VVC EXPLORATION CORPORATION

Consolidated Financial Statements
Three Months Ended April 30, 2022

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NOTICE TO SHAREHOLDERS

VVC EXPLORATION CORPORATION
Condensed Consolidated Financial Statements
For The Three and Six Months Ended July 31, 2022

Responsibility for Consolidated Financial Statements

The accompanying unaudited condensed consolidated financial statements for VVC Exploration Corporation have been prepared by management and were approved by the Audit Committee and the Board of Directors. These unaudited condensed consolidated financial statements have been prepared in accordance with international financial reporting standards and were consistently applied. These statements are presented on the accrual basis of accounting. Accordingly, a precise determination of many assets and liabilities is dependent upon future events. Therefore, estimates and approximations have been made using careful judgment. Recognizing that the Company is responsible for both the integrity and objectivity of the unaudited condensed consolidated financial statements, management is satisfied that these unaudited condensed consolidated financial statements have been fairly presented.

Auditor involvement

The auditors of VVC Exploration Corporation have not performed a review of the unaudited condensed consolidated financial statements for the three and six months ended July 31, 2022 and July 31, 2021.

VVC Exploration Corporation
Condensed Consolidated Statements of Financial Position

		July 31, 2022		Audited January 31, 2022
Assets				
Current assets				
Cash	**$**	**28,323**	$	3,629,705
Deposits and other receivables (Note 4)		**65,728**		33,384
		94,051		3,663,089
Investment (Note 5)		**23,480**		23,480
Equipment (Note 6)		**1,558,982**		264,823
	$	**1,676,513**	$	3,951,392
Liabilities				
Current liabilities				
Accounts payable and accrued liabilities (Notes 9)	**$**	**1,202,579**	$	1,767,500
Loan payable (Note 22)		**1,601,279**		-
Deferred royalty receipts (Note 10)		**4,163,200**		4,130,675
Notes payable - Current (Note 13)		**-**		166,104
Conversion feature of convertible debt (Note 10)		**-**		67,356
Exploration obligation (Note 11)		**574,394**		1,465,445
		7,541,452		7,597,080
Payable on asset purchase (Note 7)		**261,144**		239,391
Asset retirement obligation (Note 21)		**81,979**		79,395
		7,884,575		7,915,866
Shareholders' equity				
Share capital (Note 14 (b))		**45,359,015**		44,895,806
Contributed surplus (Notes 14 (c) and 14 (d))		**14,037,424**		13,715,081
Accumulated other comprehensive loss		**85,625**		(225,054)
Deficit		**(65,690,126)**		(62,350,307)
		(6,208,062)		(3,964,474)
	$	**1,676,513**	$	3,951,392

Going Concern (Note 1)
Impact of COVID-19 (Note 17)
Related party (Note 12)

Approved by the Board

Director

Director

VVC Exploration Corporation

Condensed Consolidated Statements of Loss and Comprehensive Loss

	Three Months Ended July 31, **2022**	Three Months Ended July 31, 2021	Six Months Ended July 31, **2022**	Six Months Ended July 31, 2021
Helium and natural gas sales, net (Note 19)	**$ 13,552**	$ -	**$ 23,742**	$ -
Expenses				
Mineral and natural gas properties expense	**614,602**	238,285	**$ 2,037,288**	$ 386,681
Stock-based compensation (Notes 14, and 14(c))	**166,247**	49,070	**433,010**	134,401
Management and consulting fees	**149,524**	142,299	**403,982**	290,282
Professional fees	**178,846**	46,504	**256,055**	141,163
Investor relations	**35,393**	31,726	**113,780**	74,435
Interest expense (Note 13)	**27,267**	21,984	**45,757**	42,558
Office and sundry	**41,607**	11,336	**75,710**	43,952
Listing and transfer fees	**3,587**	20,653	**4,445**	21,805
Rent	**6,450**	3,166	**12,889**	7,692
Travel and promotion	**15,045**	31,833	**35,240**	59,660
Telephone	**1,702**	1,594	**5,171**	3,213
Depreciation	**2,759**	-	**5,517**	-
Bank charges	**892**	2,249	**2,072**	4,190
	1,243,921	600,699	**3,430,916**	1,210,032
Loss before the undernoted:	**(1,230,369)**	(600,699)	**(3,407,174)**	(1,210,032)
Other income:				
Fair value adjustment on derivative liabilities (Note 13)	-	(11,082)	**67,355**	49,508
Net loss for the period	**(1,230,369)**	(611,781)	**(3,339,819)**	(1,160,524)
Basic and diluted loss per share (Note 15)	**$ 0.00**	$ 0.00	**$ (0.01)**	$ 0.00

Consolidated Statements of Comprehensive Loss

	Three Months Ended July 31, **2022**	Three Months Ended July 31, 2021	Six Months Ended July 31, **2022**	Six Months Ended July 31, 2021
Net loss	**$ (1,230,369)**	$ (611,781)	**$ (3,339,819)**	$ (1,160,524)
Exchange adjustment	**(18,349)**	(21,501)	**310,679**	(287,154)
Net loss and comprehensive loss for the period	**$ (1,248,718)**	$ (633,282)	**$ (3,029,140)**	$ (1,447,678)

VVC Exploration Corporation

Condensed Consolidated Statements of Changes in Shareholders' Equity

As at July 31,	**2022**	2021
Share Capital (Note 14)		
Balance, opening	**$ 44,895,806**	$ 41,068,443
Fair value of shares issued on settlement of accounts payable	**30,000**	-
Fair value of shares issued on settlement of convertible debenture	**131,116**	-
Funds from the exercise of warrants	**166,426**	81,200
Fair value of warrant exercised	**97,585**	31,921
Funds from the exercise of stock options	**25,000**	-
Fair value of stock options exercised	**13,082**	-
Balance	**45,359,015**	41,181,564
Contributed Surplus		
Balance, opening	**13,715,081**	13,232,694
Stock-based compensation	**433,010**	134,401
Fair value of stock options exercised	**(13,082)**	-
Fair value of warrants exercised	**(97,585)**	(31,921)
Balance	**14,037,424**	13,335,174
Accumulated Other Comprehensive Loss		
Beginning balance	**(225,054)**	(169,919)
Change in foreign exchange	**310,679**	(287,154)
Balance	**85,625**	(457,073)
Deficit		
Balance, opening	**(62,350,307)**	(53,945,100)
Net loss	**(3,339,819)**	(1,160,524)
Balance	**(65,690,126)**	(55,105,624)
Total shareholders' equity	**$ (6,208,062)**	$ (1,045,959)

VVC Exploration Corporation

Condensed Consolidated Statements of Cash Flows

For the Six Months Ended July 31,	**2022**	2021
Cash flow from operating activities		
Loss for the period	**$ (3,339,819)**	$ (1,160,524)
Items not affecting cash:		
Depreciation	**5,517**	-
Stock-based compensation	**433,010**	134,401
Interest and accretion expense	**30,277**	42,558
Fair value adjustment on derivative liabilities	**(67,355)**	(49,508)
Non-cash mineral property expense	**530**	-
Non-cash expenses settled with common shares	**30,000**	-
	(2,907,840)	(1,033,073)
Change in non-cash working capital:		
Deposits and other receivable	**(32,344)**	52,515
Exploration obligation	**(891,051)**	(639,435)
Accounts payable and accrued liabilities	**(564,921)**	96,010
	(4,396,156)	(1,523,983)
Cash flow from investing activities		
Investment	**-**	(23,560)
Purchase of equipment	**(1,299,676)**	-
	(1,299,676)	(23,560)
Cash flow from financing activities		
Common shares issued for cash, net of issue costs	**191,426**	81,200
Loan payable	**1,601,279**	-
Subscription deposits	**-**	675,950
Repayment of notes payable	**(42,167)**	-
	1,750,538	757,150
Effects of changes in foreign exchange	**343,912**	(292,251)
Change in cash	**(3,601,382)**	(1,082,644)
Cash, beginning of period	**3,629,705**	3,015,483
Cash, end of period	**$ 28,323**	$ 1,932,839

1. NATURE OF OPERATIONS AND GOING CONCERN

VVC Exploration Corporation (the "Company") was incorporated on April 11, 1983 under the Company Act (British Columbia) and in August 2003, was continued federally under the Canada Business Corporations Act. The Company's principal business activities include the exploration and development of helium, natural gas and precious metals mineral properties in Canada, the United States and Mexico.

For the Company's exploration stage properties, the Company is in the process of exploration and has not yet determined whether they contain economically recoverable reserves. The recoverability of amounts shown for exploration stage properties is dependent upon the discovery of economically recoverable reserves in its properties, the ability of the Company to obtain the necessary financing to complete development, maintenance of the Company's interest in the underlying claims and leases and upon future profitable production from or the proceeds from the disposition of its properties.

In order to meet future expenditures and cover administrative costs, the Company will need to raise additional financing. Although the Company has been successful in raising funds to date, there can be no assurance that adequate funding will be available in the future, or available under terms favourable to the Company. As at July 31, 2022, the Company has an accumulated deficit of $(65,690,126) and working capital of $(7,447,401). The working capital is not considered sufficient to settle the Company's current liabilities and pay for its operating activities over the next 12 months.

These circumstances create material uncertainty that may cast significant doubt to the ability of the Company to meet its obligations as they come due and, accordingly, the appropriateness of the use of accounting principles applicable to a going concern.

These unaudited condensed consolidated financial statements were approved by the Board of Directors on September 28, 2022.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

These unaudited consolidated financial statements of the Company and its subsidiaries were prepared in accordance with International Financial Reporting Standards ("IFRS"), as issued by the International Accounting Standards Board ("IASB").

These unaudited consolidated financial statements do not include all of the information required for full annual financial statements and should be read in conjunction with the consolidated audited financial statements for the year ended January 31, 2022.

The preparation of the consolidated financial statements in accordance with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise judgment in applying the Company's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed below:

Basis of presentation and consolidation
These consolidated financial statements include the accounts of the Company and its wholly-owned subsidiaries, VVC Exploracion de Mexico, S. de R.L. de C.V., Samalayuca Cobre S.A de C.V. ("Samalayuca"), both incorporated under the laws of Mexico, Camex Mining Development Group Inc. ("Camex"), a company incorporated under the laws of Canada, Plateau Helium Corporation and Plateau Operating Corporation (collectively "PHC"), both incorporated under the laws of Wyoming, Plateau Helium Syracuse I LP and Plateau Helium Syracuse 2 LP, both incorporated under the laws of Wyoming. All intercompany transactions and balances have been eliminated upon consolidation.

Mineral and natural gas properties
Mineral and natural gas property acquisition costs and related direct exploration and development expenditures, net of recoveries, are charged to the consolidated statements loss and comprehensive loss. Mineral and natural gas properties expense include any cash consideration paid, and the fair market value of shares issued, if any, on the acquisition of property interests.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Equipment

Equipment is carried at cost, less accumulated depreciation and accumulated impairment losses. The cost of an item of equipment consists of the purchase price, any costs directly attributable to bringing the asset to the location and condition necessary for its intended use and an initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located. An item of equipment is derecognized upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on disposal of the asset, determined as the difference between the net disposal proceeds and the carrying amount of the asset, is recognized in the consolidated statements of loss and comprehensive loss. Equipment under construction is carried at cost and is not depreciated until the equipment is fully constructed and is ready for use. Where an item of equipment comprises major components with different useful lives, the components are accounted for as separate items of equipment. Expenditures incurred to replace a component of an item of equipment that is accounted for separately, including major inspection and overhaul expenditures are capitalized.

The Company provides for depreciation of its equipment at the following methods and annual rates:

Machinery	Straight Line, 10 years
Equipment under construction	Nil

Foreign exchange

These unaudited condensed consolidated financial statements are presented in Canadian dollars, which is the Company's presentation currency.

Items included in the financial statements of each of the Company's subsidiaries are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). The functional currency of the Company's Mexican subsidiaries, including the recently acquired Samalayuca is the Mexican Peso ("MXN"). The functional currency of PHC is the U.S dollar ("US").

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transaction. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities not denominated in the functional currency of an entity are recognized in the statement of operations and deficit. Assets and liabilities of entities with functional currencies other than Canadian dollars are translated into the presentation currency at the year end rates of exchange, and the results of their operations are translated at average rates of exchange for the respective period. The resulting translation adjustments are included in accumulated other comprehensive loss in shareholders' equity. Additionally, foreign exchange gains and losses related to certain intercompany loans that are not expected to be repaid in the foreseeable future are included in accumulated other comprehensive loss. Elements of equity are translated at historical rates.

Measurement uncertainty and significant judgements

The preparation of the consolidated financial statements, requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting year. Actual results could differ from those reported.

Significant estimates used in the preparation of these consolidated financial statements include, but are not limited to, stock-based compensation, valuation of conversion feature on convertible debt, estimation of the exploration obligation, valuation of payable on asset purchase, and composition of deferred income tax assets and liabilities.

The Black-Scholes option valuation model used by the Company to determine fair values was developed for use in estimating the fair value of freely traded options. This model requires the input of highly subjective assumptions including future stock price volatility and expected time until exercise. Changes in the subjective input assumptions can materially affect the fair value estimates, and therefore the existing model does not necessarily provide a reliable single measure of the fair value of the Company's stock options and warrants granted during the year.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Going concern
The preparation of the consolidated financial statements requires management to make judgments regarding the going concern of the Company as previously discussed in Note 1 of the consolidated financial statements.

Asset Retirement Obligation
Accounting for restoration provisions requires management to make estimates of the future costs the Company will incur to complete the restoration and remediation work required to comply with existing laws, regulations and agreements in place related to the restoration sites and any environmental and social principles the Company is in compliance with. The calculation of the present value of these costs also includes assumptions regarding the timing of restoration and remediation work, applicable risk free interest rate for discounting those future cash outflows, inflation and foreign exchange rates. Actual costs incurred may differ from those amounts estimated.

Investment
The value of the Company's investment in other entities requires management to make judgements about what a willing buyer would be willing to pay for the Company's interest in the these entities. The shares of these entities are not publicly listed therefore management must make certain judgements regarding the value of its investment using data and information that it has access to. The carried value of investments may vary significantly from the the actual value of the investment at the time the Company decides to monetize its investment.

Deferred taxes
Deferred tax assets have not been recognized in respect of taxable temporary differences because it is not that future taxable profits will be available against which the group can utilize the benefits therefrom.

3. RECENT ACCOUNTING PRONOUNCEMENTS

There were no recent accounting pronouncements that are considered to have an impact on the Company's operations or financial statements.

4. DEPOSITS AND OTHER RECEIVABLES

	July 31, 2022	January 31, 2022
Helium and gas receivable	**$ 2,925**	$ 5,200
Sales tax recoverable	**45,101**	27,489
Prepaid expenses	**17,702**	695
Balance	**$ 65,728**	$ 33,384

5. INVESTMENT

The Company acquired a 19% interest in Proton Green LLC ("Proton Green LLC"), a limited liability Company in the State of Wyoming for $23,480. The Company does not have control over Proton Green. Proton Green's primary purpose is the collection and storage of carbon emissions in an effort to aid in the reduction of US carbon emissions. The investment is measured at fair-value and will be remeasured at each reporting date with gains or losses reflected in the other comprehensive income (loss). Proton Green's value is not readily determinable because its value is not observable on a public market. It is determined that the value of Proton Green has not increased materially since it was acquired, therefore the investment in Proton Green remained at $23,480.

6. EQUIPMENT

Cost

	Equipment under Construction	Machinery	Total
Balance, January 31, 2022	$ -	$ 265,738	$ 265,738
Additions	1,299,676	-	1,299,676
Balance, July 31, 2022	1,299,676	$ 265,738	1,565,414
Accumulated Depreciation			
Balance, January 31, 2022	-	915	915
Depreciation	-	5,517	5,517
Balance, July 31, 2022	-	6,432	6,432
Carrying Amounts			
At January 31, 2022	$ -	$ 264,823	$ 264,823
At July 31, 2022	$1,299,676	$ 259,306	$1,558,982

During the period, the Company constructed a 14 mile-long helium and natural gas pipeline. The pipeline is carried as equipment under construction and will not be depreciated until it is placed in use.

7. ASSET ACQUISITION AND PAYABLE ON ASSET PURCHASE

Samalayuca

Prior to November 2, 2020, the Company owned 45,000 common shares of Samalayuca which represented a 33.75% interest in Samalayuca, a mineral exploration company based in Mexico. On November 2, 2020, the Company acquired the remaining 66.25% (88,333 common shares) of Samalayuca for consideration of $4,074,108, payable in cash of $990,000 and the issuance of 27,200,000 shares at $0.06 per share and 32,500,000 warrants of the Company. Each warrant entitles the holder to purchase one additional common share of the Company at an exercise price of CA$0.06 per share until November 2, 2025.

Payment of the cash component of the purchase will take place over time, however, the Company has control over 100% of the asset. Cash will be paid to the vendors as follows:

i) US $100,000 (CA $132,000) on the closing of transaction (paid)
ii) US $250,000 (CA $331,000) within 120 days of receiving explosives permit in Mexico (paid)
iii) US $400,000 (CA $528,000) within 19 months following the receipt of proceeds from the first sales of copper from the Samalayuca copper mine.

The balance of $528,000 is anticipated to be settled over five years as revenue is generated from the sale of copper and/or other minerals mined. In determining the fair value of the consideration paid, $528,000 has been discounted using the company's borrowing rate of 19% over 5 years to arrive at a present value of $192,608. The debt will be accreted on an annual basis over 5 years or until the debt is settled (whichever comes first). The accreted debt at July 31, 2022 was $261,144 (January 31, 2022 - $239,391).

8. MINERAL AND NATURAL GAS PROPERTIES EXPENDITURES AND RECOVERIES

Cumeral, Mexico
In April 2010, the Company finalized an agreement which provides an option to acquire a 100% interest in the 685 hectare gold mining project known as Cumeral (the "Cumeral Property"), consisting of three mining concessions in the State of Sonora, Mexico. The 100% interest in the Cumeral Property can be acquired for cash consideration of US$800,000 (CA$880,000) plus applicable taxes ("VAT"), payable over a period of three years and the issuance of 200,000 common shares of the Company (issued). The Cumeral Property is subject to the reservation of a 2% Net Smelter Return ("NSR"). A finder's fee of US$5,000 (CA$5,500) and 130,000 common shares of the Company was paid to third parties who were instrumental in arranging the transaction. The Company has a 100% interest in three additional mining concessions in the Cumeral area of Mexico.

La Tuna, Mexico
In March 2010, the Company completed the acquisition of a 3,533 hectare gold mining project known as La Tuna, located in the municipality of Alamos in the State of Sinaloa, Mexico. The Company acquired a 100% interest in La Tuna for cash consideration of US$40,000 (CA$39,968) plus VAT and 300,000 common shares of the Company. La Tuna is subject to the reservation of a 2% NSR with a buy-back option. Further exploration is warranted subject to the results of analysis of rock and soil samples.

Samalayuca
Through its 100% investment in Samalayuca (33.75% prior to November 2, 2020), the Company has an interest in the Samalayuca Copper Project, located in Chihuahua State, Mexico. Samalayuca has entered into a Mining Exploration and Rights Assignment Contract to acquire a 100% interest in the Kaity Property, which includes the Samalayuca Copper Project, for aggregate payments of US$1,875,000 (CA$2,062,500) with payments of US$25,000 (CA$27,500) due every six months during the exploration phase.

Timmins
The Company held a 16-claim unit property in Timmins Township of Ontario, located about 50 km southeast of Timmins in Northern Ontario. The Company allowed the claims to lapse on July 3, 2022.

PHC Helium Resource Properties
PHC's first project is located in Kansas and currently comprises 69 leases covering 13,760 acres known as the Syracuse Helium Project (the "Syracuse Project"). The property (the "Syracuse Property") on which the Syracuse Project is located hosts more than 150 potential well sites.

On April 6, 2021, the Company acquired the helium property known as the Monarch Lease. The Monarch Lease was purchased from Monarch Petroleum ("MP") at a nominal cost and a commitment to recommence production, with MP retaining a 3% royalty in the shallow well rights from surface to 3100 feet (the "Shallow Rights") and a 50% non-operated working interest in the deep oil and gas rights below 3100 feet (the "Deep Rights"). In addition to the 3% royalty, standard industry royalties of 12.5% are payable to arm's length land owners from the proceeds of any production.

On April 28, 2021 the Company began acquiring the Syracuse Extension in Kansas and Colorado. The Syracuse Extension currently consists of a 17,747 acre gas property located in Cheyenne County, Colorado and a 3,320 acre property located in Kansas. The Syracuse Extension was acquired at a nominal cost and a commitment to commence production, with the seller retaining a 2% royalty in this property. In addition to the 2% royalty, standard industry royalties of 12.5% are payable to arm's length land owners from the proceeds of any production and the 15% Royalty is payable on the net proceeds received by PHC after deduction of all costs of production and payment of all pre-existing royalties. PHC owns a 100% working interest in the Syracuse Extension, subject only to the royalties.

9. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	July 31, 2022	January 31, 2022
Other trade payables	**$ 135,540**	$ 376,805
Payables related to resource properties	**953,286**	1,375,423
Amounts payable to related parties	**113,753**	15,272
Accounts payable and accrued liabilities	**$1,202,579**	$1,767,500

10. DEFERRED ROYALTY RECEIPTS

PHC is the general partner of Plateau Helium Syracuse LLP 2 ("Syracuse 2"). Syracuse 2 raised net proceeds of $4,163,200 (US$3,252,500) through the sale of participation units to certain limited partners. Participation units represent interests in drilled wells. The limited partners are entitled to 34% royalty on net revenues from the first 20 wells of the Syracuse 2 Project. The Syracuse 2 project is a cumulative 21,067 acre project that was leased throughout 2021. The funds raised by Syracuse 2 were transferred to PHC as the general partner to operate the Syracuse Project.

The receipts from the sale of participation units will be recognized over time as wells are drilled on the Syracuse 2 project. When recognized, the receipts will be allocated against the mineral property expenses on the consolidated statements of loss and comprehensive loss. Any excess receipts will be allocated as a gain on the sale of interest in wells.

11. EXPLORATION OBLIGATION

Exploration obligation

PHC is the general partner of Plateau Helium Syracuse LLP. Prior to the acquisition, Plateau Helium Syracuse LLP raised $1,792,000 (US$1,400,000) through the issuance and sale of participation units to certain limited partners. The limited partners are entitled to 28% royalty on net revenues from the first 10 wells of the Syracuse Project. The funds raised by Plateau Helium Syracuse LLP were transferred to PHC as the general partner to operate the Syracuse Project. Therefore, on acquisition, VVC inherited an obligation to drill these wells. The fair value of the costs to fulfill this obligation is $574,394 (January 31, 2022 - $1,465,445). As at July 31, 2022, the Company drilled eight (8) wells of the 10 well obligation. The remaining two (2) wells are expected to be drilled within one year.

12. RELATED PARTY TRANSACTIONS AND BALANCES

Compensation to key management personnel were as follows:

	Three Months Ended July 31,		Six Months Ended July 31,	
	2022	2021	**2022**	2021
Compensation	**$ 126,330**	$ 98,658	**$ 245,900**	$ 197,316
Share-based payments (1)	**135,371**	36,311	**323,632**	99,955
Total	**$ 261,701**	$ 134,969	**$ 569,532**	$ 297,271

(1) Share-based payments are the fair value of options granted to key management personnel and expensed during the period.

Included in accounts payable and accrued liabilities is $113,753 (January 31, 2022 - $18,000) payable to key management personnel.

12. RELATED PARTY TRANSACTIONS AND BALANCES (Continued)

During the six months ended July 31, 2022, the Company paid or accrued $4,500 (July 31, 2021 - $4,500) in fees to a firm controlled by a director for legal services.

13. NOTES PAYABLE

Details of notes payable, carried at amortized cost are as follows:

	July 31, 2022	January 31, 2022
Convertible debenture	**$ -**	$ 166,104

Convertible Debentures

On March 15, 2017, the Company issued convertible debentures for US$103,241 (CA$140,758) maturing five years after the date of issue and bearing interest at 12% per annum, compounded quarterly and payable at maturity. The debentures are convertible into common shares of the Company at a price of CA$0.05 per unit in the first year and thereafter at CA$0.10 per unit until maturity. The Company also issued 2,064,820 detachable warrants with each warrant exercisable at CA$0.05 per share for 5 years.

Because the debentures are denominated in US dollars and the conversion price is denominated in Canadian dollars, the amount of equity instruments that would be issued upon exercise of the debentures will vary based on fluctuations in the exchange rate between US and Canadian dollars. As a result, a conversion feature is recognized separately as a derivative financial liability and is periodically remeasured.

On March 15, 2022, the debentures matured. The debenture holders converted the maturing debentures into 1,311,161 common shares of the Company. Accrued interest of $42,167 was paid to the debenture holders on maturity.

14. SHARE CAPITAL

(a) Authorized
Unlimited common shares without par value

(b) Issued:

	Number of shares	Amount
Balance, January 31, 2022	545,337,379	$ 44,895,806
Shares issued on the exercise of warrants	3,101,320	166,426
Carrying value of warrants exercised	-	97,586
Shares issued on settlement of notes payable	1,311,161	131,116
Shares issued on the exercise of stock options	500,000	25,000
Carrying value of stock options exercised	-	13,081
Shares issued on settlement of accounts payable	275,000	30,000
Balance, July 31, 2022	550,524,860	$ 45,359,015

During the period, the Company settled accounts payable of $30,000 by issuing 275,000 common shares at a prices ranging from $0.10 to $0.12 per common share to a company engaged to provide general market outreach and investor awareness.

(c) Stock Options

The Company grants options pursuant to the policies of the TSX Venture Exchange with respect to eligible persons, exercise price, maximum options per person and termination of eligible person status. Options granted vest as to 25% upon grant and 25% each six months thereafter.

14. SHARE CAPITAL (continued)

Stock option transactions and the number of stock options outstanding were as follows:

	Number of Options	Weighted average Exercise Price
Balance, January 31, 2022	70,200,000	$ 0.07
Expired/cancelled	(425,000)	0.14
Exercised	(500,000)	0.05
Balance, July 31, 2022	69,275,000	$ 0.07

The weighted average remaining contractual life and weighted average exercise price of options outstanding and of options exercisable as at July 31, 2022 are as follows:

Options Outstanding					Options Exercisable		
Exercise Range	Number Outstanding		Weighted Average Exercise Price	Weighted Average Remaining Contractual Life (years)	Number Exercisable		Weighted Average Exercise Price
$0.05 - $0.10	54,950,000	$	0.05	6.26	54,950,000	$	0.05
$0.11 - $0.14	14,325,000	$	0.14	9.05	7,375,000	$	0.14
	69,275,000	$	0.07	6.83	62,325,000	$	0.06

Stock based compensation of $166,247 and $433,010 for the three and six months ended July 31, 2022 (July 31, 2021 - $49,070 and $134,401) relates to vesting of stock options that were granted either in the current period or a prior period and recognized as an expense consistent with their vesting features.

(d) Warrants

The following tables reflects the continuity of warrants:

Expiry Date	Exercise Price	Balance January 31, 2021	Warrants Issued	Warrants Exercised	Expired/ Cancelled	Balance July 31, 2021
March 15, 2022	$0.05	2,064,820	-	(2,064,820)	-	-
October 25, 2022	$0.06	18,763,825	-	-	-	18,763,825
October 31, 2022	$0.06	2,631,000	-	(1,015,000)	-	1,616,000
November 30, 2022	$0.06	14,824,295	-	-	-	14,824,295
January 20, 2023	$0.06	8,698,850	-	-	-	8,698,850
May 31, 2023	$0.06	11,955,150	-	-	-	11,955,150
September 30, 2023	$0.075	58,825,200	-	(21,500)	-	58,803,700
December 23, 2023	$0.10	3,108,500	-	-	-	3,108,500
November 3, 2025	$0.06	32,500,000	-	-	-	32,500,000
	$0.05 - $0.10	153,371,640	-	(3,101,320)	-	150,270,320

15. LOSS PER SHARE

The following table sets forth the computation of basic and diluted loss per share:

	Three Months Ended July 31, 2022	Three Months Ended July 31, 2021	Six Months Ended July 31, 2022	Six Months Ended July 31, 2021
Numerator				
Net loss	**$ (1,230,369)**	$ (611,781)	**$ (3,339,819)**	$ (1,160,524)
Denominator				
Weighted average number of common shares outstanding, basic and diluted	**550,725,660**	496,874,687	**549,053,696**	496,506,098
Basic and diluted loss per share	**$ 0.00**	$ 0.00	**$ 0.01**	$ -

As a result of losses incurred, the potential effect of the exercise of convertible debt, stock options and warrants was anti-dilutive.

16. SEGMENTED INFORMATION

The Company operates in one reportable operating segment, being mineral exploration. As at July 31, 2022, the Company's mineral resource and exploration properties are located in the United States, Mexico and Canada and its corporate assets are located in Canada.

A summary of total assets by geographic region is as follows:

July 31, 2022	**United States**	**Canada**	**Mexico**	**Total**
Current assets	**$ 1,746**	**$ 84,326**	**$ 7,979**	**$ 94,051**
Investment	-	**23,480**	**-**	**23,480**
Equipment	**1,299,676**	**-**	**259,306**	**1,558,982**
	1,301,422	**$ 107,806**	**$ 267,285**	**$ 1,676,513**

January 31, 2022	United States	Canada	Mexico	Total
Current assets	$ 1,686,820	$ 1,938,823	$ 37,446	$ 3,663,089
Investment	-	23,480	-	23,480
Equipment	-	-	264,823	264,823
	$ -	$ 1,962,303	$ 302,269	$ 3,951,392

17. IMPACT OF COVID-19

The global outbreak of Covid-19 (the "Pandemic") resulted in Canada, Mexico and most countries in the world halting, or sharply curtailing, the movement of people, goods and services which negatively affected many businesses, including those operating in our sector, with the long-term economic impact still remaining uncertain. Although the Pandemic appears to be ending, albeit slowly, we believe that long-term effects and future issues could continue to have a material adverse impact on our business, operating results and financial condition. It is management's assessment that the Covid outbreak caused significant delays in our exploration activities in Mexico and the United States, evidenced by the inability to work in some areas, supply chain disruptions and staff shortages.

18. CAPITAL MANAGEMENT

In the management of capital, the Company includes shareholders' equity (excluding accumulated other comprehensive loss). The Company's objective in managing capital is to ensure that financial flexibility is present to increase shareholder value and respond to changes in economic and/or market conditions; to retain a strong capital base so as to maintain investor, creditor and market confidence and to safeguard the Company's ability to obtain financing should the need arise.

In maintaining its capital, the Company has a strict investment policy which includes investing its surplus capital only in highly liquid and highly rated financial instruments.

The Company reviews its capital management approach on an ongoing basis. There were no changes in the Company's approach to capital management during the period.

19. REVENUE

The following table summarizes the Company's revenue by product:

	Three Months Ended July 31, 2022	Three Months Ended July 31, 2021	Six Months Ended July 31, 2022	Six Months Ended July 31, 2021
Helium	**$ 9,197**	**$ -**	**$ 16,145**	$ -
Other natural gas	**4,355**	**-**	**7,597**	-
Total revenue	**$ 13,552**	**$ -**	**$ 23,742**	$ -

20. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

The Company's financial instruments are as follows:

	July 31, 2022	January 31, 2022
Fair value through profit or loss (FVTPL):		
Conversion feature on convertible debt	**$ -**	$ 67,356
Loans and receivable, measured at amortized cost:		
Investment	**$ 23,480**	$ 23,480
Cash	**$ 28,323**	$3,629,705
Helium and gas receivables	**$ 2,925**	$ 5,200
Other liabilities, measured at amortized cost:		
Accounts payable and accrued liabilities	**$1,202,579**	$1,767,500
Notes payable	**$ -**	$ 166,104
Loan payable	**$1,601,279**	$ -
Payable on asset purchase	**$ 261,144**	$ 239,391

Interest rate and credit risk
It is management's opinion that the Company is not exposed to significant interest rate or credit risks arising from its financial instruments given their short-term nature.

Price risk
The Company is exposed to price risk with respect to commodity and equity prices. Commodity price risk is defined as the potential adverse impact on earnings and economic value due to commodity price movements and volatilities. The Company is exposed to the variability of copper prices.

20. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (Continued)

Equity price risk is defined as the potential adverse impact on the Company's earnings due to movements in individual equity prices or general movements in the level of the stock market. The Company closely monitors individual equity movements and the stock market to determine the appropriate course of action to be taken by the Company.

Liquidity Risk
The Company has no income and relies on equity financing to support its exploration programs. Management prepares budgets and ensures funds are available prior to commencement of any such program. As at July 31, 2022, the Company does not have sufficient capital to fund its operations over the next twelve months. As at July 31, 2022, the Company had a cash balance of $28,323 (January 31, 2022 - $3,629,075) to settle current liabilities of $7,541,452 (January 31, 2022 - $7,597,080).

Market Risk
Market risk is the risk of loss that may arise from changes in market factors such as interest rates and commodity and equity prices.

Currency Risk
The Company engages in significant transactions and activities in currencies other than its reported currency. The Company's exploration activities are primarily in Mexico and the United States of America; accordingly, the resulting assets and liabilities are exposed to foreign exchange fluctuations.

The Company is exposed to foreign currency risk on fluctuations of financial instruments related to cash, deposits and other receivables and accounts payable and accrued liabilities that are denominated in US Dollars and Mexican Pesos. Sensitivity of closing balances to a plus or minus 10% change in foreign exchange rates, with all other variables held constant, would affect net loss by approximately $160,000 (January 31, 2022 - $225,000).

21. ASSET RETIREMENT OBLIGATION

The Company has site restoration obligations related to its oil and gas properties upon the cessation of revenue producing activities. The provision is initially recorded as a liability based on management's best estimate of cash flows, using a risk-free discount rate of 1.67%. Site restoration activity is expected to occur when a producing well has been fully depleted. The following table summarizes the movements in asset retirement obligations:

Balance, February 1, 2022	$	79,395
Accretion		2,584
Balance, July 31, 2022	$	81,979

22. LOAN PAYABLE

During the period, the Company raised $1,601,279 (US$1,250,000) through a short-term loan facility provided by the Chairman of the Company's Board of Directors. The loan is due on November 30, 2022 and bears interest at an annual rate based on the Secured Overnight Financing Rate plus 2.75%. The loan is secured by a 0.5% interest in the Company's interest in Proton Green. Interest of $15,480 is accrued on the loan and is included in accounts payable and accrued liabilities.

23. SUBSEQUENT EVENT

Subsequent to July 31, 2022, the Company raised an additional $330,000 (US$250,000) through a short-term loan facility provided by the Chairman of the Company's Board of Directors. The loan is due on November 30, 2022 and bears interest at an annual rate based on the Secured Overnight Financing Rate plus 2.75%. The loan is secured by a 1% interest in the Company's interest in Proton Green. Interest of $15,480 is accrued on the loan and is included in accounts payable and accrued liabilities. The terms of the first advance of $1,601,279 (US$1,250,000) were also amended to reflect a security of 1% interest in the Company's interest in Proton Green. The amendment was done to reflect the increased risk of non-payment on November 30, 2022.

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