FORM 51-102F4

BUSINESS ACQUISITION REPORT

ITEM 1. - IDENTITY OF COMPANY

1.1 Name and Address of Company

Dolly Varden Silver Corporation ("**Dolly Varden**" or the "**Company**")
555 Burrard Street, Suite 1800
Vancouver, British Columbia V7X 1M9

1.2 Executive Officer

The executive officer of the Company who is knowledgeable about the Transaction (as defined herein) and this report is Shawn Khunkhun, Chief Executive Officer of the Company, whose business telephone number is 1-604-609-5137.

ITEM 2. - DETAILS OF ACQUISITION

2.1 Nature of Business Acquired

On February 25, 2022, the Company completed its previously announced acquisition of Homestake Resource Corporation ("**Homestake**"), from Fury Gold Mines Ltd. ("**Fury**"), pursuant to a share purchase agreement ("**Purchase Agreement**") dated December 6, 2021 (the "**Transaction**"). A copy of the Purchase Agreement is available under the Company's profile on SEDAR at www.sedar.com.

Homestake is a mineral exploration company with a 100% interest in the Homestake Ridge gold-silver project ("**Homestake Project**"), located adjacent to the Dolly Varden Project ("**DV Project**") in the Golden Triangle, British Columbia. Homestake also has a wholly-owned subsidiary incorporated under the *Business Corporations Act* (British Columbia), Homestake Royalty Corporation, which holds a 2% NSR royalty on the Homestake Project.

Prior to the closing of the Transaction, Homestake was a wholly-owned subsidiary of Fury incorporated under the *Business Corporations Act* (British Columbia). Homestake was historically listed on the Vancouver Stock Exchange and has been involved in mineral projects in Nevada and South America. Homestake previously maintained a continuous disclosure record on SEDAR at www.sedar.com from 1997-2016. Homestake ceased reporting when it was acquired by Fury on October 9, 2020.

For more information on the Transaction, see the Company's management information circular dated January 21, 2022 (the "**Circular**") and news releases dated December 6, 2021, February 25, 2022, and February 28, 2022, filed under the Company's profile on SEDAR at www.sedar.com.

2.2 Acquisition Date

The closing date of the Transaction was February 25, 2022 (the "**Closing Date**").

2.3 Consideration

Total consideration of approximately $50 million was paid to Fury consisting of: (a) a $5 million cash payment; and (b) the issuance of 76,504,590 common shares of Dolly Varden ("**Consideration Shares**"), at an issue price of $0.5882 per share. As a result, Fury acquired approximately 32.88% of Dolly Varden's issued and outstanding common shares as at the Closing Date on a fully-diluted basis. The consideration payable under the Purchase Agreement was paid by the Company from cash on hand and did not require the Company to complete a financing.

At closing of the Transaction, Dolly Varden and Fury entered into an investor rights agreement (the “**Investor Rights Agreement**”) pursuant to which Fury agreed not to sell or trade its Consideration Shares until after the one-year anniversary of the Closing Date. Anytime thereafter, Fury is entitled to sell the Consideration Shares subject to certain volume limitations set out in the Investor Rights Agreement and so long as it provides Dolly Varden with the opportunity to arrange for preferred purchasers of such Consideration Shares for sale. The Investor Rights Agreement also grants Fury the right to appoint two nominees to the Dolly Varden board so long as Fury owns greater than 20% of the Dolly Varden common shares outstanding. Should Fury own greater than 10% but less than 20% of the Dolly Varden common shares outstanding, Fury shall have the right to appoint one nominee to the Dolly Varden board. The Investor Rights Agreement also contain certain customary re-sale restrictions, voting and standstill conditions, and a right for Fury to participate in future equity financings of Dolly Varden in order to allow Fury to maintain its ownership interest in Dolly Varden, all as agreed between Dolly Varden and Fury.

2.4 Effect on Financial Position

Following completion of the Transaction, Dolly Varden will continue to be a mineral exploration company focused on northwestern British Columbia. The close proximity of the Homestake Project and DV Project, combined with common infrastructure in the region, is expected to generate substantial co-development synergies for the consolidated Homestake Project and DV Project, to be called the "**Kitsault Valley Project**", as the respective deposits are advanced in combination. The acquisition of Homestake increased the size of Dolly Varden's property portfolio by 7,484.37 Ha or 71.5%, up to a total of 17,951.14 Ha under management.

Effective upon completion of the Transaction, Michael Henrichsen and Tim Clark were appointed to the board of directors of Dolly Varden (the "**Board**"), and Thomas Wharton, Donald Birak and Annette Cusworth resigned from the Board.

The effect of the Transaction on the Company's financial position is outlined in the unaudited management prepared pro forma financial statements included in the Circular, which is available under the Company's profile on SEDAR at www.sedar.com.

Except as disclosed in this Business Acquisition Report or as otherwise publicly disclosed, and general development of the assets acquired pursuant to the Transaction in the ordinary course of business, there are presently no plans or proposals for material changes in Dolly Varden's business affairs which may have a significant effect on the financial performance and financial position of the Company.

2.5 Prior Valuations

To the knowledge of the Company, no valuation opinion was obtained within the last 12 months by either the Company or Homestake required by securities legislation or a Canadian exchange or market to support the consideration paid by the Company for the shares of Homestake.

2.6 Parties to Transaction

The Transaction was not with an "informed person" (as such term is defined in Section 1.1 of National Instrument 51-102 – *Continuous Disclosure Obligations*), associate or affiliate of the Company.

2.7 Date of Report

May 10, 2022.

ITEM 3. - FINANCIAL STATEMENTS AND OTHER INFORMATION

The audited consolidated financial statements of Homestake as at and for the years ended December 31, 2021 and 2020 and the auditor's report thereon are attached at Schedule "A" to this Business Acquisition Report.

Forward-Looking Statements

Certain statements contained within this Business Acquisition Report constitute forward-looking statements within the meaning of applicable Canadian securities legislation. All statements other than statements of historical fact may be forward-looking statements. Forward-looking statements are often, but not always, identified by the use of words such as "anticipate", "budget", "plan", "endeavor", "continue", "estimate", "evaluate", "expect", "forecast", "monitor", "may", "will", "can", "able", "potential", "target", "intend", "consider", "focus", "identify", "use", "utilize", "manage", "maintain", "remain", "result", "cultivate", "could", "should", "believe" and similar expressions. Without limitation, this Business Acquisition Report contains forward-looking statements pertaining to the expected benefits of the Transaction and the development of the Kitsault Valley Project. The forward-looking statements and information are based on certain key expectations and assumptions made by the Company, including expectations and assumptions concerning the business plan of the Company and the successful integration of the Homestake assets into the Company's operations. Although the Company believes that the expectations and assumptions on which such forward-looking statements and information are based are reasonable, undue reliance should not be placed on the forward-looking statements and information because the Company can give no assurance that they will prove to be correct. By its nature, such forward-looking information is subject to various risks and uncertainties, which could cause the actual results and expectations to differ materially from the anticipated results or expectations expressed. These risks and uncertainties include, but are not limited to, fluctuations in commodity prices, changes in industry regulations and political landscape both domestically and abroad, foreign exchange or interest rates, stock market volatility, impacts of the current COVID-19 pandemic and the retention of key management and employees. Please refer to the Company's most recent annual information form and management's discussion and analysis for additional risk factors relating to the Company, which can be accessed under the Company's profile on www.sedar.com. Readers are cautioned not to place undue reliance on this forward-looking information, which is given as of the date hereof, and to not use such forward-looking information for anything other than its intended purpose. The Company undertakes no obligation to update publicly or revise any forward-looking information, whether as a result of new information, future events or otherwise, except as required by law.

SCHEDULE "A"

FINANCIAL STATEMENTS OF HOMETAKE AS AT AND FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020

(See attached)

Homestake Resources Corporation

(An exploration company)

CONSOLIDATED

FINANCIAL STATEMENTS

FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020

Deloitte.

Deloitte LLP
939 Granville Street
Vancouver BC V6Z 1L3
Canada

Tel: 604-669-4466
Fax: 778-374-0496
www.deloitte.ca

Independent Auditor's Report

To the Board of Directors of Homestake Resource Corporation

Opinion

We have audited the consolidated financial statements of Homestake Resource Corporation (the "Company"), which comprise the consolidated statements of financial position as at December 31, 2021 and 2020, and the consolidated statements of loss and comprehensive loss, equity and cash flows for the years then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies (collectively referred to as the "financial statements").

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

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards ("Canadian GAAS"). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the 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.

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

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRS, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the 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 GAAS 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 financial statements.

As part of an audit in accordance with Canadian GAAS, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management’s use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor’s report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor’s report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the 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.

/s/ Deloitte LLP

Chartered Professional Accountants
Vancouver, British Columbia
May 10, 2022

Homestake Resources Corporation
Consolidated Statements of Financial Position
(Expressed in Canadian dollars)

	Note	**At December 31 2021**	At December 31 2020
Assets			
Current assets:			
Cash		**$ 25,199**	$ 63,346
Marketable securities	4	**-**	438,571
Accounts receivable		**6,466**	1,477
Prepaid expenses and deposits		**15,872**	11,427
		47,537	514,821
Non-current assets:			
Reclamation deposit		**68,000**	68,000
Mineral property interest	5	**16,460,126**	16,060,126
Total assets		**$ 16,575,663**	$ 16,642,947
Liabilities and Equity			
Current liabilities:			
Accounts payable and accrued liabilities		**$ 17,237**	$ 6,736
Amounts due to parent company		**3,359,015**	2,760,618
Total liabilities		**3,376,252**	2,767,354
Equity:			
Share capital	7	**74,230,268**	74,230,268
Share option and warrant reserve		**144,509**	144,509
Deficit		**(61,175,366)**	(60,499,184)
Total equity		**13,199,411**	13,875,593
Total liabilities and equity		**$ 16,575,663**	$ 16,642,947

Related parties (notes 3a and 7)

Subsequent events (note 1)

These financial statements are authorized for issue by the Director of the Company on May 10, 2022:

They are signed on the Entity's behalf by:

"Shawn Khunkhun"
Director

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

Homestake Resources Corporation

Consolidated Statements of Loss and Comprehensive Loss

(Expressed in Canadian dollars, except per share amounts)

	Note		Years ended December 31		
			2021		2020
Operating expenses:					
Exploration and evaluation	6	**$**	**474,355**	$	466,111
Legal and professional fees			**7,612**		1,197
Office and administration			**8,364**		1,823
			490,331		469,131
Other expenses (income):					
Unrealized gain on marketable securities	4		**-**		(93,031)
Realized net loss on marketable securities	4		**186,060**		-
Interest income			**(247)**		(534)
Foreign exchange loss			**38**		2,505
			185,851		(91,060)
Net Loss			**676,182**		378,071
Total comprehensive loss for the year		**$**	**676,182**	$	378,071
Loss per share					
Basic and diluted loss per share	9	**$**	**0.01**	$	0.01

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

Homestake Resources Corporation
Consolidated Statements of Equity
(Expressed in Canadian dollars, except share amounts)

	Number of common shares	Share capital	Share option and warrant reserve	Deficit	Total
Balance at December 31, 2019	73,183,435	$ 74,230,268	$ 144,509	$ (60,121,113)	$ 14,253,664
Comprehensive loss for the year	-	-	-	(378,071)	(378,071)
Balance at December 31, 2020	73,183,435	$ 74,230,268	$ 144,509	$ (60,499,184)	$ 13,875,593
Comprehensive loss for the year	**-**	**-**	**-**	**(676,182)**	**(676,182)**
Balance at December 31, 2021	**73,183,435**	**$ 74,230,268**	**$ 144,509**	**$ (61,175,366)**	**$ 13,199,411**

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

Homestake Resources Corporation
Consolidated Statements of Cash Flows
(Expressed in Canadian dollars)

	Note	**Years ended December 31** **2021**	2020
Operating activities:			
Loss for the year		**$ (676,182)**	$ (378,071)
Adjusted for:			
Interest income		**(247)**	(534)
Items not involving cash:			
Unrealized gain on marketable securities	4	**-**	(93,031)
Realized net loss on marketable securities	4	**186,060**	-
Share-based compensation	8	**39,716**	28,885
Changes in non-cash working capital			
Accounts receivable		**(4,989)**	10,563
Prepaid expenses and deposits		**(4,445)**	(5,420)
Accounts payable		**10,499**	(23,644)
Cash used in operating activities		**(449,588)**	(461,252)
Investing activities:			
Interest received		**247**	534
Proceeds from sale of marketable securities	4	**252,511**	-
Purchase of royalty	5	**(100,000)**	-
Cash provided by investing activities		**152,758**	534
Financing activities:			
Contributions from parent		**258,683**	502,382
Cash provided by financing activities		**258,683**	502,382
(Decrease) increase in cash		**(38,147)**	41,664
Cash, beginning of the year		**63,346**	21,682
Cash, end of the year		**$ 25,199**	$ 63,346

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

Note 1: Nature of operations and subsequent event

Homestake Resources Corporation (the "Company" or "Homestake") is an entity in the province of British Columbia and its principal office is 1630-1177 West Hastings Street, Vancouver, British Columbia, Canada, V6E 2K3. The Company is a wholly owned subsidiary of Fury Gold Mines Limited ("Fury Gold"), which is the ultimate parent entity.

The Company is principally engaged in the acquisition and exploration of mineral property interests, with its primary asset being the Homestake Ridge project in British Columbia. The Company has not yet determined whether the property contains mineral reserves where extraction is both technically feasible and commercially viable.

On December 6, 2021, Fury Gold entered into a definitive agreement (the "Purchase Agreement") with Dolly Varden Silver Corporation ("Dolly Varden") pursuant to which Fury Gold agreed to sell to Dolly Varden a 100% interest in the Company in exchange for $5,000,000 in cash and 76,504,590 common shares in Dolly Varden. The Company is the owner of a 100% interest in the Homestake Ridge gold-silver project which is located adjacent to the Dolly Varden Project owned by Dolly Varden in the Golden Triangle, British Columbia ("the Dolly Varden Transaction"). The Dolly Varden Transaction completed on February 25, 2022. As a result, Fury Gold acquired the 76,504,590 Dolly Varden Shares on February 25, 2022, representing approximately 35.33% of the Dolly Varden Shares currently outstanding and 32.88% of Dolly Varden on a fully diluted basis.

In connection with the Dolly Varden Transaction and as contemplated in the Purchase Agreement, Dolly Varden and Fury Gold have also entered into an investor rights agreement dated February 25, 2022 (the "Investor Rights Agreement"). Pursuant to its obligations under the Investor Rights Agreement, Dolly Varden has appointed Forrester "Tim" Clark, the Chief Executive Officer ("CEO") of Fury Gold, and Michael Henrichsen, the Chief Geological Officer of Fury Gold, to the board of directors of Dolly Varden.

The consolidated financial statements are prepared on a going concern basis. The going concern basis assumes that the Company will continue in operation for the foreseeable future and will be realize its assets and discharge its liabilities and commitments in the normal course of business. The Company has incurred operating losses and negative cash flows from operations in recent years. For the year ended December 31, 2021, the Company reported a total comprehensive loss of $676,182 (2020 - $378,071). Without the continued support from its parent, Dolly Varden, or its ability to derive future cash flows from its operations, the Company may not realize its assets and discharge its liabilities in the normal course of business. The Company has received a guarantee from its parent confirming its continued support for a period of at least twelve months from the date of approval of these consolidated financial statements.

Response to COVID-19

Across Canada, public health officials have recommended precautions to mitigate the spread of the ongoing COVID-19 pandemic, especially in heavily populated areas, with provincial governments issuing orders that at certain times have required the closure of non-essential businesses and for people to remain at home. In compliance with government orders, employees were supported to work remotely when required.

Note 2: Basis of presentation

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"), effective for the year ended December 31, 2021. IFRS comprises IFRSs, International Accounting Standards ("IASs"), and interpretations issued by the IFRS Interpretations Committee ("IFRICs"), and the former Standing Interpretations Committee ("SICs").

Basis of preparation and consolidation

These consolidated financial statements incorporate the financial statements of the Company and Homestake Royalty Corporation ("Homestake Royalty"), an entity 100% controlled by the Company (its subsidiary). Control exists when the Company has power over an investee, exposure, or rights to variable returns from its involvement with the investee, and the ability to use its power over the investee to affect the amount of the Company's returns. Homestake Royalty is incorporated in British Columbia, Canada and its functional currency is the Canadian dollar.

These consolidated financial statements have been prepared on a historical cost basis except for certain financial instruments that have been measured at fair value (note 10). All amounts are expressed in Canadian dollars unless otherwise noted. Reference to US$ are to United States dollars. All intercompany balances and transactions have been eliminated.

Critical accounting estimates and judgements

The preparation of consolidated financial statements in conformity with IFRS requires management to select accounting policies and make estimates and judgments that may have a significant impact on the consolidated financial statements. Estimates are continuously evaluated and are based on management's experience and expectations of future events that are believed to be reasonable under the circumstances. Actual outcomes may differ from these estimates.

Critical accounting judgments exercised in applying accounting policies, and key sources of estimation uncertainty that have significant risk of causing a material adjustment to the carrying amount of assets and liabilities are as follows:

a) Functional currency

The functional currency for Homestake Royalty is the currency of the primary economic environment in which the entity operates. The Company has determined that the functional currency of Homestake Royalty is the Canadian dollar. Determination of functional currency may involve certain judgments to determine the primary economic environment and the Company reconsiders the functional currency of its entities if there is a change in events and conditions that determined the primary economic environment.

b) Economic recoverability and probability of future economic benefits of mineral property interests

Management has determined that the acquisition of mineral properties and related costs incurred, which have been recognized on the consolidated statement of financial position, are economically recoverable. Management uses several criteria in its assessments of economic recoverability and probability of future economic benefit including geological data, scoping studies, accessible facilities, and existing and future permits.

c) Indications of impairment of assets

Assessments of impairment indicators are performed at the Cash Generating Unit ("CGU") level and judgment is involved in assessing whether there is any indication that an asset or a CGU may be impaired. The assessment of the impairment indicators involves the application of a number of significant judgments and estimates to certain variables, including metal price trends, exploration plans for properties, and the results of exploration and evaluation to date.

d) Income taxes

The provision for income taxes and composition of income tax assets and liabilities requires management's judgment. The application of income tax legislation also requires judgment in order to interpret legislation and to apply those findings to the Company's transactions.

e) Asset held for sale

The Company applies judgment to determine whether an asset or disposal group is available for immediate sale in its present condition and that its sale is highly probable and therefore should be classified as held for sale at the balance sheet date. Conditions that support a highly probable sale include the following: an appropriate level of management is committed to a plan to sell the asset or disposal group, an active program to locate a buyer and complete the plan has been initiated, the asset or disposal group has been actively marketed for sale at a price that is reasonable in relation to its current fair value, and the sale of the asset or disposal group is expected to qualify for recognition as a completed sale within one year from the date of classification as held for sale. At December 31, 2021, the Company concluded that the Homestake Ridge project did not meet the criteria for classification as held for sale as it viewed the sale as not being highly probable at that time.

f) Financial instruments

Financial instruments are assessed upon initial recognition to determine whether they meet the definition of a financial asset, financial liability, or equity instrument depending on the substance of the contractual arrangement. Judgement is required in making this determination as the substance of a transaction may differ from its legal form. Once a determination is made, IFRS requires that financial instruments be measured at fair value on initial recognition. For financial instruments that do not have quoted market prices or observable inputs, judgements are made in determining what are appropriate inputs and assumptions to use in calculating the fair value.

g) Share-based compensation

The Company determines the fair value of share options granted using the Black-Scholes option pricing model. This option pricing model requires the development of market-based subjective inputs, including the risk-free interest rate, expected price volatility, and expected life of the option. Changes in these inputs and the underlying assumption used to develop them can materially affect the fair value estimate.

h) Deferred tax assets and liabilities

Management judgment and estimates are required in assessing whether deferred tax assets and deferred tax liabilities are recognized in the consolidated statements of financial position. Judgments are made as to whether future taxable profits will be available in order to recognize deferred tax assets. Assumptions about the generation of future taxable profits depend on management's estimates of future cash flows. These depend on estimates of future production and sales volumes, commodity prices, reserves, operating costs, and other capital management transactions. These judgments and assumptions are subject to risk and uncertainty, and changes in circumstances may alter expectations which may impact the amount of deferred tax assets and deferred tax liabilities recognized on the consolidated statement of financial position and the benefit of other tax losses and temporary differences not yet recognized.

Note 3: Significant accounting policies

a) Foreign currency translation

The financial statements of the Company and its subsidiary are prepared in its functional currency determined on the basis of the primary economic environment in which such entities operate. The presentation and functional currency of the Company and each of its subsidiary is the Canadian dollar. Amounts in these financial statements denominated in United States dollars are denoted as US$.

Transactions in currencies other than the functional currency are recorded at the rates of exchange prevailing at the transaction dates. At each reporting date, monetary items denominated in foreign currencies are translated into the entity's functional currency at the then prevailing rates and non-monetary items measured at historical cost are translated into the entity's functional currency at rates in effect at the date the transaction took place.

Exchange differences arising on the settlement of monetary items or on translating monetary items at rates different from those at which they were translated on initial recognition during the period or in previous financial statements are included in the consolidated statement of loss and comprehensive loss for the period in which they arise.

b) Cash and cash equivalents

Cash and cash equivalents consist of cash and highly liquid short-term investments that are readily convertible to cash and have maturities with terms of less than ninety days and/or with original maturities over ninety days but redeemable on demand without penalty. As at December 31, 2021 and 2020, the Company did not have any cash equivalents.

c) Mineral property interests and exploration expenditures

Title to mineral properties involves certain inherent risks due to the difficulties of determining the validity of certain claims as well as the potential for problems arising from the frequently ambiguous historical conveyancing practices of many properties. The Company has investigated title to all of its mineral properties and, to the best of its knowledge, title to all of its properties is in good standing.

The Company accounts for mineral property interests in accordance with IFRS 6 – *Exploration for and evaluation of mineral properties* ("IFRS 6").

Costs directly related to acquiring the legal right to explore a mineral property including acquisition of licenses, mineral rights, and similar acquisition costs are recognized and capitalized as mineral property interests. Acquisition costs incurred in obtaining the legal right to explore a mineral property are deferred until the legal right is granted and thereon reclassified to mineral property interests. Transaction costs incurred in acquiring an asset are deferred until the transaction is completed and then included in the purchase price of the asset acquired.

Once the legal right to explore a property has been acquired, costs directly related to exploration and evaluation activities including, but not limited to, researching and analyzing existing exploration data, conducting geological studies, exploration drilling and sampling, and payments made to contractors and consultants in connection with the exploration and evaluation of the property, are expensed in the period in which they are incurred as exploration and evaluation costs on the consolidated statement of loss and comprehensive loss.

Costs not directly attributable to exploration and evaluation activities, including general administrative overhead costs, are expensed as administrative costs in the period in which they occur.

As the Company currently has no operational income, any incidental revenues earned in connection with exploration activities are applied as a reduction to exploration and evaluation costs.

When a project is deemed to no longer have commercially viable prospects to the Company, all capitalized acquisition costs in respect of that project are deemed to be impaired. As a result, those costs, in excess of the estimated recoverable amount, are expensed to the consolidated statement of loss and comprehensive loss.

The Company assesses mineral property interests for impairment when facts and circumstances suggest that the carrying amount of the asset may exceed its recoverable amount. The recoverable amount is the higher of the asset's fair value less costs to sell and its value in use.

Once the technical feasibility and commercial viability of extracting the mineral resources has been determined, the property is considered to be a mine under development at which point the assets and further related costs no longer fall under the guidance of IFRS 6.

d) Impairment of non-financial assets

At each reporting date, the Company reviews the carrying amounts of its assets to determine whether there are any indicators of impairment. If any such indicator exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment, if any.

Where the asset does not generate cash inflows that are independent from other assets, the Company estimates the recoverable amount of the CGU to which the asset belongs. Any intangible asset with an indefinite useful life is tested for impairment annually and whenever there is an indication that the asset may be impaired. An asset's recoverable amount is the higher of fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which estimates of future cash flows have not been adjusted.

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

e) Loss per share

Basic loss per share is calculated by dividing the net loss available to common shareholders by the weighted average number of shares outstanding during the reporting period. The diluted loss per share is calculated by dividing the net loss available to common shareholders by the weighted average number of shares outstanding on a diluted basis. The weighted average number of shares outstanding on a diluted basis takes into account the additional shares for the assumed exercise of share options and warrants, if dilutive. The number of additional shares is calculated by assuming that outstanding share options were exercised and that the proceeds from such exercises were used to acquire common shares at the average market price during the reporting period.

f) Share-based compensation

From time to time, the Company grants share options to employees and non-employees. An individual is classified as an employee, versus a non-employee, when the individual is an employee for legal or tax purposes (direct employee) or provides services similar to those performed by a direct employee.

The fair value of share options, measured using the Black-Scholes option pricing model at the date of grant, is charged to the consolidated statement of loss and comprehensive loss over the vesting period. Performance vesting conditions and forfeitures 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.

Where the terms and conditions of options are modified before they vest, any change in the fair value of the options, measured immediately before and after the modification, is also charged to the consolidated statement of loss and comprehensive loss over the remaining vesting period.

Equity instruments granted to non-employees are recorded in the consolidated statement of loss and comprehensive loss at the fair value of the goods or services received, unless they are related to the issuance of shares. Amounts 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 a share-based payment cannot be reliably estimated, the fair value is measured by use of a valuation model. The expected life used in the model is adjusted, based on management's best estimate, for the effects of non-transferability, exercise restrictions, and behavioral considerations.

All equity-settled share-based payments are recorded in the share option and warrant reserve until exercised. Upon exercise, shares are issued from treasury and the amount previously recorded in share option and warrant reserve is reclassified to share capital along with any consideration paid.

g) Income taxes

Income tax reported in the consolidated statement of loss and comprehensive loss for the period presented comprises current and deferred income tax. Income tax is recognized in the consolidated statement of loss and comprehensive loss except to the extent that it relates to items recognized directly in equity, in which case it is recognized in equity.

Current income tax for each taxable entity in the Company is based on the local taxable income at the local statutory tax rate enacted or, substantively enacted, at the reporting date and includes any adjustments to tax payable or recoverable with regards to previous periods.

Deferred income tax is determined using the liability method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The amount of deferred income tax provided is based on the expected manner of realization or settlement of the carrying amount of assets and liabilities, using the expected future tax rates enacted or substantively enacted at the reporting date.

A deferred income tax asset is recognized only to the extent that it is probable that future taxable profits will be available against which the asset can be utilized. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

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

h) Financial instruments

The Company recognizes financial assets and liabilities on its consolidated statement of financial position when it becomes a party to the contract creating the asset or liability.

On initial recognition, all financial assets and liabilities are recorded by the Company at fair value, net of attributable transaction costs, except for financial assets and liabilities classified as fair value through profit or loss for which transaction costs are expensed in the period in which they are incurred.

Amortized cost

Financial assets that meet the following conditions are measured subsequently at amortized cost:

- the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

The amortized cost of a financial asset is the amount at which the financial asset is measured at initial recognition minus the principal repayments, plus the cumulative amortization using the effective interest method of any difference between that initial amount and the maturity amount, adjusted for any loss allowance. Interest income is recognized using the effective interest method.

The Company's financial assets at amortized cost primarily include cash, restricted cash, amounts receivable, and deposits.

Fair value through other comprehensive income ("FVTOCI")

Financial assets that meet the following conditions are measured at FVTOCI:

- the financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

The Company does not have any financial assets classified as FVTOCI at December 31, 2021.

On initial recognition, the Company may make an irrevocable election (on an instrument-by-instrument basis) to designate investments in equity instruments that would otherwise be measured at fair value through profit or loss to present subsequent changes in fair value in other comprehensive income. Designation at FVTOCI is not permitted if the equity investment is held for trading or if it is contingent consideration recognized by an acquirer in a business combination. Investments in equity instruments at FVTOCI are initially measured at fair value plus transaction costs. Subsequently, they are measured at fair value with gains and losses arising from changes in fair value recognized in OCI. The cumulative gain or loss is not reclassified to profit or loss on disposal of the equity instrument, instead, it is transferred to deficit.

Financial assets measured subsequently at fair value through profit or loss ("FVTPL")

By default, all other financial assets are measured subsequently at FVTPL.

The Company, at initial recognition, may also irrevocably designate a financial asset as measured at FVTPL if doing so eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise from measuring assets or liabilities or recognizing the gains and losses on them on different bases.

Financial assets measured at FVTPL are measured at fair value at the end of each reporting period, with any fair value gains or losses recognized in profit or loss to the extent they are not part of a designated hedging relationship. Fair value is determined in the manner described in note 10.

Financial liabilities and equity

Debt and equity instruments are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements, and the definitions of a financial liability and an equity instrument.

An equity instrument is any contract that evidences a residual interest in the assets of the Company after deducting all its liabilities. Equity instruments issued by the Company are recognized at the proceeds received, net of direct issue costs. Repurchase of the Company's own equity instruments is recognized and deducted directly in equity. No gain or loss is recognized in profit or loss on the purchase, sale, issue, or cancellation of the Company's own equity instruments.

Financial liabilities that are not contingent consideration of an acquirer in a business combination, held for trading, or designated as at FVTPL, are measured at amortized cost using the effective interest method.

The Company's financial liabilities measured at amortized cost primarily include accounts payable and accrued liabilities.

i) Changes in accounting standards

The Company has adopted the following amended accounting standard and policy effective January 1, 2021:

IBOR Reform and the Effects on Financial Reporting – Phase II

In August 2020, the Board issued Interest Rate Benchmark Reform—Phase 2, which amends IFRS 9, Financial Instruments, IAS 39, Financial Instruments: Recognition and Measurement, IFRS 7, Financial Instruments: Disclosures, IFRS 4, Insurance Contracts and IFRS 16, Leases.

The Board issued amendments that complement those issued in 2019 and focus on the effects of the interest rate benchmark reform on a company's financial statements that arise when, for example, an interest rate benchmark used to calculate interest on a financial asset is replaced with an alternative benchmark rate. The Phase 2 amendments apply only to changes required by the interest rate benchmark reform to financial instruments and hedging relationships. The adoption of this standard did not have a material impact on the Company's consolidated financial statements.

New and amended standards not yet effective:

Certain new accounting standards and interpretations have been issued but were not effective for the year ended December 31, 2021, and they have not been early adopted. The Company is currently assessing the new and amended standards' impact on its consolidated financial statements; however, they are not expected to have a material impact on the Company's current or future reporting periods.

Annual Improvements to IFRSs 2018-2020 Cycle

Annual Improvements to IFRS Standards 2018–2020 makes amendments to the following standards and has an effective date of January 1, 2022:

IFRS 1 - First-time Adoption of International Financial Reporting Standards: The amendment permits a subsidiary that applies paragraph D16(a) of IFRS 1 to measure cumulative translation differences using the amounts reported by its parent, based on the parent's date of transition to IFRSs.

IFRS 9 - Financial Instruments: Fees in the '10 per cent' test for derecognition of financial liabilities. The amendment clarifies which fees an entity includes when it applies the '10 per cent' test in paragraph B3.3.6 of IFRS 9 in assessing whether to derecognise a financial liability. An entity includes only fees paid or received between the entity (the borrower) and the lender, including fees paid or received by either the entity or the lender on the other's behalf.

IFRS 16 - Leases The amendment to Illustrative Example 13 accompanying IFRS 16 removes from the example the illustration of the reimbursement of leasehold improvements by the lessor in order to resolve any potential confusion regarding the treatment of lease incentives that might arise because of how lease incentives are illustrated in that example.

IAS 41 – Agriculture: The amendment removes the requirement in paragraph 22 of IAS 41 for entities to exclude taxation cash flows when measuring the fair value of a biological asset using a present value technique. This will ensure consistency with the requirements in IFRS 13.

Amendments to IAS 16 – Property, Plant and Equipment—Proceeds before Intended Use

The amendments prohibit deducting from the cost of an item of property, plant and equipment any proceeds from selling items produced before that asset is available for use, i.e., proceeds while bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Consequently, an entity recognises such sales proceeds and related costs in profit or loss. The entity measures the cost of those items in accordance with IAS 2 – *Inventories*.

The amendments also clarify the meaning of "testing whether an asset is functioning properly". IAS 16 now specifies this as assessing whether the technical and physical performance of the asset is such that it is capable of being used in the production or supply of goods or services, for rental to others, or for administrative purposes.

If not presented separately in the statement of comprehensive income or loss, the financial statements shall disclose the amounts of proceeds and cost included in profit or loss that relate to items produced that are not an output of the entity's ordinary activities, and which line items in the statement of comprehensive income or loss include such proceeds and cost.

The amendments are applied retrospectively, but only to items of property, plant and equipment that are brought to the location and condition necessary for them to be capable of operating in the manner intended by management on or after the beginning of the earliest period presented in the financial statements in which the entity first applies the amendments.

The entity shall recognise the cumulative effect of initially applying the amendments as an adjustment to the opening balance of retained earnings (or other component of equity, as appropriate) at the beginning of that earliest period presented.

The amendments are effective for annual periods beginning on or after January 1, 2022, with early application permitted.

Amendments to IAS 1 – Classification of Liabilities as Current or Non-current

The amendments to IAS 1 affect only the presentation of liabilities as current or non-current in the consolidated statements of financial position and not the amount or timing of recognition of any asset, liability, income, or expenses, or the information disclosed about those items.

The amendments clarify that the classification of liabilities as current or non-current is based on rights that are in existence at the end of the reporting period, specify that classification is unaffected by expectations about whether an entity will exercise its right to defer settlement of a liability, explain that rights are in existence if covenants are complied with at the end of the reporting period, and introduce a definition of "settlement" to make clear that settlement refers to the transfer to the counterparty of cash, equity instruments, other assets, or services.

The amendments are applied retrospectively for annual periods beginning on or after January 1, 2023, with early application permitted.

Amendments to IAS 1 – Presentation of Financial Statements and IFRS Practice Statement 2 Making Materiality Judgements – Disclosure of Accounting Policies

The amendments change the requirements in IAS 1 with regard to disclosure of accounting policies. The amendments replace all instances of the term 'significant accounting policies' with 'material accounting policy information'. Accounting policy information is material if, when considered together with other information included in an entity's financial statements, it can reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements.

The supporting paragraphs in IAS 1 are also amended to clarify that accounting policy information that relates to immaterial transactions, other events or conditions is immaterial and need not be disclosed. Accounting policy information may be material because of the nature of the related transactions, other events or conditions, even if the amounts are immaterial. However, not all accounting policy information relating to material transactions, other events or conditions is itself material.

The Board has also developed guidance and examples to explain and demonstrate the application of the 'four-step materiality process' described in IFRS Practice Statement 2.

The amendments to IAS 1 are effective for annual periods beginning on or after January 1, 2023, with earlier application permitted and are applied prospectively. The amendments to IFRS Practice Statement 2 do not contain an effective date or transition requirements.

Amendments to IAS 8 – Accounting Policies, Changes in Accounting Estimates and Errors – Definition of Accounting Estimates

The amendments replace the definition of a change in accounting estimates with a definition of accounting estimates. Under the new definition, accounting estimates are "monetary amounts in financial statements that are subject to measurement uncertainty". The definition of a change in accounting estimates was deleted. However, the concept of changes in accounting estimates in the Standard was retained with the following clarifications:

- A change in accounting estimate that results from new information or new developments is not the correction of an error; and
- The effects of a change in an input or a measurement technique used to develop an accounting estimate are changes in accounting estimates if they do not result from the correction of prior period errors.

The amendments are effective for annual periods beginning on or after January 1, 2023 to changes in accounting policies and changes in accounting estimates that occur on or after the beginning of that period, with earlier application permitted.

Note 4: Marketable securities

		Total
Balance at December 31, 2019	$	345,540
Unrealized gain		93,031
Balance at December 31, 2020	$	438,571
Disposition of marketable securities		**(252,511)**
Realized loss on disposition		**(186,060)**
Balance at December 31, 2021	**$**	**-**

During the year ended December 31, 2021, the Company transferred its investment in Bravada Gold Corporation to Fury Gold. The transaction price was the market value of the shares as at the date of transaction.

Note 5: Mineral property interest

The Company, through its wholly owned subsidiary Homestake Royalty, at December 31, 2021 owned a 100% interest in the Homestake Ridge project subject to a 2% NSR applicable to the Crown grants. The project covers approximately 7,500 hectares and is located in the Iskut-Stewart-Kisault gold belt in northwestern British Columbia. On February 25, 2022, the Company completed the sale of the Homestake Ridge project to Dolly Varden (note 1).

In September 2021, the Company completed the purchase of a corporate 2% NSR on 14 mineral claims on the Homestake Ridge project for $400,000 comprising a $100,000 cash payment and 328,767 of common shares of Fury Gold, with a fair value of $300,000.

	Total
Balance at December 31, 2019	$ 16,060,126
Balance at December 31, 2020	$ 16,060,126
Purchase of Homestake Ridge royalty	400,000
Balance at December 31, 2021	**$ 16,460,126**

(Expressed in Canadian dollars, except where noted)

Note 6: Exploration and evaluation costs

For the years ended December 31, 2021 and 2020, the Company's exploration and evaluation costs were as follows:

	Years ended December 31	
	2021	2020
Assaying	**$ 21,013**	$ 27,402
Exploration drilling [(a)]	**125,000**	-
Camp cost, equipment and field supplies	**124,256**	27,232
Geological consulting services	**2,928**	194,423
Permitting, environmental and community costs	**53,724**	69,778
Expediting and mobilization	**6,223**	-
Salaries and wages	**99,754**	115,756
Aircraft and travel	**1,741**	2,635
Share-based compensation	**39,716**	28,885
Total	**$ 474,355**	$ 466,111

(a) Exploration drilling expense incurred at the Homestake Ridge project comprised of the expensing of 50% of a drilling contract deposit of $125,000.

Note 7: Share capital

Authorized

Unlimited common shares without par value.

(Expressed in Canadian dollars, except where noted)

Note 8: Related party balances and transactions

All transactions with related parties have occurred in the normal course of operations. All amounts are unsecured, non-interest bearing, and have no specific terms of settlement, unless otherwise noted.

(a) Related parties

Universal Mineral Services Ltd. ("UMS") is a private company with one director in common. On December 31, 2021, Mr. Ivan Bebek resigned as a director of UMS, with Mr. Steven Cook assuming sole directorship of UMS. UMS provides geological, financial, and transactional advisory services as well as administrative services to the Company on an ongoing, cost recovery basis. Having these services available through UMS, on an as needed basis, allows the Company to maintain a more efficient and cost-effective corporate overhead structure by hiring fewer full-time employees and engaging outside professional advisory firms less frequently. The agreement has an indefinite term and can be terminated by either party upon providing due notice.

During the year ended December 31, 2021, the Company recognized exploration and evaluation costs of $20,167 incurred by UMS on its behalf (December 31, 2020 - $106,459)

The outstanding balance owing at December 31, 2021, was $1,616 (December 31, 2020 – $44) which is included in accounts payable. In addition, the Company had $10,075 in current prepaids (December 31, 2020 - nil) representing certain geological software licenses purchased on behalf of the Company by UMS, and which are amortized over twelve months.

$258,653 of funding was received during the year ended December 31, 2021, from Fury Gold (December 31, 2020 - $502,382). The outstanding balance owing at December 31, 2021, was $3,359,015 (December 31, 2020 - $2,760,618), which was subsequently settled through a capital contribution to Fury Gold, resulting in a nil balance owing to Fury Gold at the deemed date of disposition of February 25, 2022.

During the year ended December 31, 2021, $39,716 (December 31, 2020 - $28,885) of share-based compensation expense was recognized. The expense recognized represents the expense incurred by Fury Gold and recharged to the Company for certain share options issued by Fury Gold based on the fair value method of accounting.

(b) Key Management Personnel:

For the years ended December 31, 2021 and 2020, key management personnel were determined to comprise certain geological employees of Fury Gold and UMS, including the Senior Vice President, Exploration, and Vice President, Project Development.

	Years ended December 31	
	2021	2020
Short-term benefits	**$ 71,659**	$ 57,148
Share-based payments	**29,797**	15,928
Total	**$ 101,456**	$ 73,076

(Expressed in Canadian dollars, except where noted)

Note 9: Loss per share

For the years ended December 31, 2021 and 2020, the weighted average number of shares outstanding and loss per share from continuing operations were as follows:

	Years ended December 31	
	2021	2020
Loss for the year	**$ 676,182**	$ 378,071
Weighted average number of shares outstanding	**73,183,435**	73,183,435
Basic and diluted loss per share	**$ 0.01**	$ 0.01

Note 10: Financial instruments

The Company's financial instruments as at December 31, 2021 consisted of cash, accounts receivable, deposits, and accounts payable and accrued liabilities. The fair values of these financial instruments approximate their carrying values, unless otherwise noted.

Financial assets and liabilities by categories

	At December 31, 2021			At December 31, 2020		
	Amortized Cost	**FVTPL**	**Total**	Amortized Cost	FVTPL	Total
Cash	**$ 25,199**	**$ -**	**$ 25,199**	$ 63,346	$ -	$ 63,346
Marketable securities	**-**	**-**	**-**	-	438,571	438,571
Accounts receivable	**6,466**	**-**	**6,466**	1,477	-	1,477
Deposits	**68,000**	**-**	**68,000**	68,000	-	68,000
Total financial assets	**$ 99,665**		**$ 99,665**	$ 132,823	$ 438,571	$ 571,394
Accounts payable and accrued liabilities	**17,237**	**-**	**17,237**	6,736	-	6,736
Amounts payable to parent	**3,359,015**		**3,359,015**	2,760,618	-	2,760,618
Total financial liabilities	**$ 3,376,252**	**$ -**	**$ 3,376,252**	$ 2,767,354	$ -	$ 2,767,354

Financial assets and liabilities measured at fair value

The categories of the fair value hierarchy that reflect the significance of inputs used in making fair value measurements are as follows:

Level 1 – fair values based on unadjusted quoted prices in active markets for identical assets or liabilities;

Level 2 – fair values based on inputs that are observable for the asset or liability, either directly or indirectly; and

Level 3 – fair values based on inputs for the asset or liability that are not based on observable market data.

The Company's policy to determine when a transfer occurs between levels is to assess the impact at the date of the event or the change in circumstances that could result in a transfer. No transfers occurred between the levels during the year.

The Company had no financial instruments measured at fair value on a recurring basis as at December 31, 2021 and 2020.

(Expressed in Canadian dollars, except where noted)

During the year ended December 31, 2021, there were no financial assets or financial liabilities measured and recognized on the consolidated statement of financial position at fair value that would be categorized as level 3 in the fair value hierarchy.

Financial instruments and related risks

The Company's financial instruments are exposed to liquidity risk.

Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset. As at December 31, 2021, the Company had a working capital deficit of $3,328,715 (December 31, 2020 - $2,252,533), which includes accounts payable of $17,237 and amounts due to Fury Gold of $3,359,015. The Company's accounts payable are due within 12 months and the amounts due to Fury Gold are repayable on demand. The amounts due to Fury Gold were subsequently settled through a capital contribution to Fury Gold, resulting in a nil balance owing to Fury Gold at the deemed date of disposition of February 25, 2022.

Note 11: Management of capital

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to pursue exploration of resource properties and to maintain a flexible capital structure which optimizes the costs of capital at an acceptable risk.

The Company manages the capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust the capital structure, the Company may issue new shares or debt, acquire or dispose of assets, or adjust the amount of cash and investments.

In order to maximize ongoing exploration efforts, the Company does not pay out dividends, does not have any long-term debt, and is not subject to any externally imposed capital requirements.

The capital of the Company was determined as follows:

	Years ended December 31	
	2021	**2020**
Equity	**$ 13,199,411**	$ 13,875,593
Less: cash	**(25,199)**	(63,346)
	$ 13,174,212	$ 13,812,247

Subsequent to December 31, 2021, a payable amount of $3,347,899 was settled through a capital contribution.

(Expressed in Canadian dollars, except where noted)

Note 12: Income taxes

Income tax recovery provision

The reconciliation of the income tax recovery computed at statutory rates to the reported income tax recovery is:

	Years ended December 31	
	2021	**2020**
Loss before income taxes	**$ 676,182**	$ 378,071
Canadian federal and provincial income tax rates	**27%**	27%
Expected income tax recovery	**(182,569)**	(102,079)
Increase (decrease) in income tax recovery resulting from:		
Share-based compensation	**10,723**	7,799
True up of prior year provision	**15,786**	-
Difference in future tax rates	**96,914**	(12,559)
Change in unrecognized tax asset	**59,146**	106,839
Income tax recovery	**$ -**	$ -

Significant components of deferred tax asset and liabilities are:

At December 31	**2021**	2020
Non-capital losses carried forward	**$ 4,548,601**	$ 4,615,963
Capital losses carried forward	**68,676**	-
Share issuance costs	**-**	39
Investments	**-**	44,854
Mineral property interests	**(812,078)**	(914,803)
Unrecognized deferred tax assets	**$ 3,805,199**	$ 3,746,053

The Company has accumulated non-capital losses of approximately $17,204,248 (December 31, 2020 – $17,096,160) in Canada, which may be carried forward to reduce taxable income of future years. The non-capital losses will, if unused, expire between 2024 and 2041. The Company has not recognized any deferred tax assets at December 31, 2021 in respect of these non-capital losses due to the uncertainty that future operations will generate sufficient taxable income to utilize these non-capital losses.

The Company has $518,311 accumulated capital losses (December 31, 2020 – nil) in Canada which may be carried forward indefinitely and used to reduce capital gains in future years.

(Expressed in Canadian dollars, except where noted)