judgements

- Determination of functional currencies

  The functional currency for the Company and its subsidiaries is the currency of the primary economic environment in which the entity operates. The Company has determined the functional currency of Armor is the Canadian dollar, and the functional currency of Armor US is the US dollar. Assessment of functional currency involves certain judgements to determine the primary economic environment and the Company reconsiders the functional currency of its entities if there is a change in events and conditions which determined the primary economic environment.

Key sources of estimation uncertainty

- Options and warrants – The fair value of options and warrants is determined on the grant date. In order to compute the fair value, the Company uses the Black-Scholes option pricing model which requires management to make certain estimates, judgements, and assumptions in relation to the expected life, expected volatility, expected dividend yield and the risk-free interest rate, as well as the number of options or warrants expected to be exercised.

e) Changes in accounting standards

Certain new standards, interpretations and amendments to existing standards have been issued by the IASB or IFRS Interpretations Committee. However, these updates either are not applicable to the Company or are not material to the consolidated financial statements.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The summary of significant accounting policies described below has been applied consistently to all periods presented in these consolidated financial statements.

a) Basis of consolidation

Subsidiaries are entities (including structured entities) over which the Company has control. The Company controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The financial statements of subsidiaries are included in the consolidated financial statements from the date which control is transferred to the Company until the date that control ceases. All intercompany transactions and balances are eliminated on consolidation.

b) Translation of foreign currencies

Management determines the functional currency of each entity as the currency of the primary economic environment in which the entity operates.

Foreign currency transactions

Transactions in currencies other than the functional currency are recorded at rates of exchange prevailing on the dates of transactions. At the end of each reporting period, monetary assets and liabilities that are denominated in foreign currencies are translated at rates prevailing at that date. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate as at the date of the initial transaction. Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are translated to the functional currency at the exchange rate at the date that the fair value was determined. Foreign currency gains and losses arising on period-end revaluations are recognized in the statement of income (loss).

Foreign operations

A subsidiary that has a functional currency other than Canadian dollars translates its assets and liabilities to Canadian dollars at the exchange rates prevailing at the end of each reporting period. Revenues and expenses are translated at the average exchange rate during the period. Differences arising from these foreign currency translations are recognized in other comprehensive income (loss) and presented within shareholders' equity in the foreign currency translation reserve. When a foreign operation is disposed, the relevant exchange differences accumulated in the foreign currency translation reserve are transferred to the statement of income (loss) as part of the profit or loss on disposal.

Net investment in a foreign operation

Foreign currency gains and losses arising on translation of a monetary item receivable from or payable to a foreign operation for which settlement is neither planned, nor likely to occur in the foreseeable future are considered to form part of a net investment in the foreign operation. Such gains and losses are recognized in other comprehensive income (loss) and presented within shareholders' equity in the foreign currency translation reserve.

c) Cash and cash equivalents

Cash and cash equivalents include amounts held in banks and cash equivalents with maturities at point of purchase of 90 days or less or are cashable after 30 days at the option of the Company. Interest from cash and cash equivalents is recorded on an accrual basis.

d) Exploration and evaluation expenditures

Exploration and evaluation costs are charged to the statement of income (loss) in the period incurred until such time as it has been determined that a property has economically recoverable reserves, in which case subsequent exploration and development costs are capitalized.

Exploration and evaluation costs include the costs of acquiring licenses, option payments, and the costs of the Company's exploration activities.

Exploration and evaluation expenditures are expensed in the period they are incurred except for expenditures associated with the acquisition of exploration and evaluation assets through a business combination. Significant property acquisition costs are capitalized only to the extent that such costs can be directly attributable to an area of interest where it is considered likely to be recoverable by future exploitation or sale. Development costs relating to specific properties are capitalized once management has made a development decision.

e) Leases

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

- The contract involves the use of an identified asset that is physically distinct or represent substantially all of the capacity of a physically distinct asset. If the supplier has a substantive substitution right, then no right of use asset is identified.
- The Company has the right to obtain substantially all the economic benefits from use of the asset throughout the period of use; and
- The Company has the right to direct the use of the asset. The Company has this right when it has the decision-making rights that are most relevant to changing how and for what purpose the asset is used.

Payments related to short-term leases and leases of low-value assets are recognized as an expense in profit or loss. Short-term leases are leases with a lease term of 12 months or less.

At inception or on reassessment of a contract that contains a lease component, the Company allocates the consideration in the contract to each lease component based on their relative stand-alone prices.

The Company recognizes a right-to-use asset and a corresponding lease liability on the date the leased asset is available for use by the Company.

The right of use asset and corresponding lease liability are initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Company's incremental borrowing rate. The cost of the right of use asset also includes any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or restore the underlying asset or the site on which it is located, less any lease incentives received.

Lease payments included in the measurement of the lease liability comprise the following:

- fixed payments, including in-substance fixed payments;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable under a residual value guarantee; and
- the exercise prices under a purchase price option that the Company is reasonably certain to exercise, lease payments in an optional renewal period if the Company is reasonably certain to exercise an extension option, and penalties for early termination of a lease unless the Company is reasonably certain not to terminate early.

The lease liability is subsequently measured at amortized cost using the effective interest rate method. It is re-measured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Company's estimate of the amount expected to be payable under a residual value guarantee, or if the Company changes its assessment of whether it will exercise a purchase, extension or termination option. When the lease liability is re-measured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

f) Share capital

Common shares are classified as share capital. Proceeds from share issuances are recorded net of issue costs. Share capital issued as non-monetary consideration is recorded at an amount based on the fair value of the consideration received.

g) Loss per share

Basic loss per share is computed by dividing loss attributable to common shareholders by the weighted average number of common shares outstanding during the period. 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 outstanding options and their equivalents are reflected in diluted earnings per share by application of the treasury stock method.

h) Share-based payments

The Company has established a stock option plan ("the Plan") for eligible directors, officers, employees and consultants and accounts for this plan using the fair value method of accounting. Under this method, the grant date fair value of an award under the Plan is recognized as an expense using a graded vesting method, with a corresponding increase in reserves. For awards subject to vesting, the Company recognizes an expense over the period that the holder becomes unconditionally entitled to the awards. Awards not subject to vesting are recognized as an expense at the grant date.

The Company estimates the grant date fair value of the award using the Black-Scholes option pricing model. The number of options expected to vest are estimated at the grant date and reviewed at the end of each reporting period. The Company recognizes the impact of the revision to original estimates, if any, in the statement of income (loss) and comprehensive income (loss), with a corresponding adjustment to reserves. When equity instruments are granted to non-employees, they are recorded at the fair value of the goods or services received in the statement of statement of income (loss) and comprehensive income (loss). The fair value of warrants, issued in connection with the issuance of shares in the functional currency of the entity in which they are issued, are recognized on the date of issue as a reduction in share capital. The Company uses the Black-Scholes option pricing model to estimate the fair value of the warrants issued, separately calculating the fair value of the common shares and the warrants, and prorating these amounts by the actual proceeds received.

All equity-settled share-based payments are reflected in reserves, until exercised. Upon exercise, shares are issued from treasury and the amount reflected in reserves is credited to share capital, adjusted for any consideration paid.

i) Financial instruments

The Company classifies its financial instruments in the following categories: as fair value through profit of loss, fair value through other comprehensive income or financial assets at amortized cost and other financial liabilities. The classification depends on the purpose for which the financial assets or liabilities were acquired. The Company determines the classification of financial assets and liabilities at initial recognition.

(i) Amounts receivable are non-interest bearing and are recognized initially at their fair value plus transaction costs and subsequently at amortized cost. The Company recognizes a loss allowance for expected credit losses on financial assets that are measured at amortized cost.

At each reporting date, the loss allowance for the financial asset is measured at an amount equal to the lifetime expected credit losses if the credit risk on the financial assets has increased significantly since initial recognition. If at the reporting date, the credit risk on the financial asset has not increased significantly since initial recognition, the loss allowance is measured at an amount equal to the twelve month expected credit losses.

(ii) For amounts receivable, the Company applies the simplified approach to providing for expected credit losses, which allows the use of lifetime expected loss provision.

(iii) Cash and cash equivalents include cash on hand, deposits held with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts. These are recognized initially at fair value and subsequently at amortized cost.

(iv) Accounts payable and accrued liabilities, as well as, due to a related party and deferred liability are not interest bearing and are recognized initially at their fair value less transaction costs and subsequently at amortized cost.

Financial instruments measured at fair value are classified into one of three levels in the fair value hierarchy according to the relative reliability of the inputs used to estimate the fair values. The three levels of the fair value hierarchy are:

Level 1 – Unadjusted quoted prices in active markets for identical assets or liabilities;

Level 2 – Inputs other than quoted prices that are observable for the asset or liability either directly or indirectly; and

Level 3 – Inputs that are not based on observable market data.

j) Impairment of financial assets

The Company assess all information available, including on a forward-looking basis, the expected credit losses associated with its assets carried at amortized cost. The impairment methodology applied depends on whether there has been a significant increase in credit risk. To assess whether there is a significant increase in credit risk, the Company compares the risk of default occurring on the asset as at the reporting date, with the risk of default as at the date of initial recognition, based on all information available, and reasonable and supportive forward-looking information.

k) Impairment of non-financial assets

The carrying amounts of non-financial assets are reviewed for impairment whenever facts and circumstances suggest that the carrying amounts may not be recoverable and at each statement of financial position date. If there are indicators of impairment, the recoverable amount of the asset is estimated in order to determine the extent of any impairment. For the purpose of measuring recoverable amounts, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units or CGUs). The recoverable amount is the higher of an asset’s fair value less costs to sell and value in use (being the present value of the expected future cash flows of the relevant asset or CGU). An impairment loss is recognized in the statement of income (loss) and comprehensive income (loss) for the amount by which the asset’s carrying amount exceeds its recoverable amount.

Non-financial assets that have been impaired in prior periods are tested for possible reversal of impairment whenever events or changes in circumstances indicated that the impairment has reversed. If the impairment has reversed, the carrying amount of the asset is increased to its recoverable amount but not beyond the carrying amount that would have been determined had no impairment loss been recognized for the asset on the prior periods. A reversal of an impairment loss is recognized in the statement of income (loss) and comprehensive income (loss).

(Expressed in Canadian dollars, unless otherwise noted)

l) Provisions

Provisions are recognized when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable than an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. The expense relating to any provision is presented in profit or loss net of any reimbursement. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects where appropriate, the risks specific to the liability.

m) Income tax

Income tax comprises current and deferred tax. Income tax is recognized in the statement of loss and comprehensive loss except to the extent that it relates to items recognized directly in shareholders' equity, in which case the income tax is also recognized directly in shareholders' equity.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted, at the end of the reporting period, and any adjustment to tax payable in respect of previous years.

In general, deferred tax is recognized in respect of temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. Deferred income tax is determined on a non-discounted basis using tax rates and laws that have been enacted or substantively enacted at the statement of financial position date and are expected to apply when the deferred tax asset or liability is settled. Deferred tax assets are recognized to the extent that it is probable that the assets can be recovered. Deferred income tax is provided on temporary differences arising on investments in subsidiaries and associates except, in the case of subsidiaries, where the timing of the reversal of the temporary difference is controlled by the Company and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred income tax assets and liabilities are presented as non-current. Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities, when they relate to income taxes levied by the same taxation authority and when the Company intends to settle its current tax assets and liabilities on a net basis.

4. LEASES

The Company shares office space with other companies related to it by virtue of certain directors and management in common (Note 8).

During the year ended March 31, 2022, the Company recognized $8,670 respectively of general office expenses for the two leased premises that do not meet the definition of a lease (Note 10). The Company is jointly liable for rent payments and uses the assets jointly.

5. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

		March 31, 2022		March 31, 2021
Accounts payables	$	1,286	$	360
Accrued liabilities		14,275		12,000
	$	15,561	$	12,360

6. DEFERRED LIABILITY

Deferred liability represents the balance of an amount received from a company previously related through certain common directors and management with respect to the provisions of a management services agreement governing certain shared office space (Note 8). The amount is being amortized to general office expenses over the remaining term of the leases.

(Expressed in Canadian dollars, unless otherwise noted)

The following is a summary of changes in deferred liability:

		March 31, 2022		March 31, 2021
Balance, start of the year	$	10,766	$	13,458
Contribution from former related party		–		9,420
Amortization of deferred liability		(10,766)		(12,112)
Balance, end of the year	$	–	$	10,766

7. SHARE CAPITAL AND RESERVES

- Common shares

  Authorized: Unlimited common shares, with no par value

  Issued and fully paid: 76,624,621 (March 31, 2021 – 74,943,371)

- Warrants

  The following is a summary of the Company's warrants at March 31, 2022 and 2021:

Date of Issue	Exercise Price	Expiry Date	March 31, 2020	Exercised	March 31, 2021	Exercised	Expired	March 31, 2022
April 29, 2015	$0.05	April 22, 2020	25,618,106	(25,618,106)	–	–	–	–
October 7, 2015	$0.15	October 7, 2020	5,000,000	(5,000,000)	–	–	–	–
July 25, 2016	$0.40	July 25, 2021	2,500,000	(6,250)	2,493,750	(1,681,250)	(812,500)	–
			33,118,106	(30,624,356)	2,493,750	(1,681,250)	(812,500)	–

The weighted average exercise price of the warrants outstanding at March 31, 2021 is $0.40.

8. RELATED PARTY TRANSACTIONS

Compensation of key management personnel

Key management includes the Company's directors and certain senior management. For the year ended March 31, 2022, the Company paid $24,358 in salaries and benefits to key management personnel (March 31, 2021 – $18,674).

Related party transactions

On March 1, 2015, the Company entered into an arrangement to share office space, equipment, personnel, consultants and various administrative services with other companies related by virtue of certain directors and management in common. These services have been provided through a management company equally owned by each company party to the arrangement. Costs incurred by the management company are allocated and funded by the shareholders of the management company based on time incurred and use of services. If the Company's participation in the arrangement is terminated, the Company will be obligated to pay its share of the rent payments for the remaining term of the office space rental agreement. The Company's obligation for future rental payments on March 31, 2022 was approximately $48,000, determined based on the Company's average share of rent paid in the immediately preceding 12 months.

The Company was charged for the following with respect to these arrangements in the year ended March 31, 2022 and 2021:

		2022		2021
Salaries and benefits	$	60,112	$	52,145
General office expenses		18,356		21,630
Listing and filing fees		5,290		3,414
Professional fees		17		149
	$	83,775	$	77,338

At March 31, 2022, included in prepaid expenses is an amount due from a related party of $4,771 (March 31, 2021 – $12,013) with respect to these arrangements.

The amount due from related party at March 31, 2022 of $5,026 (March 31, 2021 – $5,026) relates to the Company's share of jointly owned assets (primarily security deposits, leasehold improvements, and furniture and equipment) held by the management company.

9. FINANCIAL INSTRUMENTS AND CAPITAL MANAGEMENT

The Company's financial instruments are classified into the following categories of financial assets and liabilities (shown at carrying value):

		March 31, 2022		March 31, 2021
Financial assets				
Financial Assets at amortized cost				
Cash and cash equivalents	$	2,874,393	$	2,312,778
Amounts receivable		2,248		736
Due from related party		5,026		5,026
Total financial assets	$	2,881,667	$	2,318,540
Financial liabilities				
Financial liabilities at amortized cost				
Accounts payable and accrued liabilities	$	15,561	$	12,360
Deferred liability		–		10,766
Total financial liabilities	$	15,561	$	23,126

The fair values of the Company's financial instruments in the table above approximate their carrying values.

Financial risk management

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.

Currency risk

The Company is exposed to the financial risk related to the fluctuation of foreign exchange rates. The Company operates in Canada and a small portion of its expenses are incurred in US dollars. The Company is not exposed to significant foreign currency risk on fluctuations related to cash and accounts payable liabilities that are denominated in US dollars. The Company does not use derivatives or other techniques to manage foreign currency risk.

Credit risk

Credit risk is the risk of an unexpected loss if a customer or third party to a financial instrument fails to meet its contractual obligations. Credit risk arises for the Company from cash held with banks and financial institutions, as well as credit exposure on outstanding amounts receivable. The Company manages its exposure to credit risk by holding its cash through Canadian chartered banks. The maximum exposure to credit risk is equal to the carrying value of the financial assets.

(Expressed in Canadian dollars, unless otherwise noted)

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 is not materially exposed to interest rate risk at this time.

Liquidity risk

Liquidity risk arises through excess of financial obligations over available financial assets due at any point in time. The Company's objective in managing liquidity risk is to maintain sufficient readily available reserves in order to meet its liquidity requirements at any point in time.

Capital management

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to maintain a flexible capital structure which optimizes the costs of capital at an acceptable risk. In the management of capital, the Company includes the components of shareholders' equity.

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 obtain debt financing. In order to facilitate the management of its capital requirements, the Company prepares annual expenditure budgets that are updated as necessary depending on various factors, including successful capital deployment and general industry conditions. In order to maximize ongoing development efforts, the Company does not pay out dividends.

The Company's investment policy is to invest its cash in highly liquid short-term interest-bearing investments with maturities 90 days or less from the original date of acquisition, selected with regards to the expected timing of expenditures from continuing operations.

10. COMMITMENTS

At March 31, 2022, based on the Company's share of rent, the Company is committed to payments for office leased premises through 2025. Payments by fiscal year are:

2023	$	12,000
2024	$	11,000
2025	$	7,300

11. SEGMENT INFORMATION

The Company operates in one industry segment, being mineral exploration. Geographic information is as follows:

		Canada		United States		Total
Total assets as at:						
March 31, 2022	$	2,893,713	$	–	$	2,893,713
March 31, 2021	$	2,338,508	$	–	$	2,338,508
Loss for the year ended:						
March 31, 2022	$	109,730	$	–	$	109,730
March 31, 2021	$	96,396	$	–	$	96,396

(Expressed in Canadian dollars, unless otherwise noted)

12. INCOME TAX

The provision for income tax reported differs from the amount computed by applying the cumulative Canadian Federal and Provincial income tax rates to the loss before the tax provision due to the following:

For the year ended March 31,		2022		2021
Loss	$	(109,730)	$	(96,396)
Statutory tax rate		27%		27%
Expected income tax recovery	$	(29,627)	$	(26,027)
Reconciling items:				
Tax benefits of losses and temporary differences not recognized		29,564		26,027
Non-deductible expenses and other		63		–
Income tax recovery	$	–	$	–

The Company's unrecognized tax losses and other deductible temporary differences for which no deferred tax asset is recognized consists of the following:

As at March 31,		2022		2021
Non-capital loss carry forwards	$	5,389,000	$	5,312,000
Net-capital loss carry forwards		7,636,242		7,636,242
Mineral properties		298,677		300,565
Excess tax value of equipment over book value		25,517		25,517
Cumulative eligible expenditures		86,790		86,790
Deferred liability		–		10,766
	$	13,436,226	$	13,371,880

At March 31, 2022, the Company had Canadian unrecognized operating loss carry forwards of approximately $5,385,000 (March 31, 2021 – $5,308,000) and US unrecognized operating loss carry forwards of approximately US$3,000 (March 31, 2021 – US$3,000). The unrecognized operating loss carry forwards expire at various times between 2027 and 2042. The unrecognized net capital losses were also incurred in Canada and can be carried forward indefinitely.