Stratabound
MINERALS CORP.

Consolidated Financial Statements

For the Years Ended December 31, 2021 and 2020

(Expressed in Canadian dollars)

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Independent Auditor's Report

To the Shareholders of Stratabound Minerals Corp.

Opinion

We have audited the consolidated financial statements of Stratabound Minerals Corp. and its subsidiaries (the Group), which comprise the consolidated statement of financial position as at December 31, 2021 and 2020, and the consolidated statements of loss and comprehensive loss, changes in shareholders' equity and cash flows for the years then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

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

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 Group 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.

Material Uncertainty Related to Going Concern

We draw attention to Note 2(b) in the consolidated financial statements, which indicates that the Group has a history of losses and an accumulated deficit of $19,120,581. These events or conditions, along with other matters as set forth in Note 2(b), indicate that a material uncertainty exists that may cast significant doubt on the Group's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Other Information

Management is responsible for the other information. The other information comprises the information, other than the consolidated financial statements and our auditor's report thereon, included in the Management 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 identified above 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 the Management Discussion and Analysis prior to the date of this auditor's report. If, based on the work we have performed on this other information, we conclude that there is a material misstatement of this other information, we are required to report that fact in this auditor's report. We have nothing to report in this regard.

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

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRSs, 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 Group'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 Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group'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 Group'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 Group'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 Group 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 Group 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 Rob Scupham.

BDO Canada LLP

Chartered Professional Accountants

Vancouver, British Columbia
May 2, 2022

Stratabound Minerals Corp.
Consolidated Statements of Financial Position
As at December 31, 2021 and 2020

		December 31, 2021		December 31, 2020
Assets				
Current assets				
Cash	$	2,661,825	$	2,973,570
Marketable securities (Note 6)		108,000		108,000
Prepaid expenses		582,481		133,829
Term deposits (Note 7)		1,282,034		2,800,863
Sales tax receivable		115,535		102,857
Total current assets		4,749,875		6,119,119
Non-current assets				
Property, plant and equipment		161,864		679
Land held in Mariposa, CA		7,149,546		-
Mineral exploration and evaluation assets (Note 8)		14,924,852		5,562,714
Total assets	$	26,986,137	$	11,682,512
Liabilities and shareholders' equity				
Current liabilities				
Accounts payable and accrued liabilities (Note 11, 16)	$	2,222,861	$	234,097
Loans payable (Note 10)		3,712,142		-
Flow-through shares (Note 9, 12)		-		165,200
Total current liabilities		5,935,003		399,297
Non-current liabilities				
Rehabilitation provision		13,858		13,702
Total liabilities	$	5,948,861	$	412,999
Shareholders' equity				
Share capital (Note 12)	$	36,898,934	$	26,433,048
Contributed surplus (Note 12)		3,327,923		2,317,793
Accumulated other comprehensive loss		(69,000)		-
Deficit		(19,120,581)		(17,481,328)
Total shareholders' equity	$	21,037,276	$	11,269,513
Total liabilities and shareholders' equity	$	26,986,137	$	11,682,512

Commitments and contingencies (Note 16)
Subsequent events (Note 17)

Approved on behalf of the Board of Directors

Director *"R. Kim Tyler"* Director "Hashim Ahmed"

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

Stratabound Minerals Corp.
Consolidated Statements of Loss and Comprehensive Loss
For the Years Ended December 31, 2021 and 2020

		2021		2020
Expenses				
General and administrative (Note 11)	$	915,914	$	997,096
Share-based compensation (Note 11, 12)		619,243		610,269
Interest on loans payable (Note 10)		217,125		-
Acquisition-related costs		91,048		-
Gain on settlement of accounts payable		(42,135)		(3,477)
Accretion and amortization		3,258		497
Total expenses		1,804,453		1,604,385
Loss from operations		1,804,453		1,604,385
Unrealized gain on marketable securities (Note 6)		-		72,000
Flow-through share income (Note 9)		165,200		12,111
Loss for the year	$	1,639,253	$	1,520,274
Other comprehensive income				
Loss on translation of foreign subsidiary		69,000		-
Loss and comprehensive loss for the year		1,708,253		1,520,274
Basic and diluted loss per share	$	0.01	$	0.03
Weighted average number of shares:				
Basic and diluted (Note 12)		116,283,176		55,102,813

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

Stratabound Minerals Corp.
Consolidated Statements of Changes in Shareholders' Equity
For the Years Ended December 31, 2021 and 2020

	Number of issued and outstanding shares	Share capital	Contributed surplus	Accumulated other comprehensive loss	Deficit	Shareholders' equity
		$	$	$	$	$
Balance at January 1, 2020	44,032,817	17,665,020	1,315,593	-	(15,961,054)	3,019,559
Shares issued in private placements	38,560,343	8,287,502	321,254	-	-	8,608,756
Share-based compensation	-	-	568,269	-	-	568,269
Shares issued to officers	600,000	42,000	-	-	-	42,000
Shares issued in respect of E&E properties	990,000	167,200	-	-	-	167,200
Warrants exercised	3,611,055	479,372	-	-	-	479,372
Options exercised	1,300,000	130,000	-	-	-	130,000
Share issue costs	-	(489,606)	264,237	-	-	(225,369)
Change in equity with respect to repricing of warrants	-	(8,410)	8,410	-	-	-
Adjustment to relieve contributed surplus for warrants and options exercised in the year	-	159,970	(159,970)	-	-	-
Comprehensive loss for the year	-	-	-	-	(1,520,274)	(1,520,274)
Balance at December 31, 2020	89,094,215	26,433,048	2,317,793	-	(17,481,328)	11,269,513
Balance at January 1, 2021	89,094,215	26,433,048	2,317,793	-	(17,481,328)	11,269,513
Shares issued in private placements	16,130,267	1,568,662	366,970	-	-	1,935,632
Share-based compensation	-	-	581,960	-	-	581,960
Shares issued in respect of E&E properties	2,311,834	235,216	-	-	-	235,216
Warrants exercised	2,402,777	219,500	-	-	-	219,500
Options exercised	178,844	35,635	-	-	-	35,635
Share issue costs	-	(57,203)	-	-	-	(57,203)
Acquisition of California Gold Mining Inc.	65,108,269	8,464,076	61,200	-	-	8,525,276
Comprehensive loss for the year	-	-	-	(69,000)	(1,639,253)	(1,708,253)
Balance at December 31, 2021	175,226,206	36,898,934	3,327,923	(69,000)	(19,120,581)	21,037,276

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

Stratabound Minerals Corp.
Consolidated Statements of Cash Flow
For the years ended December 31, 2021 and 2020

	2021	2020
Operating activities		
Comprehensive loss for the year	$ (1,639,253)	$ (1,520,274)
Items not affecting cash:		
Share-based payments (Note 11, 12)	619,243	610,269
Marketable securities – market value adjustment (Note 6)	-	(72,000)
Interest on loans payable	217,125	
Flow-through share income (Note 12)	(165,200)	(12,111)
Gain on settlement of accounts payable	(42,135)	(3,477)
Foreign exchange not affecting cash flows	17,720	
Accrued interest income	(2,034)	(863)
Accretion and amortization	3,258	497
Change in non-cash working capital (Note 5)	(1,176,699)	(100,939)
Net cash used in operations	(2,167,975)	(1,098,898)
Investing activities		
Acquisition of option on Golden Culvert (Note 8)	(224,300)	(305,000)
Acquisition of option on McIntyre Brook (Note 8)	(67,500)	(15,000)
Expenditures on mineral exploration and evaluation assets (Note 8)	(1,027,864)	(2,008,151)
Costs associated with California Gold Mining Inc. acquisition	(351,089)	-
Cash acquired in California Gold Mining Inc. transaction (Note 15)	20,668	-
Redemptions of term deposits	3,550,000	-
Government assistance	73,000	-
Purchase of term deposits	(2,030,089)	(2,800,000)
Net cash used in investing activities	(57,174)	(5,128,151)
Financing activities		
Proceeds from share issuances (Note 12)	1,935,632	8,773,956
Proceeds from option exercises (Note 12)	-	130,000
Proceeds from warrant exercises (Note 12)	219,500	479,372
Interest on loans payable	(217,125)	
Share issue costs	(24,603)	(208,785)
Net cash from financing activities	1,913,404	9,174,543
Change in cash	(311,745)	2,947,494
Cash – beginning of the year	2,973,570	26,076
Cash – end of the year	$ 2,661,825	$ 2,973,570

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

1. Corporate information

Stratabound Minerals Corp. ("Stratabound") is in the business of acquiring and exploring mineral properties in North America. Stratabound was incorporated under the Business Corporations Act (Alberta) on March 5, 1986, and is listed on the TSX Venture Exchange, having the symbol TSX.V: SB, as a Tier 2 mining issuer and is in the process of exploring its optioned Golden Culvert property in the Yukon Territory, its mineral properties in the province of New Brunswick, and its Fremont property in Mariposa County, California.

Stratabound has the following Canadian and US wholly owned subsidiaries (collectively with Stratabound, "the Company"):

- Silver Stream Mining Corp (US)
- California Gold Mining Inc. (CAD) – acquired during 2021, see Note 15
- California Gold Mining Inc. (US) - acquired during 2021, see Note 15
- Fremont Gold Mining LLC (US) – acquired during 2021, see Note 15
- CGM Farm LLC (US) – acquired during 2021, see Note 15 – dissolved December 2021

The address of the Company's principal office is 100 King Street West, Suite 5700, Toronto, Ontario, Canada, M5X 1C7.

The consolidated financial statements were authorized for issue by the Board of Directors on May 2, 2022.

2. Basis of preparation

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 interpretation made by the International Financial Reporting Standards Interpretation Committee ("IFRIC").

b) Basis of measurement and going concern

The business of exploring for mineral resources involves a high degree of risk and there can be no assurance that the Company's exploration programs will result in profitable operations. The Company's ability to repay its loans, to meet its obligations arising from exploration and development activity and to provide working capital for normal operations is dependent upon the existence of economically recoverable reserves; the ability of the Company to continue to secure financial support from the public market; the ability to complete future equity financing; as well as the ability to generate future profitable production or proceeds from the disposition of its properties. The Company has a history of losses, with an accumulated deficit

2. Basis of preparation – continued

of $19,120,581 as at December 31, 2021. The Company is dependent on its ability to raise additional funds through equity financing in order to meet the Company's current liabilities and continue exploring its mineral resources. As there is no assurance the Company will be successful in these efforts, these conditions result in material uncertainties that may cast significant doubt upon the Company's ability to continue as a going concern.

c) Basis of consolidation

The consolidated financial statements are presented in Canadian dollars ("CDN"), which is also the functional currency of the parent and subsidiary California Gold Mining Inc. The functional currency is United States dollars ("USD") for Silver Stream Mining Corp., California Gold Mining US Inc., Fremont Gold Mining LLC and CGM Farm LLC.

These consolidated financial statements include the accounts of Stratabound and its wholly owned subsidiaries. The financial statements of subsidiaries, including entities which the Company controls, are included in the consolidated financial statements from the date that control commences until the date that control ceases. The financial statements of the subsidiaries are prepared for the same reporting period as the Company, using consistent accounting policies. All intercompany transactions and balances have been eliminated.

3. Summary of significant accounting policies

a) Cash

Cash includes cash on hand and deposits held with financial institutions.

b) Foreign currency

Both the presentation currency and functional currency of the Company and California Gold Mining Inc. is the Canadian dollar. The functional currency of its wholly owned US subsidiaries is the US dollar. The US subsidiaries financial results are translated to Canadian dollars, based on the period end exchange rate for assets and liabilities and the average foreign exchange rate for its income and expenditures. Any differences arising on translation from the functional to the presentation currency are recorded to other comprehensive loss. Transactions in currencies other than the functional currency are recorded at the rates of exchange prevailing on the transaction dates. At each financial statement reporting date, monetary assets and liabilities that are denominated in foreign currencies are translated at the rates prevailing on the date of the statement of financial position. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated. Non-monetary items that are carried at fair value and were measured in a foreign currency are translated at the rate prevailing at the date when the fair value was determined. Foreign exchange gains and losses on the foregoing transactions are recorded in profit or loss.

c) Mineral exploration and evaluation expenditures

i) Pre-exploration costs

3. Summary of significant accounting policies - continued

Pre-exploration costs are expensed in the year in which they are incurred. Pre-exploration costs are those incurred prior to obtaining the legal right to explore.

ii) Exploration and evaluation expenditures

Once the legal right to explore a property has been acquired, costs directly related to exploration and evaluation ("E&E") expenditures are recognized and capitalized, in addition to the acquisition costs. These direct expenditures include such costs as materials used, surveying costs, drilling costs, payments made to contractors and depreciation on plant and equipment during the exploration phase. Costs not directly attributable to E&E activities, including general and administrative overhead costs, are expensed in the year in which they occur.

The Company may occasionally enter into farm-out arrangements, whereby the Company will transfer part of a mineral interest, as consideration, for an agreement by the transferee to meet certain E&E expenditures which would have otherwise been undertaken by the Company. The Company does not record any expenditures made by the transferee on its behalf. Any consideration received from the agreement is credited against the costs previously capitalized to the mineral interest given up by the Company, with any excess cash accounted for as a gain on disposal.

iii) Developed and producing properties

Once technical feasibility and commercial viability of extracting the mineral resource has been determined, the property is considered to be a mine under development and is classified as property, plant and equipment. Once commercial production has commenced, these costs are amortized using the units-of-production method based on proven and probable reserves. Production facilities and equipment are stated at cost and are depreciated using the units-of-production method at rates sufficient to depreciate the assets over their estimated useful lives, not to exceed the life of the mine to which the assets relate.

d) Property, plant and equipment

i) Recognition and measurement

On initial recognition, property, plant and equipment are measured at cost, being the purchase price and directly attributable costs of acquisition or construction required to bring the asset to the location and condition necessary to be capable of operating in the manner intended by the Company, including appropriate borrowing costs and the estimated present value of any future unavoidable costs of dismantling and removing the items. The corresponding liability is recognized within provisions.

Property, plant and equipment is subsequently measured at cost less accumulated depreciation, less any accumulated impairment losses, with the exception of land, which is not depreciated.

When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

3. Summary of significant accounting policies - continued

ii) Subsequent costs

The cost of replacing part of an item of property, plant and equipment is recognized in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Company and its cost can be measured reliably. The carrying amount of the replaced part is derecognized. The costs of the day-to-day servicing of property, plant and equipment are recognized in profit or loss as incurred.

iii) Gains and losses

Gains and losses on disposal of an item of property, plant and equipment are determined by comparing the proceeds from disposal with the carrying amount, and are recognized net within other income and expenses in profit or loss.

iv) Depreciation

Depreciation is recognized in profit or loss and is provided on a declining balance basis over the estimated useful life of the assets as follows:

Office equipment	Declining balance at 20%
Computer equipment	Declining balance at 30%
Buildings and structures	Declining balance at 4%

e) Impairment of non-financial assets

Non-financial assets, including E&E assets and property, plant and equipment are subject to impairment tests whenever events or changes in circumstances indicate that their carrying amount may not be recoverable. Where the carrying value of an asset exceeds its recoverable amount, which is the higher of value in use and fair value less costs to sell, the asset is written down accordingly.

Where it is not possible to estimate the recoverable amount of an individual asset, the impairment test is carried out on the asset's cash-generating unit ("CGU"). An asset's CGU is the lowest group of assets in which the asset belongs for which there are separately identifiable cash inflows that are largely independent of the cash inflows from other assets. The Company has determined its CGUs on an area-by-area basis.

An impairment loss is charged to profit or loss; except to the extent it reverses gains previously recognized in accumulated other comprehensive income.

Management has adopted a policy whereby if it is determined that a property no longer has economic viability (i.e., leases or licenses have expired or will expire in the near future without renewal, future expenditures are not planned for the area or the carrying amount of the asset is unlikely to be recovered in full from development or sale), the Company will immediately derecognize 100% of the costs of the claims.

3. Summary of significant accounting policies - continued

f) Rehabilitation provisions

The Company recognizes a provision for statutory, contractual, constructive or legal obligations associated with decommissioning of mining operations and reclamation and rehabilitation costs arising when environmental disturbance is caused by the exploration or development of mineral evaluation and exploration assets. Provisions for site closure and reclamation are recognized in the period in which the obligation is incurred or acquired, and are measured based on expected future cash flows to settle the obligation, discounted to their present value. The discount rate used is a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability including risks specific to the countries in which the related operation is located. When an obligation is initially recognized, the corresponding cost is capitalized to the carrying amount of the related asset in exploration or development of mineral evaluation and exploration assets.

The obligation is increased for the accretion and the corresponding amount is recognized as a finance expense. The obligation is also adjusted for changes in the estimated timing, amount of expected future cash flows, and changes in the discount rate. Such changes in estimates are added to or deducted from the related asset except where deductions are greater than the carrying value of the related asset in which case, the amount of the excess is recognized in the consolidated statement of operations.

Due to uncertainties concerning environmental remediation, the ultimate cost to the Company of future site restoration could differ from the amounts provided. The estimate of the total provision for future site closure and reclamation costs is subject to change based on amendments to laws and regulations, changes in technology, price increases and changes in interest rates, and as new information concerning the Company's closure and reclamation obligations becomes available.

g) Financial instruments

The Company's financial instruments include cash, term deposits, marketable securities, loans payable and accounts payable and accrued liabilities.

i) Financial assets

For the year ended December 31, 2021, financial assets are initially recorded at fair value and are designated into one of the following three categories: amortized cost, fair value through profit or loss, or fair value through other comprehensive loss.

These assets arise principally from share capital issues, but also incorporate other types of financial assets where the objective is to hold these assets in order to collect contractual cash flows that are solely the payments of principal and interest. These assets are initially recognized at fair value plus transaction costs that are directly attributable to their acquisition or issues, and are subsequently carried at amortized cost using the effective interest rate method, less provision for impairment.

3. Summary of significant accounting policies - continued

The Company's financial assets measured at amortized cost are cash and term deposits. The marketable securities are measured at fair value through profit or loss.

ii) Other financial liabilities

Financial liabilities are classified as other financial liabilities and comprise accounts payable and accrued liabilities and loans payable. These liabilities are initially recognized at fair value net of any transaction costs directly attributable to the issuance of the instrument and subsequently carried at amortized cost using the effective interest rate method. This ensures that any interest expense over the period of repayment is at a constant rate on the balance of the liability carried in the statement of financial position. Interest expense in this context includes initial transaction costs and premiums payable on redemption, as well as any interest payable while the liability is outstanding.

h) Impairment of financial assets

At each reporting date the Company assesses whether there is any objective evidence that a financial asset or a group of financial assets is impaired. A financial asset or group of financial assets is deemed to be impaired, if, and only if, there is objective evidence of impairment as a result of one or more events that has occurred after the initial recognition of the asset and that event has an impact on the estimated future cash flows of the financial asset or the group of financial assets.

An impairment loss in respect of a financial asset measured at amortized cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the original effective interest rate.

Significant financial assets are tested for impairment on an individual basis. The remaining financial assets are assessed collectively in groups that share similar credit risk characteristics.

All impairment losses are recognized in profit or loss. An impairment loss is reversed if the reversal can be related objectively to an event occurring after the impairment loss was recognized. Impairments of equity-backed financial assets cannot be reversed. For financial assets measured at amortized cost, the reversal is recognized in profit or loss.

3. Summary of significant accounting policies - continued

i) Share capital

Financial instruments issued by the Company are classified as equity only to the extent that they do not meet the definition of a financial liability or financial asset. The Company's common shares, stock options and common share purchase warrants are classified as equity instruments. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds. On unit offerings of common shares and warrants the market price of the common share is recorded to share capital and the residual value to the warrants.

j) Flow-through shares

From time to time the Company will issue flow-through common shares to finance a portion of its exploration program. These shares transfer the tax deductibility of qualifying resource expenditures to investors. On issuance, the Company splits the flow-through shares into: i) a flow-through share premium, equal to the estimated premium, if any, investors pay for the flow-through feature, which is recognized as a liability; and ii) share capital. When expenses are renounced with the appropriate tax filings made in a prescribed manner to the Government of Canada, the Company derecognizes the liability and recognizes a deferred tax liability for the amount of tax reduction renounced to the shareholders. The deferred tax liability will be reduced to the extent that deferred tax asset is available to offset. The premium is recognized as other income and the related deferred tax is recognized as a tax provision.

Proceeds received from the issuance of flow-through shares are restricted to be used only for Canadian resource property exploration expenditures. The Company may also be subject to a Part XII.6 tax on flow-through proceeds renounced under the Look-back Rule, in accordance with Government of Canada flow-through regulations. When applicable, this tax is accrued as a financial expense until paid.

k) Share-based payments

Where equity-settled share options are awarded to employees, the fair value of the options at the date of grant is charged to profit or loss over the vesting period. Performance-vesting conditions are taken into account by adjusting the number of equity instruments expected to vest at each reporting date so that, ultimately, the cumulative amount recognized over the vesting period is based on the number of options that eventually vest. Non-vesting conditions and market-vesting conditions are factored into the fair value of the options granted. As long as all other vesting conditions are satisfied, a charge is made irrespective of whether these vesting conditions are satisfied. The cumulative expense is not adjusted for failure to achieve a market-vesting condition or where a non-vesting condition is not satisfied.

3. Summary of significant accounting policies - continued

Where the terms and conditions of options are modified before they vest, the incremental fair value of the options, measured as the difference between the fair value immediately before and after the modification, is charged to the statement of operation and comprehensive loss over the remaining vesting period.

Where equity instruments are granted to employees, they are recorded at the fair value of the equity instrument granted at the grant date. The grant date fair value is recognized in profit or loss over the vesting period, described as the period during which all the vesting conditions are to be satisfied.

Where equity instruments are granted to non-employees, they are recorded at the fair value of the goods or services received in the statement of operation and comprehensive loss, unless they are an expense directly related to the issuance of shares. Options or warrants granted related to the issuance of shares are recorded as a reduction of share capital. When the value of goods or services received in exchange for the share-based payment cannot be reliably estimated, the fair value is measured by reference to the fair value of the equity instruments issued.

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

Where a grant of options is cancelled or settled during the vesting period, excluding forfeitures when vesting conditions are not satisfied, the Company accounts for the cancellation as an acceleration of vesting and recognizes immediately the amount that otherwise would have been recognized for services received over the remainder of the vesting period. Any payment made to the employee on the cancellation is accounted for as the repurchase of an equity interest except to the extent the payment exceeds the fair value of the equity instrument granted, measured at the repurchase date. Any such excess is recognized as an expense.

l) Loss per share

The calculation of basic loss per share is based on loss for the year divided by the weighted average number of common shares outstanding for the year. Diluted loss per share is equal to basic loss per share as the effect of potentially dilutive options and warrants would be anti-dilutive as the Company is in a loss position.

m) Government incentives

Government incentives received for mineral property expenditures are accrued when there is reasonable assurance of realization and are applied against the related asset.

3. Summary of significant accounting policies - continued

n) Income taxes

Income tax expense comprises current and deferred tax. Income tax expense is recognized in the consolidated statement of operations and comprehensive loss except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity.

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

Deferred tax is recognised using the statement of financial position method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised on the initial recognition of assets or liabilities in a transaction that is not a business combination. In addition, deferred tax is not recognised for taxable temporary differences arising on the initial recognition of goodwill. Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date. Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realized simultaneously.

A deferred tax asset is recognised to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

4. Critical accounting estimates and judgements

The Company makes estimates and assumptions about the future that affect the reported amounts of assets and liabilities. Estimates and judgments are continually evaluated based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. In the future, actual experience may differ from these estimates and assumptions.

The effect of a change in an accounting estimate is recognized prospectively by including it in total comprehensive loss in the period of the change, if the change affects that period only, or in the period of the change and future periods, if the change affects both.

Information about critical judgments in applying accounting policies that have the most significant risk of causing material adjustment to the carrying amounts of assets and liabilities recognized in the consolidated financial statements within the next financial year are discussed below:

a) Exploration and evaluation expenditure

Estimates

In situations where indicators of impairment are present for the Company's mineral E&E assets, estimates of recoverable amount must be determined as the higher of the CGU's estimated value in use or the estimated fair value less costs to sell.

Judgments

Management uses judgment in determining whether or not there are indicators of impairment for its CGUs. The results of management's assessment could result in an impairment test not being performed when indicators did in fact exist, which could impact the valuation of the CGUs' carrying values. Management uses judgement in determining what constitutes a CGU (Note 3e).

The CGUs identified by the Company are as follows:

a) Bathurst Group;
b) Golden Culvert;
c) McIntyre Brook;
d) Fremont; and
e) Dingman

During the year, the Company had one reportable segment: exploration properties.

4. Critical accounting estimates and judgements - continued

b) Income taxes

Estimates

Deferred tax assets and liabilities are determined using the tax rates expected to be in effect at the time the assets are realized and liabilities settled. The actual tax rate in effect at that time may vary from the expected tax rates.

Judgments

Significant judgment is required in determining the provision for income taxes. There are many transactions and calculations undertaken during the ordinary course of business for which the ultimate tax determination is uncertain. The Company recognizes liabilities and contingencies for anticipated tax audit issues based on the Company's current understanding of tax law. For matters where it is probable that an adjustment will be made, the Company records its best estimate of the tax liability including the related interest and penalties in the current tax provision. Management believes they have adequately provided for the probable outcome of these matters; however, the final outcome may differ materially from the amount included in the tax liabilities.

In addition, the Company recognizes deferred tax assets relating to tax losses carried forward to the extent there will be future taxable profit available against which the unused tax losses can be utilized.

c) Share-based payment transactions

Estimates

The Company measures the cost of equity-settled transactions with directors, officers and consultants by reference to the fair value of the equity instruments at the date at which they are granted.

Judgments

Estimating fair value for share-based payment transactions requires management's judgement in determining the most appropriate valuation model, which is dependent on the terms and conditions of the grant. This valuation requires the determination of the most appropriate inputs including the expected life of the share option (based on historical times between vesting date and exercise date) and share price volatility (based on historical share price volatility). In addition, the amount recognized is based on the number of equity instruments expected to ultimately vest, which relies on estimates of forfeiture rates which is based on historical evidence of forfeitures. History may not always be indicative of the future and as a result, the value determined has significant estimation uncertainty. The same estimates are required for transactions with non-employees where the fair value of the goods or services received cannot be reliably determined.

4. Critical accounting estimates and judgements - continued

d) Acquisition of California Gold Mining Inc.

Estimates

The Company estimated the fair values of the assets and liabilities that were acquired through the purchase of California Gold Mining Inc. and its subsidiaries.

Judgments

Estimating the fair value of the assets and liabilities of California Gold Mining Inc. required management's judgement in determining the value of the assets and liabilities, specifically the fair value of the land, exploration and evaluation assets, and the accrued liabilities. These valuations required estimates using third party data (i.e. – property tax values, and the share price of Stratabound on the closing date of the transaction), reviews of the historical accounting data of California Gold Mining Inc., outreach from existing creditors, and estimates for contingent legal liabilities.

5. Supplemental cash flow information

		2021		2020
Changes in non-cash working capital:				
Prepaid expenses	$	(483,715)	$	(80,278)
Sales tax receivable		(12,678)		(30,289)
Accounts payable and accrued liabilities		(639,805)		7,473
Accounts payable and accrued liabilities related to mineral property evaluation and exploration, and included in the investing activities section of the consolidated statement of cash flows		(12,600)		18,739
Share issuance costs included in accounts payable and accrued liabilities		(27,901)		(16,584)
	$	(1,176,699)	$	(100,939)

6. Marketable securities and Taylor Brook option

During the year ended December 31, 2017, the Company granted Jaeger Resources Corp. an option to acquire an 80% interest in the Taylor Brook claim, which is a part of the Bathurst Group CGU, in exchange for 1,000,000 shares of Jaeger Resources Inc. Pursuant to the agreement and through amendments to the term of the option, the Company received an additional 2,600,000 shares of Jaeger Resources Inc., of which 1,600,000were received in 2019. Jaeger Resources Inc. has until February 2023 to complete the required cumulative expenditures on the property. Upon acquisition by Jaeger Resources Inc. of its 80% interest in the property when all requirements are met, the Company could elect within 90 days to continue in a joint venture with Jaeger Resources Inc., buy back 40% ownership from Jaeger Resources Inc. for an amount equal to 150% of the exploration expenditures and renewal payments incurred by Jaeger Resources Inc., or transfer the remaining interest in exchange for a 3% net smelter return royalty.

Continuity of investment in Jaeger Resources Inc.		
Balance at January 1, 2020 (3,600,000 shares)	$	36,000
Increase in fair value		72,000
Balance at December 31, 2020 (3,600,000 shares)	$	108,000
Increase in fair value		-
Balance at December 31, 2021 (3,600,000 shares)	$	108,000

7. Term deposits

At December 31, 2021, the Company held term deposits totalling $1,280,000 (2020 - $2,800,000) maturing between February and July 2022 (2020 – between August and November 2021) and bearing interest between 0.40% and 1.0% (2020 – 0.25% and 0.45%). Interest of $2,034 (2020 - $863) has been accrued at year end.

8. Mineral exploration and evaluation assets

Continuity of mineral exploration and evaluation assets		
Balance at January 1, 2020	$	3,086,102
Acquisition, renewal and exploration costs		1,989,412
Shares issued for mineral exploration rights (Note 12)		167,200
Option payments		320,000
Balance at December 31, 2020	$	5,562,714
Acquisition, renewal and exploration costs		1,040,464
Acquisition of California Gold Mining Inc. (Note 15)		7,867,658
Shares issued for mineral exploration rights (Note 12)		235,216
Government assistance received		(73,000)
Option payments		291,800
Balance at December 31, 2021	$	14,924,852

The mineral exploration and evaluation assets of the Company consist of the following claim groups:

a) Golden Culvert, Yukon Territory

The Company has the option to acquire 100% ownership of the Golden Culvert and Little Hyland properties (collectively, Golden Culvert) comprising 431 mineral claims in the Little Hyland Valley District of the Southeastern Yukon Territory, approximately 205 kilometres north of the town of Watson Lake. A final share issuance to Southshore of 833,333 shares recorded at the market price of $50,000 was made on December 12, 2019 completing the final obligation to Southshore and now Stratabound only has obligations directly under the Option Agreement with the Optionors. Maintenance and exercise of the option will require the following payments:

- December 12, 2022 - $550,000

All payments required to maintain the option have been made to date. The payments can be made in cash or up to 50% in Stratabound common shares, at the Company's election. Upon completion of the December 2021 payments, the Company has earned a 40% interest in the Golden Culvert and Little Hyland claims, and a 100% interest in the Rubus claims. The December 2019 payments for Golden Culvert and Little Hyland were made as scheduled, including a total of $60,000 in cash and 873,786 common shares of the Company, recorded at their market price of $52,427. The December 2020 payments for Golden Culvert and Little Hyland were made as scheduled and paid in cash, with payments totaling $305,000. The 2021 payments for Golden Culvert and Little Hyland were made as scheduled, including a total of $197,500 in cash and 2,011,200 common shares of the Company, recorded at their market price of $191,064.

8. Mineral exploration and evaluation assets - continued

Exercise of the options will also require fulfillment of work requirements of $350,000 at each of the Golden Culvert and Little Hyland properties during the period ending September 27, 2022. The Golden Culvert work commitment was fulfilled during 2018. The claims are subject to net smelter royalties ("NSR") aggregating to 2.5% to Southshore and the Optionors.
Upon completion of the December 2022 payments, the Company will be deemed to have earned a 100% interest in all of the property.

The Company has a rehabilitation provision of $13,858 (2020 - $13,702) for trenching performed on the property. This rehabilitation must be completed by the year 2026.

During the year, the Company expanded the Golden Culvert claim group by completing a transaction to acquire 100% of the mineral rights to the Win property, which is 11 kilometres from the original Golden Culvert claim. In connection with this acquisition, the Company issued 117,300 common shares valued at their market value of $28,152 and made a payment to the optionors of $13,400.

Exercise of the Win option will require $35,000 of exploration expenditures before the first anniversary of the option agreement. Maintenance and exercise of the option will require the following annual payments:

- 2022 - $13,400
- 2023 - $20,100
- 2024 - $20,100
- 2025 - $26,800
- 2026 - $40,200

Upon completion of all payments and expenditures up to the third anniversary payment, the Company will have earned a 50% interest in the property, and upon completion of the fifth anniversary payment, the Company will have earned a 100% interest in the property.

The Win property is subject to a 2% NSR on production; however, the Company may re-purchase 1.5% (1.5% of the 2% NSR) for $1,500,000 at increments of $500,000 per 0.50% NSR.

The carrying value of the Golden Culvert property claim group at December 31, 2021 is $5,756,581 (2020 - $4,560,775).

b) Bathurst, New Brunswick

The Company holds a 100% interest in 158 units and one mining lease in the Bathurst base metal mining camp in New Brunswick, Canada. The properties include the CNE/Captain and Taylor Brook (see Note 6) claim groups. All are subject to 1% NSR on production, with the exception of a portion of the CNE/Captain Group, which is royalty free.

The carrying value of the Bathurst properties at December 31, 2021 is $592,026 (2020 - $558,343).

8. Mineral exploration and evaluation assets - continued

c) McIntyre Brook, New Brunswick

During 2019, the Company completed a transaction to acquire 100% of the mineral rights to the McIntyre Gold Project, located approximately 80 kilometres west of Bathurst, New Brunswick. At closing, the Company issued 300,000 common shares to the Optionors recorded at their market value of $18,000. During 2020, the Company expanded its original McIntyre Brook property as follows:

i) Acquisition of the McIntyre-Moose Brook property

During February 2020, the Company completed a transaction to acquire 100% of the mineral rights to the McIntyre-Moose Brook property, which is adjacent to the original McIntyre Brook property, by issuing 500,000 common shares, recorded at their market value of $40,000.

ii) Acquisition of the Gold Brook property

During February 2020, the Company completed a transaction to acquire 100% of the mineral rights to the Gold Brook property, which is adjacent to the original McIntyre Brook property, by issuing 90,000 common shares, recorded at their market value of $7,200.

iii) Expansion of the initial McIntyre Brook property

In November 2020, the Company completed an amendment to the initial McIntyre Brook property acquisition to acquire an additional 7 claims adjacent to the original McIntyre Brook claim. The Company agreed to issue 200,000 common shares, recorded at their market value of $60,000.

iv) Acquisition of the Tardiff Brook property

During October 2020, the Company completed a transaction to acquire 100% of the mineral rights to the Tardiff Brook property, which is adjacent to the original McIntyre Brook property, by issuing 200,000 common shares, recorded at their market value of $60,000.

Exercise of the McIntyre Brook options will require fulfillment of the following work requirements:

- 2021 - $10,000
- 2022 - $15,000
- 2023 - $20,000
- 2024 - $15,000

Maintenance and exercise of the McIntyre Brook options will require the following annual payments:

8. Mineral exploration and evaluation assets - continued

- 2021:
    i) $75,000, with the option to pay up to $30,000 with common shares
    ii) 100,000 common shares
        - The Company has made payments of $67,500 in cash and issued 183,334 common shares of the Company, recorded at the market rate of $16,000.
- 2022:
    i) $115,000, with the option to pay up to $42,500 with common shares
    ii) 50,000 common shares
- 2023:
    i) $155,000, with the option to pay up to $57,500 with common shares
    ii) 50,000 common shares
- 2024:
    i) $120,000, with the option to pay up to $60,000 with common shares

All payments and work commitments required to maintain the option have been made to date. Upon completion of the fourth anniversary payments the Company will have earned 100% ownership in the McIntyre Brook claim group. This claim group is subject to the following NSR on production:

- McIntyre Brook – This claim is subject to a 2% NSR on production; however, the Company may re-purchase the NSR for either $1,000,000 or increments of $500,000 per 0.50% NSR;
- McIntyre-Moose Brook - This claim is subject to a 2% NSR on production; however, the Company may re-purchase 1% (one-half of the 2% NSR) for $1,000,000 or increments of $500,000 per 0.50% NSR;
- Gold Brook - This claim is subject to a 2% NSR on production; however, the Company may re-purchase 1% (one-half of the 2% NSR) for $1,000,000 or increments of $500,000 per 0.50% NSR; and
- Tardiff Brook - This claim is subject to a 2% NSR on production; however, the Company may re-purchase the NSR for either $2,000,000 or increments of $100,000 per 0.50% NSR;

The carrying value of the McIntyre Brook property is $670,311 (2020 - $443,596).

d) Fremont Property, California, USA

On August 16, 2021, the Company acquired 3,351 acres of land in Mariposa County, California, known as the Fremont Property, as part of its acquisition of California Gold Mining Inc. The land package is a fee simple interest, subject to a 3% NSR. This property has been valued on acquisition at $7,867,658. See Note 15 for further detail on the acquisition.

The carrying value of the Fremont Property is $7,902,732 (2020 - $nil).

8. Mineral exploration and evaluation assets - continued

e) Dingman Property, Ontario

On August 16, 2021 the Company also acquired 19 mineral claims comprising 200.6 ha located in both Madoc and Marmora Townships approximately 55 km north of Belleville, Ontario known as the Dingman Property as part of its acquisition of California Gold Mining Inc. (Note 15). The claims are in good standing until 2025. The Dingman property is subject to a 2% NSR royalty, half of which may be purchased by Stratabound at any time for $250,000.

The carrying value of the Dingman Property is $3,202 (2020 - $nil).

9. Income taxes

The difference between the tax expense for the year and the expected income taxes based on the statutory tax rate arises as follows:

		December 31, 2021		December 31, 2020
Loss before income taxes	$	(1,639,253)	$	(1,520,274)
Recovery based on the statutory rate of 26.50% (2020 – 26.5%)		(434,435)		(402,873)
Net non-deductible expenses		160,868		152,236
Change in tax rates		-		43,486
Pool balance adjustments		(248,108)		340,184
Changes in unrecognized deferred tax assets		521,675		(133,033)
Total income tax provision	$	-	$	-

No deferred tax asset has been recognized in respect of the following losses and temporary differences as it is not considered probable that sufficient future taxable profit will allow the deferred tax asset to be recovered.

		December 31, 2021		December 31, 2020
Mining property	$	190,314	$	79,402
Non-capital losses		1,321,217		899,958
Property, plant and equipment		(203)		461
Marketable securities		4,910		5,168
Share issue costs		52,700		62,273
	$	1,568,938	$	1,047,262

9. Income taxes - continued

As at December 31, 2021, the Company has estimated non-capital losses for tax purposes that may be carried forward to reduce taxable income derived in future years, expiring as follows:

Year of expiry		Non-capital losses (Canada - CDN)	Non-capital losses (United States - USD)
2026	$	59,000	-
2027		46,000	-
2028		121,000	-
2029		326,366	-
2030		387,000	-
2031		790,000	-
2032		479,000	-
2033		621,753	1,159,000
2034		970,142	769,000
2035		817,358	535,000
2036		997,058	998,000
2037		1,330,531	1,131,000
2038		2,080,853	2,345,000
2039		2,280,810	1,771,000
2040		3,036,779	260,000
2041		4,558,035	139,000
Total	$	18,901,685	9,107,000

In February 2021, the Company renounced $1,590,000 of Canadian exploration expenses in respect of its 2020 flow-through share issuance. As a result, the Company relieved the flow-through share liability provision of $165,200 that was recorded in the prior year, and absorbed the $165,200 into income. During 2021, the Company raised $652,448 in flow-through shares. Due to the market conditions present during the financing, no flow-through premium was recorded as a liability at December 31, 2021. Subsequent to the year end, the Company has renounced $652,448 of Canadian exploration expenses in respect of its 2021 flow-through share issuance.

10. Loans payable

As part of the acquisition of California Gold Mining Inc. (Note 15), the Company assumed the loans that were payable by California Gold Mining Inc. and its subsidiaries. At December 31, 2021, the loans consisted of:

$3,012,142($2,375,881 USD) – owed to Romspen Investment Corporation. This loan is past maturity and in default, due on demand and is secured and in first position against the Company's Fremont Gold property in Mariposa County, California. The loan bears interest at 12% per annum.

$700,000 – owed to R.W. Tomlinson Ltd., a related party by virtue of the Chief Executive Officer of R.W. Tomlinson Ltd. being a director and shareholder of the Company. This loan is past maturity and due on demand, and bears interest at 14% per annum plus default interest of 5%

10. Loans payable - continued

compounding monthly on any unpaid balances past the maturity date. It is secured against the Company's Fremont Gold property in Mariposa County, California, subordinated with respect to the Romspen Investment Corporation loan.

11. Key management compensation and related-party transactions

Compensation awarded to key management included non-cash stock-based compensation of $582,000 (2020 - $573,349) along with consulting fees of $289,000 (2020 - $336,167) and directors' fees of $nil (2020 - $204,983). Key management includes the Company's officers and directors. Of the consulting fees paid, a total of $nil (2020 - $10,000) were capitalized to mineral exploration and evaluation assets.

During the year, current and former directors and officers exercised nil (2020 – 189,051) warrants and nil options (2020 – 1,000,000) for total proceeds of $nil (2020 - $37,810). A director of the Company received nil (2020 - 159,249) finders warrants in connection with a private placement (Note 12).

During the year, the estate of a former director exercised 300,000 options with an exercise price of $0.10 per share on a net settlement basis, resulting in 178,844 shares issued to the estate.

As part of the acquisition of California Gold Mining Inc. (Note 15), the Company converted 300,000 common shares purchase warrants of purchase California Gold Mining Inc. to warrants to purchase shares of the Stratabound Minerals Corp. These warrants are owned by R.W. Tomlinson Ltd., an entity which is controlled by a director of Stratabound Minerals Corp.

Included in accounts payable and accrued liabilities at December 31, 2021 is $nil (2020 - $52,020) owing to officers and directors of the Company.

$177,177 is included in accounts payable and accrued liabilities that is owed to R.W. Tomlinson Ltd. in respect of expenses paid on behalf of California Gold Mining Inc. R.W. Tomlinson Ltd. is also owed $139,076 in interest payable with respect to the loan payable (Note 10).

12. Share capital

a) Authorized

Unlimited number of common shares, without nominal or par value.

b) Common shares

		Number of shares		Amount
Balance at December 31, 2019		44,032,817	$	17,665,020
Shares issued - private placements	(i)	38,560,343		8,287,502
Shares issued – warrant exercises	(11.c)	3,611,055		479,372
Shares issued – option exercises	(11.d)	1,300,000		130,000
Shares issued - exploration and evaluation assets	(ii)	990,000		167,200
Shares issued – management compensation	(iii)	600,000		42,000
Adjustment for warrant re-pricing		-		(8,410)
Adjustment to relieve contributed surplus		-		159,970
Share issue costs		-		(489,606)
Balance at December 31, 2020		89,094,215	$	26,433,048
Shares issued - private placements	(iv)	16,130,267		1,568,662
Shares issued – warrant exercises	(11.c)	2,402,777		219,500
Shares issued – option exercises	(11.d)	178,844		35,635
Shares issued – exploration and evaluation assets	(v)	2,311,834		235,216
Shares issued – California Gold Mining Inc. acquisition (Note 15)		65,108,269		8,464,076
Share issue costs		-		(57,203)
Balance at December 31, 2021		175,226,206	$	36,898,934

i) During 2020 the Company closed the following non-brokered private placements:

a. During August 2020, the Company closed a private placement consisting of 460,000 flow-through units. Each flow-through unit was comprised of one common share issued on a flow-through basis and one half of one common share purchase warrant for $0.25/unit, with gross proceeds raised of $115,000. Each whole warrant entitles the holder to purchase one common share of the Company at $0.35 for a period of two years from the date of issue. The warrants also contain an acceleration clause, in that if the shares of the Company trade above $0.45 for more than a 10-day period, the Company may elect to accelerate the expiry date. The Company issued 12,000 broker warrants in relation to the flow-through share financing, which entitle the holder to purchase one common share of the Company at $0.35 for a period of two years from the date of issue. These brokers warrants were valued at $1,939 using the Black-Scholes pricing model with the following inputs – risk-free rate of 0.28%, expected volatility of 189.2%,

12. Share capital - continued

dividend yield of 0% and forfeiture rate of 0%. The flow-through share issuance also included a flow-through premium of $18,400, recorded as a liability of the Company.

b. During August 2020, the Company closed a private placement consisting of 5,974,950 units. Each common share unit was comprised of one common share and one half of one common share purchase warrant for $0.20/unit, with gross proceeds raised of $1,194,990. Each whole warrant entitles the holder to purchase one common share of the Company at $0.30 per share for a period of two years from the date of issue. The warrants also contain an acceleration clause, in that if the shares of the Company trade above $0.40 for more than a 10-day period, the Company may elect to accelerate the expiry date. The Company issued 22,500 brokers' warrant in relation to this financing, which entitle the holder to purchase one common share of the Company at $0.30 for a period of two years from the date of issue. These brokers' warrants were valued at $3,710 using the Black-Scholes pricing model with the following inputs – risk free rate of 0.28%, expected volatility of 189.2%, dividend yield of 0% and forfeiture rate of 0%.
c. During September 2020, the Company closed a private placement consisting of 960,000 flow-through units. Each unit was comprised of one common share issued on a flow-through basis, and one half of one common share purchase warrant for $0.25/unit, with gross proceeds raised of $240,000. Each warrant entitles the holder to purchase one common share of the Company at $0.35 for a period of two years from the closing of the financing. The warrants also contain an acceleration clause, in that if the shares of the Company trade above $0.45 for more than a 10-day period, the Company may elect to accelerate the expiry date. The Company issued 28,000 brokers' warrants in relation to the flow-through share financing, which entitle the holder to purchase one common share of the Company at $0.35 for a period of two years from the date of issue. These brokers' warrants were valued at $3,963 using the Black-Scholes pricing model with the following inputs – risk-free rate of 0.26%, expected volatility of 184.8%, dividend yield of 0% and forfeiture rate of 0%. The flow-through share issuance also included a flow-through premium of $48,000, recorded as a liability of the Company.
d. During September 2020, the Company closed a private placement consisting of 19,590,000 units. Each common share unit was comprised of one common share and one half of one common share purchase warrant for $0.20/unit, with gross proceeds raised of $3,918,000. Each whole warrant entitles the holder to purchase one common share of the Company at $0.30 per share for a period of two years from the date of issue. The warrants also contain an acceleration clause, in that if the shares of the Company trade above $0.40 for more than a 10-day period, the Company may elect to accelerate the expiry date. The Company issued 88,750 brokers' warrant in relation to this financing, which entitle the holder to purchase one common share of the Company at $0.30 for a period of two years from the date of issue. These brokers' warrants were valued at $12,852 using the Black-Scholes pricing model with the following inputs – risk free rate of 0.26%, expected volatility of 184.8%, dividend yield of 0% and forfeiture rate of 0%.

12. Share capital – continued

e. During October 2020, the Company closed a private placement consisting of 4,940,000 flow-through units. Each unit was comprised of one common share issued on a flow-through basis, and one half of one common share purchase warrant for $0.25/unit, with gross proceeds raised of $1,235,000. Each warrant entitles the holder to purchase one common share of the Company at $0.35 for a period of two years from the closing of the financing. The warrants also contain an acceleration clause, in that if the shares of the Company trade above $0.45 for more than a 10-day period, the Company may elect to accelerate the expiry date. The Company issued 247,000 brokers' warrants in relation to the flow-through share financing, which entitle the holder to purchase one common share of the Company at $0.35 for a period of 18 months from the date of issue. These brokers' warrants were valued at $39,338 using the Black-Scholes pricing model with the following inputs – risk-free rate of 0.27%, expected volatility of 182.2%, dividend yield of 0% and forfeiture rate of 0%. The flow-through share issuance also included a flow-through premium of $98,800, recorded as a liability of the Company.
f. During December 2020, the Company closed a private placement consisting of 6,635,393 units, with each unit comprised of one common share and one third of one common share purchase warrant for $0.31/unit, with gross proceeds raised of $2,056,972. Each whole warrant entitles the holder to purchase one common share of the Company at $0.45/share for a period of two years from the closing of the financing. The warrants also contain an acceleration clause, in that if the shares of the Company trade above $0.55 for more than a 10-day period the Company may elect to accelerate the expiry date. The Company issued 796,246 brokers' warrants, exercisable at $0.31 for a period of two years from the date of issue. These warrants were value at $192,121 using the Black-Scholes pricing model with the following inputs – risk-free rate of 0.21%, expected volatility of 184.2%, dividend yield of 0% and forfeiture rate of 0%. A director of the Company received 159,249 of the broker warrants.

ii) During 2020, the Company issued shares in exchange for mineral and exploration rights as follows:

a. In February 2020, the Company issued 500,000 common shares, valued at their market price of $40,000, in connection with the acquisition of the McIntyre-Moose Brook property, which is a property adjacent to the McIntyre Brook property.
b. In February 2020, the Company issued 90,000 common shares, valued at their market price of $7,200, in connection with the acquisition of the Gold Brook property, which is a property adjacent to the McIntyre Brook property.
c. In December 2020, the Company issued 200,000 common shares, valued at their market price of $60,000, in connection with the acquisition of the Tardiff Brook property, which is a property adjacent to the McIntyre Brook property, and 200,000 common shares, valued at their market price of $60,000, in connection with the expansion of the original McIntyre Brook property.

12. Share capital – continued

iii) During June 2020, the Company issued 600,000 common shares to officers of the Company in recognition of their work performed to date. The shares were valued at their market value of $42,000.

iv) During 2021 the Company closed the following non-brokered private placements:

a. During October 2021, the Company closed a private placement consisting of 1,426,498 units. Each common share unit was comprised of one common share and one half of one common share purchase warrant for $0.12/unit, with gross proceeds raised of $171,180. Each whole warrant entitles the holder to purchase one common share of the Company at $0.25 per share for a period of two years from the date of issue. The warrants also contain an acceleration clause, in that if the shares of the Company trade above $0.40 for more than a 10-day period, the Company may elect to accelerate the expiry date. The warrants were valued using the residual difference between the share issuance price and the market price, with a total warrant value of $42,795 for this issuance.

b. During October 2021, the Company closed a private placement consisting of 3,010,000 flow-through units. Each unit was comprised of one common share issued on a flow-through basis, and one half of one common share purchase warrant for $0.12/unit, with gross proceeds raised of $361,200. Each warrant entitles the holder to purchase one common share of the Company at $0.25 for a period of one year from the closing of the financing. The warrants also contain an acceleration clause, in that if the shares of the Company trade above $0.35 for more than a 10-day period, the Company may elect to accelerate the expiry date. The warrants were valued using the residual difference between the share issuance price and the market price, with a total warrant value of $90,300 for this issuance.

c. During November 2021, the Company the Company closed a private placement consisting of 9,266,701 units. Each common share unit was comprised of one common share and one half of one common share purchase warrant for $0.12/unit, with gross proceeds raised of $1,112,004. Each whole warrant entitles the holder to purchase one common share of the Company at $0.25 per share for a period of two years from the date of issue. The warrants also contain an acceleration clause, in that if the shares of the Company trade above $0.40 for more than a 10-day period, the Company may elect to accelerate the expiry date. The warrants were valued using the residual difference between the share issuance price and the market price, with a total warrant value of $185,334 for this issuance.

12. Share capital – continued

d. During November 2021, the Company closed a private placement consisting of 2,427,068 flow-through units. Each unit was comprised of one common share issued on a flow-through basis, and one half of one common share purchase warrant for $0.12/unit, with gross proceeds raised of $291,248. Each warrant entitles the holder to purchase one common share of the Company at $0.25 for a period of one year from the closing of the financing. The warrants also contain an acceleration clause, in that if the shares of the Company trade above $0.35 for more than a 10-day period, the Company may elect to accelerate the expiry date. The warrants were valued using the residual difference between the share issuance price and the market price, with a total warrant value of $48,541 for this issuance.

v) During 2021, the Company issued shares in exchange for mineral and exploration rights as follows:

a. In January 2021, the Company issued 117,300 common shares, valued at their market price of $28,152, in connection with the acquisition of the Win property, which is adjacent to the Company's Golden Culvert property.
b. In October 2021, the Company issued 83,334 common shares, valued at their market price of $7,500, in connection with the Tardiff Brook property option.
c. In November 2021, the Company issued 100,000 common shares, valued at their market price of $8,500, in connection with the McIntyre Brook property option.
d. In December 2021, the Company issued 2,011,200 common shares, valued at their market price of $191,064, in connection with the Golden Culvert property option.

c) Warrants

The following table summarizes the warrant transactions:

	Number of warrants		Weighted average price
Balance at December 31, 2019	6,110,540	$	0.165
Expired during the year (pre-consolidation)	(96,703)		0.200
Issued during the year – private placements	18,174,273		0.332
Issued during the year – finders' warrants	1,194,496		0.296
Exercised during the year	(3,611,055)		0.170
Balance at December 31, 2020	21,771,551	$	0.311
Granted – California Gold Mining Inc. acquisition (Note 15)	600,000		0.150
Issued during the year – private placements	8,065,135		0.250
Exercised during the year	(2,402,777)		0.091
Balance at December 31, 2021	28,033,909	$	0.300

12. Share capital - continued

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

Warrants outstanding		Exercise price	Expiry date
247,000	$	0.240	April 8, 2022
3,009,975		0.300	August 21, 2022
242,000		0.350	August 21, 2022
590,500		0.350	September 23, 2022
9,801,250		0.300	September 23, 2022
2,470,000		0.350	October 8, 2022
1,505,001		0.250	October 26, 2022
600,000		0.150	November 6, 2022
1,213,534		0.250	November 10, 2022
2,211,803		0.450	December 29, 2022
796,246		0.310	December 29, 2022
713,249		0.250	October 26, 2023
4,633,351		0.250	November 10, 2023
28,033,909	$	0.300	

During March 2020, the Company re-priced and extended warrants with the following previous terms:

- 319,166 warrants exercisable at $0.48 with an expiry date of March 26, 2020;
- 149,496 warrants exercisable at $0.48 with an expiry date of April 12, 2020;
- 545,574 warrants exercisable at $0.48 with an expiry date of May 7, 2020; and
- 22,916 warrants exercisable at $0.48 with an expiry date of June 28, 2020.

The warrants were extended for an additional year from their initial expiry, and were re-priced to be exercisable at $0.20. The warrants were also amended to include an acceleration clause, in that if shares of the Company traded at or more than $0.24 for a 10-day period, the expiry shall terminate upon 30 days' notice. These warrants were all exercised during the 2020 fiscal year. Upon the extension and amendment of the warrants, the Company recognized an adjustment to share capital and contributed surplus of $8,410, based on the Black-Scholes model for option pricing for the new warrant terms. The inputs used were expected volatility of 147.6%, risk-free interest rate of 0.59%, dividend yield of 0% and forfeiture rate of 0%.

d) Stock options

The Company has a stock-based compensation plan for its key officers, directors, employees and consultants. Up to 10% of the issued and outstanding shares may be reserved for issuance under the plan. The fair value of each option, for the most recent option grant, was estimated using the Black-Scholes option pricing model for the issuance of options was $0.115 using the following assumptions: weighted average life of 5 years (2020 – 5 years); risk-free rate of 0.82% (2020 – 0.35-1.57%); expected volatility of 185% (2020 – 228.8% to 237.3%); and, a dividend yield of 0% (2020 – 0%). All options granted in 2021 vest 50% in year 1 and 50% in year 2 (2020 – 50% vested in year 1 and 50% in year 2); however, as the forfeiture of options in a one-year period was deemed unlikely, a forfeiture rate of 0% (2020 – 0%) was used. The Company granted 5,425,000 (2020 – 5,500,000) options during 2021, including 5,150,000 (2020 – 5,100,000) to

12. Share capital - continued

officers and directors. $352,457 (2020 - $578,582) of value has been recognized in relation to these options in 2021. The number of options that vested in 2021 were 4,596,094 with 4,101,000 of those options vested to officers and directors of the Company. $582,000 is included in the share-based compensation of the Company for 2021 in relation to options issued and vested with directors and officers of the Company.

The following table summarizes the stock option transactions:

	Number		Weighted average exercise price
Outstanding at December 31 2019	3,422,221	$	0.166
Granted	5,500,000		0.179
Exercised	(1,300,000)		0.100
Expired	(588,888)		0.300
Outstanding at December 31, 2020	7,033,333	$	0.197
Granted	5,425,000		0.130
Exercised (i)	(300,000)		0.100
Expired	(33,333)		0.330
Outstanding at December 31, 2021	12,125,000	$	0.169

(i) During the period, the estate of a former director of the Company exercised 300,000 options at $0.10 per on a net settlement basis, resulting in a share issuance of 178,844 common shares of the Company.

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

Options outstanding		Exercise price	Expiry date
500,000		0.300	October 13, 2022
1,000,000		0.100	July 16, 2024
500,000		0.100	January 16, 2025
800,000		0.100	May 19, 2025
3,500,000		0.250	September 28, 2025
100,000		0.250	October 22, 2025
300,000		0.220	November 3, 2025
5,425,000		0.130	August 18, 2026
12,125,000	$	0.169	

13. Financial instruments and risk management

The Company is exposed through its operations to the following financial risks:

- Market risk
- Credit risk
- Liquidity risk

In common with all other businesses, the Company is exposed to risks that arise from its use of financial instruments. This note describes the Company's objectives, policies and processes for managing those risks and the methods used to measure them. Further quantitative information in respect of these risks is presented throughout these consolidated financial statements.

There have been no substantive changes in the Company's exposure to financial instrument risks, its objectives, policies and processes for managing those risks or the methods used to measure them from previous years unless otherwise stated in the note.

General objectives, policies and processes

The Board of Directors has overall responsibility for the determination of the Company's risk management objectives and policies and, while retaining ultimate responsibility for them, it has delegated the authority for designing and operating processes that ensure the effective implementation of the objectives and policies to the Company's finance function. The Board of Directors receive monthly reports from the Company's financial controller through which it reviews the effectiveness of the processes put in place and the appropriateness of the objectives and policies it sets.

The overall objective of the Board of Directors is to set policies that seek to reduce risk as far as possible without unduly affecting the Company's competitiveness and flexibility. Further details regarding these policies are set out below:

a) Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market prices are comprised of four types of risk:

i) Foreign currency risk;
ii) Interest rate risk;
iii) Commodity price risk; and,
iv) Equity price risk.

The Company is exposed to foreign currency risk in that some of its accounts payables and loans are denominated in a foreign currency. Management believes that the Company is not exposed to significant foreign currency risk. In addition, the Company is exposed to equity price risk as a result of its marketable securities (Note 6). The Company is not exposed to interest rate risk as the interest rate on its debt is fixed. Management monitors the equity price of the investment to manage its exposure to the equity price risk.

13. Financial instruments and risk management - continued

b) Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations. Financial instruments which are potentially subject to credit risk include cash and term deposits. Cash is maintained with financial institutions and may be redeemed upon demand. The financial institutions are considered reputable and creditworthy institutions.

The carrying amount of cash and term deposits represents the maximum credit exposure. The Company has gross credit exposure at December 31, 2021 and December 31, 2020 of $3,943,859 and $5,774,433, respectively. Management considers that all financial assets held are of good credit quality, and therefore credit risk is not considered significant.

c) Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they become due. The Company's policy is to ensure that it will have sufficient cash to allow it to meet its liabilities when they become due.

Typically, the Company ensures that it has sufficient cash to meet expected operational expenses. To achieve this objective, the Company prepares annual capital expenditure budgets, which are regularly monitored and updated as considered necessary.

Further, the Company utilizes authorizations for expenditures on exploration projects to further manage expenditure.

The Company monitors its risk of shortage of funds by monitoring the maturity dates of existing accounts payable and accrued liabilities and loans payable in conjunction with its daily cash position.

13. Financial instruments and risk management – continued

The following are the contractual maturities of financial liabilities at December 31, 2021:

	Recognized in financial statements	Contractual cash flows	Less than 1 year	1-3 years	4-5 years	More than 5 years
Accounts payable and accrued liabilities	Yes – liability	$2,222,861	$2,222,861			-
Loans payable	Yes – liability	$3,712,142 (1)	$3,712,142			-
Exploration commitments for flow through shares	No	$569,922 (2)	$569,922			-
Decommissioning liability	Yes - liability	$15,000	-	-	$15,000	-
Total		$6,519,925	$6,504,925	-	$15,000	-

(1) Subsequent to the year end, the maturity of $3,012,142 owing to Romspen Investment Corporation was extended to June 30, 2023. (Note 17).
(2) With respect to the Company's 2021 flow-through share issuance, the Company must spend $652,448 on Canadian exploration expenses by December 31, 2022. Up to December 31, 2021, the Company has spent $82,526, and as a result, there is an additional $569,922 of spending required in the year ending December 31, 2022.

Determination of fair values

Fair values have been determined for measurement and/or disclosure purposes based on the following methods. When applicable, further information about the assumptions made in determining fair value is disclosed in the notes specific to that asset or liability.

The carrying amounts for cash, term deposits, loans payable and accounts payable and accrued liabilities approximate fair value due to their short-term nature. Marketable securities are measured at fair value as the balance is derived from quoted prices in an active market.

Fair value hierarchy

Financial instruments that are measured subsequent to initial recognition at fair value are grouped in Levels 1 to 3 based on the degree to which the fair value is observable, as follows:

- Level 1 fair value measurements are those derived from 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.

13. Financial instruments and risk management – continued

The fair value of the Company's marketable security is based on quoted prices and is therefore considered to be Level 1. There was no movement between levels during the current or previous fiscal years.

14. Capital management

The Company considers its capital to be comprised of share capital, contributed surplus, and accumulated other comprehensive income and deficit. The Company's objectives when managing capital are to maintain a sufficient capital base in order to meet its short-term obligations and at the same time preserve investors' confidence required to sustain future development of the business.

The Company is not exposed to any externally imposed capital requirements.

15. Acquisition of California Gold Mining Inc.

On August 16, 2021, the Company issued 65,108,269 common shares, and 600,000 common share purchase warrants, in connection with the acquisition of 100% of the outstanding common shares of California Gold Mining Inc. The share issuance was valued at the market value of the Company's shares on August 16, 2021, which was $0.13 per share. The total share issuance was valued at $8,464,076. The common share warrants were valued using the Black-Scholes method for option pricing, and were valued at $61,200. The warrants were valued using the Black-Scholes option pricing model using the following assumptions: weighted average life of 1.25 years, exercise price of $0.15 and expected volatility of 230%. Transaction costs of $351,089 were incurred at the closing of the transaction.

The total cost of the acquisition of California Gold Mining Inc. recorded by the Company was $8,921,128.

Purchase price allocation

The Company accounted for the acquisition of California Gold Mining Inc. as an asset acquisition, and which also included assumption of the debts of California Gold Mining Inc. The purchase price allocation for this transaction is as follows:

Cash	$	20,668
Prepaid expenses		35,063
Property and equipment (i)		161,088
Land		7,149,546
Exploration and evaluation assets		7,867,658
Accounts payable and accrued liabilities		(2,628,770)
Loans payable (ii)		(3,684,125)
Net transaction value	$	8,921,128

(i) The property and equipment acquired relate to a structure and corresponding land in California, and is connected to the exploration and evaluation assets acquired by the Company.

15. Acquisition of California Gold Mining Inc. - continued

(ii) The loans payable are classified as current liabilities, and have the following terms:

a. $2,984,125 – due to Romspen Investment Corporation, bearing interest at 12% per annum. This loan is secured against the California property. This note is denominated in USD.
b. $700,000 – due to R.W. Tomlinson Ltd., bearing interest at 14% per annum.

16. Commitments and contingencies

The Company is exposed to several lawsuits, related to matters that existed when it acquired California Gold Mining Inc. These matters include:

- Claims from former consultants of California Gold Mining Inc. alleging wrongful dismissals. The Company believes that its maximum exposure on these claims is $80,000.
- Claims from suppliers of California Gold Mining Inc.'s former hemp business, totalling $1,214,000 USD.
- Claim from the former CEO of California Gold Mining Ltd. alleging wrongful dismissal and unpaid amounts, totalling $617,184.

The Company's estimated liability from the above totalling $1,306,000 has been accrued at December 31, 2021 and included in the accounts payable and accrued liabilities on the balance sheet.

17. Subsequent events

Subsequent to the year end, the Company settled lawsuits with former consultants of California Gold Mining Inc. for $80,000 (Note 16).

Subsequent to the year end, Stratabound has signed seven definitive arms-length option agreements to expand its McIntyre Brook Property, (the "Options") which set out the terms under which Stratabound has the option to earn 100% interest in 19 claims comprising 59.56 km^2 (5,956 hectares) located adjacent to and east of the Company's existing optioned McIntyre Brook claims through cash payments and share issuances. Stratabound will provide an initial cash payment of $50,000 upon signing and will issue 2,161,000 common shares to the owners subject to TSXV approval and will be subject to a 4-month hold period. Subsequent payments on the first, second, third and fourth anniversaries of $164,000, $209,000, $246,500 and $285,500 respectively, are required to maintain the Options, $865,000 of which may be paid at Stratabound's election up to 50% in shares. Upon completion of the fourth anniversary payments Stratabound will have earned 100% ownership in the claims. Stratabound has the option to accelerate the payments to exercise the Options sooner if it so desires. Stratabound has also agreed to pay the owners a 2% NSR royalty on production from the claims of which may be bought back in increments of $1M for each 1% of the NSR. All the Options have a provision for performance payments upon completing the following milestones:

17. Subsequent events – continued

- a one-time cash payment of $25,000 upon a Positive Preliminary Economic Assessment
- a one-time cash payment of $50,000 upon a Positive Feasibility Study
- a one-time cash payment of $100,000 upon Commercial Production

In April 2022, the Company agreed to a loan extension with Romspen Investment Corporation ("Romspen" - Note 10), to extend the maturity date of the loan payable to June 30, 2023 with the same terms, subject to a loan extension fee of $11,879 of the loan balance and the extension and repricing of the 300,000 warrants held by Romspen. The warrant expiry date will be extended to June 30, 2023, and the warrants will be re-priced to the market price of the Company's common shares when issued.

In April 2022, 247,000 warrants with a strike price of $0.24 and expiry date of April 8, 2022 expired unexercised.