CBLT Inc.

Condensed Interim Consolidated Financial Statements

Three and Nine Months ended February 28, 2022

(Expressed in Canadian Dollars)

(Unaudited)

Notice of No Auditor Review of Condensed Interim Consolidated Financial Statements

The accompanying unaudited condensed interim consolidated financial statements of the Company have been prepared by and are the responsibility of the Company's management. The Company's independent auditor has not performed a review of these condensed interim financial statements in accordance with the standards established by CPA Canada for a review of interim financial statements by an entity's auditor.

CBLT INC.

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MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

The accompanying unaudited condensed interim consolidated financial statements of CBLT Inc. were prepared by management in accordance with International Financial Reporting Standards. Management acknowledges responsibility for the preparation and presentation of the unaudited condensed interim consolidated financial statements, including responsibility for significant accounting judgments and estimates and the choice of accounting principles and methods that are appropriate to the Company’s circumstances.

Management has established processes, which are in place to provide them sufficient knowledge to support management representations that they have exercised reasonable diligence that (i) the unaudited condensed interim consolidated financial statements do not contain any untrue statement of material fact or omit to state a material fact required to be stated or that is necessary to make a statement not misleading in light of the circumstances under which it is made, as of the date of and for the periods presented by the unaudited condensed interim financial statements and (ii) the unaudited condensed consolidated interim financial statements fairly present in all material respects the financial condition, financial performance and cash flows of the Company, as of the date of and for the periods presented by the unaudited condensed consolidated interim financial statements.

The Board of Directors is responsible for reviewing and approving the unaudited condensed consolidated interim consolidated financial statements together with other financial information of the Company and for ensuring that management fulfills its financial reporting responsibilities. An Audit Committee assists the Board of Directors in fulfilling this responsibility. The Audit Committee meets with management to review the financial reporting process and the unaudited condensed consolidated interim consolidated financial statements together with other financial information of the Company. The Audit Committee reports its findings to the Board of Directors for its consideration in approving the unaudited condensed interim consolidated financial statements together with other financial information of the Company for issuance to the shareholders.

Management recognizes its responsibility for conducting the Company’s affairs in compliance with established financial standards, and applicable laws and regulations, and for maintaining proper standards of conduct for its activities.

/s/ Brian Crawford
Brian Crawford, Chief Financial Officer

/s/ Peter M. Clausi
Peter M. Clausi, Chief Executive Officer

CBLT INC.
Condensed Interim Consolidated Statements of Financial Position
(Expressed in Canadian Dollars)
(Unaudited)

	February 28, 2022	May 31, 2021
ASSETS		
Current		
Cash	**$ 302,032**	$ 308,237
Investments (Note 5)	**1,297,738**	377,116
Sundry receivables	**10,763**	43,087
Prepaid expenses	**22,659**	13,158
	$ 1,633,192	$ 741,598
LIABILITIES		
Current		
Accounts payable and accrued liabilities	**$ 182,347**	$ 133,774
CEBA loan	**54,413**	49,944
Liability for flow-through shares	**72,157**	78,105
Dividend payable (Note 5)	**225,008**	-
Promissory notes	**60,000**	60,000
Provision for indemnification of flow-through subscribers (Note 10)	**240,000**	240,000
	833,925	561,823
SHAREHOLDERS' EQUITY		
Share capital (Note 6)	**4,355,364**	4,355,364
Contributed surplus	**664,854**	519,077
Deficit	**(4,220,951)**	(4,694,666)
	799,267	179,775
	$ 1,633,192	$ 741,598

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

Nature of business and going concern (Note 1)

APPROVED BY THE BOARD

(s) Peter Clausi Director

(s) Brian Crawford Director

CBLT INC.
Condensed Interim Consolidated Statements of Operations and Comprehensive Income
(Expressed in Canadian Dollars)
(Unaudited)

	Three months ended February 28,		Nine months ended February 28	
	2022	2021	**2022**	2021
Expenses				
General and administrative	**$ 41,137**	$ 49,793	**$ 219,269**	$ 148,221
Professional fees	**3,000**	10,553	**15,543**	28,983
Filing and transfer agent fees	**3,306**	4,304	**11,063**	23,478
Share-based compensation	**-**	-	**145,777**	64,117
Resource property expense	**7,578**	-	**26,549**	-
	(55,021)	(64,650)	**(418,201)**	(264,799)
Other income (expense)				
Miscellaneous income	**20,354**	20,000	**40,354**	20,000
Government grant		28,221		
Gain on extinguishment of debt	**-**	-	**-**	71,597
Gain on sale of mineral properties	-	-	**-**	1,391,250
Write-down of mineral properties		(4,917)		(4,917)
Gain on sale of investments-realized	**-**	15,139	**149,999**	15,139
Gain (loss) on investments-unrealized	**50,405**	(522,500)	**920,623**	(522,387)
	70,759	(479,196)	**1,110,976**	998,308
Income (loss) before income taxes	**15,738**	(543,846)	**692,775**	733,509
Deferred income tax benefit	**1,024**	-	**5,948**	-
Net income (loss) and comprehensive income (loss) for the period	**$ 16,762**	$ (543,846)	**$ 698,723**	$1,277,950
Income (loss) per share-basic	**$ 0.00**	$ (0.01)	**$ 0.01**	$ (0.01)
Income (loss) per share-diluted	**0.00**	(0.01)	**0.01**	(0.01)
Weighted average number of shares outstanding	**76,177,073**	72,381,359	**76,177,073**	71,698,479

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

CBLT INC.
Condensed Interim Consolidated Statements of Changes in Equity
(Expressed in Canadian Dollars)
(Unaudited)
For the three and nine months ended February 28, 2022 and 2021

	Common Shares	Contributed Surplus	Deficit	Total
Balance, May 31, 2020	$ 4,052,529	$ 511,705	$ (5,171,661)	$ (607,427)
Shares issued for cash	68,202	-	-	68,202
Share issue costs-cash	(3,639)	-	-	(3,639)
Liability for flow-through shares	(8,866)	-	-	(8,866)
Shares issued for debt	53,650	-	-	53,650
Options exercised	8,500	-	-	8,500
Warrants exercised	14,493	-	-	14,493
Transfer from contributed surplus on exercise of options	10,167	(10,167)	-	-
Share-based compensation	-	64,117	-	64,117
Net income and comprehensive income	-	-	733,509	733,509
Balance, February 28, 2021	$ 4,195,036	$ 565,655	$ (4,438,152)	$ 322,539
Shares issued-subscription receivable	29,830	-	-	29,830
Shares issued for cash	203,000	-	-	203,000
Share issue costs-cash	(1,900)	-	-	(1,900)
Share issue costs-broker-warrants	(752)	752	-	-
Flow-through premium	(69,850)	-	-	(69,850)
Options and warrants expired	-	(47,330)	47,330	-
Net loss and comprehensive loss	-	-	(303,844)	(303,844)
Balance, May 31, 2021	$ 4,355,364	$ 519,077	$ (4,694,666)	$ 179,775
Share-based compensation	-	145,777	-	145,777
Dividend	-	-	(225,008)	(225,008)
Net income and comprehensive income	-	-	698,723	698,723
Balance, February 28, 2022	$ 4,355,364	$ 664,854	$ (4,220,951)	$ 799,267

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

CBLT INC.
Condensed Interim Consolidated Statements of Cash Flows
(Expressed in Canadian Dollars)
(Unaudited)
For the nine months ended February 28, 2022 and 2021

		2022		2021
Cash provided by (used in)				
OPERATING ACTIVITIES				
Net income for the period	$	**698,723**	$	733,509
Items not affecting cash and cash equivalents				
Deferred income tax		**(5,948)**		-
Share-based compensation		**145,777**		64,117
Gain on sale of mineral properties		-		(1,391,250)
Realized gain on investments		**(149,999)**		(15,139)
Unrealized gain on investments		**(920,623)**		522,387
Accretion		**4,469**		-
Gain on extinguishment of debt				(71,597)
Write-down of mineral properties				4,917
Government grant				(27,626)
Changes in non-cash working capital items				
Sundry receivables		**32,324**		30,098
Prepaid expenses		**(9,501)**		(30,522)
Accounts payable and accrued liabilities		**48,573**		(76,068)
		(156,205)		(257,174)
INVESTING ACTIVITIES				
Proceeds on sale of mineral properties-net		-		291,250
Proceeds on sale of investments		**150,000**		15,139
		150,000		306,389
FINANCING ACTIVITIES				
Common shares issued-net		-		64,563
Exercise of options		-		8,500
Exercise of warrants		-		14,493
Proceeds of loan payable		-		18,000
Proceeds of CEBA loan		-		60,000
		-		165,556
Change in cash		**(6,205)**		214,771
Cash, beginning of period		**308,237**		23,930
Cash, end of period	$	**302,032**	$	238,701
Supplemental schedule of non-cash transactions				
Fair value of non-cash proceeds of disposal of exploration and evaluation assets	$	**-**	$	1,100,000
Shares issued for debt		-		53,650
Extinguishment of debt		**-**		71,597

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

1. NATURE OF BUSINESS AND GOING CONCERN

CBLT Inc. (the "Company"), was incorporated under the Canada Business Corporations Act on April 28, 2008 and was continued under the Ontario Business Corporations Act on April 24, 2017.

The Company's shares are listed on the TSX Venture Exchange. The head office, principal address and records office of the Company are located at 200-3310 South Service Road, Burlington, Ontario, Canada L7N 3M6.

The condensed interim consolidated financial statements of the Company for the three and nine months ended February 28, 2022 were reviewed by the Audit Committee and approved and authorized for issue by the Board of Directors on April 29, 2022.

The Company is primarily engaged in the business of acquiring, exploring and dealing in mineral properties in Canada. There has been no determination whether properties held contain economically recoverable mineral resources.

The Company needs equity capital and financing for its working capital and for the costs of exploration and development of its properties. 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. These material uncertainties cast significant doubt upon the Company's ability to continue as a going concern. These financial statements have been prepared on a going concern basis that assumes the Company will be able to continue to realize its assets and discharge its liabilities and commitments in the normal course of business. In assessing whether the going concern assumption is appropriate, management takes into account all available information about the future, which is at least, but is not limited to, twelve months from the end of the reporting period.

In March 2020, the World Health Organization declared coronavirus COVID-19 a global pandemic. This contagious disease outbreak, which has continued to spread, and any related adverse public health developments, has adversely affected workforces, economies, and financial markets globally, potentially leading to an economic downturn. It is not possible for the Company to predict the duration or magnitude of the adverse results of the outbreak and its effects on the Company's business or ability to raise funds. Currently there is no impact on the Company.

2. SIGNIFICANT ACCOUNTING POLICIES

Statement of Compliance

These condensed interim consolidated financial statements have been prepared in accordance with International Accounting Standards 34, Interim Financial Reporting ("IAS 34") using accounting policies consistent with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and interpretations of the IFRS Interpretations Committee ("IFRIC").

2. SIGNIFICANT ACCOUNTING POLICIES – continued

Basis of Presentation

These condensed interim consolidated financial statements, which include the accounts of its wholly owned subsidiary AgAuCu Canada Inc., have been prepared on the basis of accounting policies consistent with those applied in the Company's May 31, 2021 annual consolidated financial statements except for the new accounting pronouncements adopted during the period and disclosed below.

The preparation of condensed interim consolidated financial statements in conformity with IAS 34 requires management to make judgments, estimates and assumptions that affect the applications of policies and reported amounts of assets and liabilities, income and expenses.

Actual results may differ from these estimates. These condensed interim consolidated financial statements do not include all of the information required for full annual financial statements.

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

The condensed interim consolidated financial statements have been prepared on a historical cost basis.

3. FINANCIAL RISK FACTORS

The Company's activities expose it to a variety of financial risks: credit risk, liquidity risk and market risk (including interest rate, foreign exchange rate and commodity price risk). Risk management is carried out by the Company's management team with guidance from the Audit Committee and Board of Directors. The Board of Directors also provides regular guidance for overall risk management.

Fair value

The methods and assumptions used to develop fair value measurements, for those financial instruments where fair value is recognized in the statement of financial position, have been prioritized into three levels to classify fair value measurements using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

a. quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1);

b. 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) (Level 2); and

c. inputs for the asset or liability that are not based on observable market data (unobservable inputs) (Level 3).

3. FINANCIAL RISK FACTORS – continued

The level in the fair value hierarchy within which the fair value measurement is categorized in its entirety is determined on the basis of the lowest level input that is significant to the fair value measurement in its entirety. For this purpose, the significance of an input is assessed against the fair value measurement in its entirety. If a fair value measurement uses observable inputs that require significant adjustment based on unobservable inputs, that measurement is a Level 3 measurement. Assessing the significance of a particular input to the fair value measurement in its entirety requires judgement, considering factors specific to the asset or liability.

Credit risk

Credit risk is the risk of loss associated with counterparty's inability to fulfill its payment obligations. The Company's credit risk is primarily attributable to cash and cash equivalents and sundry receivables. The Company has no significant concentration of credit risk arising from operations. Cash and cash equivalents are held with a reputable Canadian chartered bank.

Management believes that the credit risk concentration with respect to financial instruments included is minimal.

Liquidity risk

Liquidity risk is the risk that the Company will not have sufficient cash resources to meet its financial obligations as they come due. The Company's liquidity and operating results may be adversely affected if the Company's access to the capital markets is hindered, whether as a result of a downturn in stock market conditions generally or related to matters specific to the Company. The Company generates cash flow primarily from its financing activities. As at February 28, 2022, the Company had cash of $302,302 (May 31, 2021 - $308,237). All of the Company's financial liabilities have contractual maturities of less than 30 days and are subject to normal trade terms. The Company regularly evaluates its cash position to ensure preservation and security of capital as well as maintenance of liquidity (Note 1).

Market risk

(a) Interest rate risk

The Company has a cash balance and no interest-bearing debt. The Company is not exposed to significant interest rate risk due to the short-term maturity of its monetary assets and liabilities.

(b) Foreign currency risk

Foreign currency risk is the risk that future cash flows will fluctuate as a result of changes in foreign currency rates. The Company is not currently exposed to any significant foreign currency risk.

(c) Equity price risk

Equity price risk is the uncertainty associated with the valuation of assets arising from changes in equity markets. The Company's available-for-sale investments are exposed to significant equity

(Expressed in Canadian Dollars)

3. FINANCIAL RISK FACTORS – continued

price risk due to the potentially volatile and speculative nature of the business in which the investment is held.

Price risk

The Company is exposed to price risk with respect to commodity 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 closely monitors commodity prices as they relate to gold to determine the appropriate course of action to be taken.

4. EXPLORATION AND EVALUATION ASSETS

During the period ended February 28, 2022 the following Exploration and Evaluation expenditures were incurred by the Company:

	2022	2021
	$	$
Geological services	21,794	-
Realty taxes	4,755	-
Total	**26,549**	**-**

Copper Prince

On June 14, 2016, the Company acquired a 100% interest in the Copper Prince property. As consideration the Company made a cash payment of $10,000 and issued 200,000 common shares at $0.08 per common share in favour of the vendor.

The property is subject to a 2% net smelter return royalty.

On August 4, 2016, the Company staked 4 mineral claims for a cash cost of $4,400. The claims are not adjacent to the Copper Prince property.

During Q3 of fiscal 2022 the Company carried out no exploration and evaluation activities on the property.

Chilton Cobalt

On February 27, 2017, the Company acquired a 100% interest in the Chilton Cobalt property located in the Laurentian Region of Quebec. As consideration the Company issued 150,000 common shares at $0.07 per common share and 150,000 share purchase warrants exercisable at $0.10 per common share in favour of the vendor. The share purchase warrants issued for one property were assigned a fair value of $13,788 using the Black-Scholes valuation model with the

4. EXPLORATION AND EVALUATION ASSETS – continued

following assumptions: expected dividend yield of 0%; volatility of 192%; risk-free interest rate of 1.20%; and an expected maturity of one year.

During Q3 of fiscal 2022 the Company carried out no exploration and evaluation activities.

Geneva Lake

On November 12, 2012, the Company acquired a 100% interest in the Geneva Lake property. As consideration, the Company issued 200,000 common shares at a deemed price of $0.10 per common share and 200,000 share purchase warrants exercisable at $0.20 per common share in favour of the vendor. The fair value of the share purchase warrants has been estimated as of the date of the issuance using the Black-Scholes pricing model with the following assumptions: risk-free interest rate of 1.20%, dividend yield of 0%, volatility of 100%, and expected life of two years.

The property is subject to a 2.0% net smelter return royalty of which the Company can purchase a 50% interest at any time for $500,000.

No work was carried out during Q3 of fiscal 2022 on the Geneva Lake property.

Northshore

On March 12, 2019, the Company acquired a 56% interest in the Northshore property along with a 100% interest in the Big Duck Lake property, a 100% interest in the Auden property and a 100% interest in the Burnt Pond property by issuing 21,000,000 common shares at $0.025 and 21,000,000 share purchase warrants exercisable at $0.08. The share purchase warrants were assigned a fair value of $288,629 using the Black-Scholes valuation model with the following assumptions: expected dividend yield of 0%; volatility of 154%; risk-free interest rate of 1.57%; and an expected maturity of two years. The purchase price was allocated among the four properties on the basis of management's judgement as follows: Northshore-$522,112, Big Duck Lake-$194,345, Auden-$58,304, and Burnt Pond-$38,869.

The Northshore property, located in Northern Ontario, is co-owned pursuant to a joint venture agreement with Balmoral Resources Ltd. Under the terms of the joint venture agreement, the Company is the operator under the joint venture agreement.

During the 2020 year the Company entered into a sale agreement for the Northshore property. Consideration for the sale includes cash of $350,000 and common shares of the purchaser with a value of $1,100,000. Pursuant to the sale agreement, the Company received a non-refundable deposit in the amount of $50,000 during fiscal 2020 and the transaction closed during Q1 of fiscal 2021.

The sale was completed during the 2021 fiscal year with the Company receiving cash proceeds of $300,000, share consideration of $1,100,000 and incurring cash commissions of $17,500 and share commissions of $55,000 (91,667 shares) resulting in a gain on sale of $1,327,500.

4. **EXPLORATION AND EVALUATION ASSETS – continued**

Big Duck Lake

On March 12, 2019, the Company acquired a 56% interest in the Northshore property along with a 100% interest in the Big Duck Lake property, a 100% interest in the Auden property and a 100% interest in the Burnt Pond property by issuing 21,000,000 common shares at $0.025 and 21,000,000 share purchase warrants exercisable at $0.08. The share purchase warrants were assigned a fair value of $288,629 using the Black-Scholes valuation model with the following assumptions: expected dividend yield of 0%; volatility of 154%; risk-free interest rate of 1.57%; and an expected maturity of two years. The purchase price was allocated among the four properties on the basis of management's judgement as follows: Northshore-$522,112, Big Duck Lake-$194,345, Auden-$58,304, and Burnt Pond-$38,869.

The Big Duck Lake property, located in Northern Ontario, is subject to a 2% net smelter return royalty in favour of previous owners of the claims. The Company may purchase one-half of the royalty for an aggregate amount of $1,000,000 at any time.

Mininmal work was carried out during Q3 of fiscal 2022 on the Big Duck Lake property.

Burnt Pond

On March 12, 2019, the Company acquired a 56% interest in the Northshore property along with a 100% interest in the Big Duck Lake property, a 100% interest in the Auden property and a 100% interest in the Burnt Pond property by issuing 21,000,000 common shares at $0.025 and 21,000,000 share purchase warrants exercisable at $0.08. The share purchase warrants were assigned a fair value of $288,629 using the Black-Scholes valuation model with the following assumptions: expected dividend yield of 0%; volatility of 154%; risk-free interest rate of 1.57%; and an expected maturity of two years. The purchase price was allocated among the four properties on the basis of management's judgement as follows: Northshore-$522,112, Big Duck Lake-$194,345, Auden-$58,304, and Burnt Pond-$38,869.

The Burnt Pond Zinc-Copper Property in central Newfoundland is located in the Tally Pond volcanic belt which hosts Teck Resources Ltd's Duck Pond Mine and a number of other Copper-Zinc-Silver-Gold massive sulphide deposits.

No work was carried out during Q3 of fiscal 2022 on the Burnt Pond property.

Ryliejack

On January 31, 2012, the Company acquired a 100% interest in the Peggy, Ryliejack and SK West properties. Pursuant to the purchase agreement, the Company made cash payment of $7,500 and issued 500,000 common shares at a deemed price of $0.15 per common share and 100,000 share purchase warrants exercisable at $0.15 per common share of the Company in favour of the vendor.

(Expressed in Canadian Dollars)

4. EXPLORATION AND EVALUATION ASSETS – continued

The fair value of the share purchase warrants has been estimated as of the date of the issuance using the Black-Scholes pricing model with the following assumptions: risk-free interest rate of 1.20%, dividend yield of 0%, volatility of 100%, and expected life of one year.

The property is subject to a 2.5% net smelter return royalty of which the Company can purchase a 50% interest at any time for $1,000,000.

No work was carried out during Q3 of fiscal 2022 on the Ryliejack property.

Mikayla

On March 2, 2012, the Company acquired a 100% interest in the Mikayla, Tat and Chess properties. Pursuant to the purchase agreement, the Company made cash payment in the amount of $9,294 and issued 150,000 common shares at a deemed price of $0.20 per common share.

The properties are subject to a 2.5% net smelter return royalty of which the Company can purchase a 50% interest at any time for $1,000,000.

No work was carried out during Q3 of fiscal 2022 on the Mikayla property.

Shatford Lake

During the 2021 fiscal year, the Company purchased the Shatford Lake property. The Shatford Lake property consists of two mining claims located in the Bird River Greenstone Belt in Manitoba.

Consideration for the acquisition include a cash payment in the amount of $25,000 and the granting of a 2% NSR 50% of which can be acquired by the Company for $1 million.

During Q3 of fiscal 2022, the Company carried out limited exploration and evaluation activities.

5. INVESTMENT

		2022		2021
Ionic Brands Corp.-common shares	**$**	**2**	$	2
Speakeasy Cannabis Club Ltd.-common shares		**80**		1,700
Global Health Clinics Ltd.-common shares		**43**		245
Ready Set Gold Corp.		**243,833**		1,100,000
Ciscom Corporation		**1,053,780**		-
	$	**1,297,738**	$	1,101,947

The investment in Ionic Brands Corp., Global Health Clinics Ltd., and Speakeasy Cannabis Club Ltd. represent 133, 960, and 4,000 common shares respectively.

5. INVESTMENT – continued

The common shares of Ionic Brands Corp., Speakeasy Cannabis Club Ltd. and Global Health Clinics Ltd. are listed on the Canadian Securities Exchange.

The investment in Ready Set Gold Corp. (formerly Omni Commerce Corp.) consists of 1,833,333 common shares less 91,667 common shares to be distributed as finders' fees.

Ready Set Gold Corp. is listed on the Canadian Securities Exchange. During the period the carrying value of the investment was adjusted to the market value of the shares resulting in an unrealized loss of $130,626.

The investment in Ciscom Corporation ("Ciscom") consists of 4,215,116 shares and represents an 11% interest in the common shares of the corporation. Ciscom is a private company whose business model is the acquisition of operating entities. The carrying value of the shares has been adjusted to the value at which Ciscom has been issuing shares to unrelated parties resulting in an unrealized gain of $1,053,771. During Q2 of fiscal 2022, the Company solid 750,000 shares of Ciscom for gross proceeds of $150,000.

On November 9, 2021, a dividend was declared payable to the Company's shareholders in the form of shares of Ciscom with a Record Date of November 17, 2021 and a payable date to be determined.

6. CEBA

During the 2021 year, the Company received a non-interest bearing loan of $60,000 from the Government of Canada through the Canada Emergency Business Account (CEBA) program. The loan is due on December 31, 2023 and payment by the due date will result in $20,000 forgiveness of the loan. The Company has the discounted amount of the balance of the loan in the amount of $12,331 as government assistance. Accretion of $4,469 has been recorded with respect to the discounted amount.

7. PROMISSORY NOTES PAYABLE

Promissory notes, with unrelated parties, with a face value of $50,000 and $10,000 bearing interest at 10% per annum, are unsecured, originally due on October 22, 2020 and November 27, 2020 respectively were, during the 2021 fiscal year, extended to December 31, 2022.

(Expressed in Canadian Dollars)

8. SHARE CAPITAL

Authorized

Unlimited number of common shares

Issued

	Number of Shares	Share Capital
Balance May 31, 2020	**70,235,359**	**$ 4,052,529**
Shares issued for debt	2,146,000	53,650
Balance November 30, 2020	**72,381,359**	**4,106,179**
Shares issued for cash	3,465,000	301,032
Share issue costs-cash		(5,539)
Share issue costs-broker warrants		(753)
Flow-through premium		(78,716)
Options exercised	150,000	8,500
Warrants exercised	180,714	14,493
Transfer from contributed surplus on exercise of options		10,168
Balance May 31, 2021	**76,177,073**	**4,355,364**
Balance February 28, 2022	**76,177,073**	**$ 4,355,364**

9. WARRANTS

The following common share purchase warrants entitle the holders thereof the right to purchase one common share for each common share purchase warrant. Warrant transactions and the number of share purchase warrants outstanding as at February 28, 2022 are summarized as follows:

	Exercise Price	**Expiry Date**	**Number Outstanding February 28, 2021**	**Number Outstanding February 28, 2022**
Private placement	$0.08	December 30, 2022	250,000	250,000
Private placement	$0.09	December 30, 2022	886,700	886,700
Private placement	$0.15	April 6, 2023	-	2,328,300

10. SHARE-BASED PAYMENTS

The Company has established a stock option plan whereby the Board of Directors may grant options to directors, officers and consultants to purchase common shares of the Company. The stock option plan is a rolling plan and the maximum number of authorized but unissued shares

(Expressed in Canadian Dollars)

10. SHARE-BASED PAYMENTS – continued

available to be granted shall not exceed 10% of its issued and outstanding common shares. Each stock option granted is for a term not exceeding five years unless otherwise specified.

The following table summarizes the continuity of the Company's stock options:

	Number of Options		Weighted Average Exercise Price
Balance May 31, 2020	**2,784,000**	**$**	**0.08**
Exercised	-		0.00
Granted	1,200,000		0.05
Balance August 31, 2020	**3,984,000**		**0.08**
Exercised	(875,000)		0.07
Granted	-		0.00
Balance May 31, 2021	**3,109,000**		**0.08**
Granted	2,300,000		0.055
Balance February 28, 2022	**5,409,000**	**$**	**0.07**

At February 28, 2022, the Company had outstanding stock options, enabling holders to acquire common shares as follows:

Number of options outstanding	Number of options exercisable	Exercise price	Expiry date
200,000	200,000	0.06	October 27, 2021
325,000	325,000	0.08	February 24, 2022
775,000	775,000	0.11	April 7, 2022
609,000	609,000	0.10	June 19, 2022
1,200,000	1,200,000	0.05	August 20, 2025
2,300,000	2,300,000	0.055	November 29, 2026
5,409,000	5,409,000		

The weighted average contractual life of the options outstanding at February 28, 2022 is 2.83 years.

The total number of options exercisable as at February 28, 2022 is 5,409,000 (February 28, 2021 -3,984,000).

Options Issued to Employees

Options issued to employees are measured at fair value at the grant date using a Black-Scholes option pricing model that takes into account the exercise price, the term of the option, the impact

(Expressed in Canadian Dollars)

10. SHARE-BASED PAYMENTS - continued

of dilution, the share price at grant date, the expected price volatility of the underlying share, the expected dividend yield, expected forfeitures and the risk free interest rate for the term of the option.

Options Issued to Non-Employees

Options issued to non-employees are measured based on the fair value of the goods or services received, at the date of receiving those goods or services. If the fair value of the goods or services received cannot be estimated reliably, the options are measured by determining the fair value of the options granted using the Black-Scholes option pricing model.

The expected volatility is based on the historical volatility (based on the remaining life of the options), adjusted for any expected changes to future volatility due to publicly available information. The risk-free rate of return is the yield on a zero-coupon Canadian Treasury bill of a term consistent with the assumed option life. The expected average option term is the average expected period to exercise, based on the historical activity patterns for each individually vesting tranche.

Option pricing models require the input of highly subjective assumptions, including the expected price volatility. Changes in these assumptions can materially affect the fair value estimate and, therefore, the existing models do not necessarily provide a reliable single measure of the fair value of the Company's stock options.

The fair values for stock options granted during the period have been estimated using the Black-Scholes option pricing model assuming no expected dividends or forfeitures and assumptions including (i) expected life of five years, (ii) risk free rate of 1.57%, and (iii) volatility of 193%.

Total expenses arising from the share-based payment transactions recognized during the nine months ended February 28, 2022 as part of share-based compensation expense was $145,777(February 28, 2021: $64,117).

As at February 28, 2022 there was $Nil (February 28, 2021 - $Nil) of total unrecognized compensation cost related to unvested share-based compensation.

Model inputs for options granted during the period ended February 28, 2022 include:

Grant date	Expiry date	Share price at grant date	Exercise price	Risk-free interest rate	Expected life	Volatility factor	Dividend yield
November 29,2021	November 29, 2026	$ 0.065	$ 0.055	1.57%	5 years	193%	0%

11. PROVISION FOR INDEMNIFICATION OF FLOW-THROUGH SUBSCRIBERS

As at December 31, 2017, the Company was committed to incur $ 471,000 in qualifying Canadian exploration expenditures prior to January 1, 2019, pursuant to two 2017 private placements for which flow-through share proceeds had been received by the Company and then renounced to Ontario and Quebec subscribers effective December 31, 2017.

The Company incurred actual qualifying expenditures of $13,276 in 2017 and $126,549 in 2018, leaving a shortfall of $331,175 as at December 31, 2018. Accordingly, effective December 31, 2018 the Company recorded (in other expenses and current liabilities) a $240,000 provision for the estimated cost to indemnify flow-through share subscribers for their expected personal income tax reassessments by Canada Revenue Agency and Revenu Quebec, attributable to each subscriber's proportionate share of the shortfall. The indemnifications are provided for in the underlying subscription agreements for the private placements. The governmental audit/reassessment process may be lengthy; therefore, it may be several months or longer before the Company's final liability is exigible.

The Company has made the following assumptions in estimating the subscriber indemnification provision:

- Ontario subscribers have a combined personal income tax rate of 46.16% and are eligible for both the federal 15% and the provincial 5% investment tax credits;
- Quebec subscribers have a combined personal income tax rate of 58.75% and are eligible for the federal 15% investment tax credit and the 120% CEE "super-allowance";
- Of the $331,175 shortfall, $160,303 applies to Ontario subscribers and $170,872 applies to Quebec subscribers; and
- Subscribers will be assessed two year's interest on reassessed amounts.

As at May 31, 2021 and February 28, 2022, the Company has also accrued in accounts payable and accrued liabilities, the estimated Federal Part XII.6 tax and similar Quebec tax for the 2018 and prior years.

As at December 31, 2018, the Company had a $66,235 flow-through share premium liability which was transferred to the deferred tax provision effective December 31, 2018, in recognition of the Company's indemnification accrual.

(Expressed in Canadian Dollars)

12. RELATED PARTY TRANSACTIONS

Related parties include the Board of Directors and officers, close family members and enterprises that are controlled by these individuals as well as certain consultants performing similar functions.

The Company had the following transactions in the normal course of operations with related parties:

	Three months ended	
	February 28, 2022	**February 28, 2021**
Management fees (i)	$ 33,000	$ 33,000

(i) During the three-month period ended February 28, 2022, the Company paid or accrued $16,500 (2021 - $16,500) in management fees to the CEO of the Company; and $16,500 (2021 - $16,500) to the CFO of the Company.

As at February 28, 2022 accounts payable and accrued liabilities include $100 (2021 - $17,607) due to related parties. These amounts are unsecured, non-interest bearing and have no fixed terms of repayment.

13. EARNINGS PER SHARE INFORMATION

The basic net income per share is calculated based on the following:

	2022	**2021**
Weighted average number of shares	76,177,073	71,689,479

The diluted net income per share is calculated based on the following:

	2022	**2021**
Weighted average number of shares	85,051,073	96,673,479

The calculation of diluted earnings per share is based on the basic earnings per share, adjusted to allow for the issue of share options issued to certain management, directors and consultants, and the effect of the warrants issued in connection with the equity financing.

14. COMMITMENTS AND CONTINGENCIES

Flow-through Shares

On issuance, the Company bifurcates the flow-through share 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. Upon expenses being incurred, the Company derecognizes the liability and recognizes a deferred tax liability for the amount of tax reduction renounced to the shareholders. The premium is recognized as a tax provision and the related deferred tax is recognized as a tax provision. Other liabilities include the premium that has not yet been used to incur qualifying exploration expenditures. The following is a continuity schedule of the liability portion of the flow-through shares issuances.

Balance at May 31, 2021	$	**283,807**
Expenditure commitment on flow-through shares issued during the period		-
Settlement of flow-through share liability on Incurring expenditures		(20,861)
Balance at February 28, 2022	**$**	**262,864**