Minto Metals Corp.

ANNUAL CONSOLIDATED FINANCIAL STATEMENTS

For the years ended December 31, 2021 and 2020

Deloitte.

Deloitte LLP
700, 850 2 Street SW
Calgary, AB T2P 0R8
Canada

Tel: 403-267-1700
Fax: 587-774-5379
www.deloitte.ca

Independent Auditor's Report

To the Shareholders and the Board of Directors of
Minto Metals Corp.

Opinion

We have audited the consolidated financial statements of Minto Metals Corp. (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, consolidated statements of changes in deficiency and consolidated statements of 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.

Material Uncertainty related to Going Concern

We draw attention to Note 2 in the financial statements, which indicates that the Company incurred a net loss of $1.97 million during the year ended December 31, 2021 and, as of that date, the company had a working capital deficiency of $ 16.2 million as at December 31, 2021. As stated in Note 2, these events or conditions, along with other matters as set forth in Note 2, indicate that a material uncertainty exists that cast significant doubt on the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Other Information

Management is responsible for the other information. The other information comprises Management's Discussion and Analysis.

Our opinion on the financial statements does not cover the other information and we do not and will not express any form of assurance conclusion thereon. In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

We obtained Management's Discussion and Analysis prior to the date of this auditor's report. If, based on the work we have performed on this other information, we conclude that there is a material misstatement of this other information, we are required to report that fact in this auditor's report. We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the 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.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor’s report is Kyle Hawkins.

/s/ Deloitte LLP

Chartered Professional Accountants

Calgary, Alberta

March 31, 2022

Minto Metals Corp.
Consolidated Statements of Financial Position
As at December 31, 2021 and December 31, 2020
(stated in thousands of Canadian dollars)

As at	*Note*	**December 31, 2021**	**December 31, 2020**
Assets			
Current assets			
Cash		**$ 9,979**	$ 507
Accounts Receivable	*6*	**20,762**	6,437
Inventories	*7*	**6,212**	5,604
Prepaid expenses		**2,855**	755
		39,808	13,303
Non-current assets			
Mineral properties, plant and equipment	*8*	**53,702**	48,594
Right-of-use assets	*10*	**9,245**	10,433
Long-term deposits	*9*	**13,399**	8,988
Total assets		**$ 116,154**	$ 81,318
Liabilities			
Current liabilities			
Accounts payable and accrued liabilities		**$ 36,370**	$ 20,937
Current portion of Sumitomo loan	*11*	**10,221**	2,012
Current portion of Due to Pembridge	*11*	**4,000**	-
Current portion of lease liability	*10*	**5,436**	6,065
		56,027	29,014
Non-current liabilities			
Lease liabilities	*10*	**3,895**	3,610
Due to Pembridge	*11*	**1,174**	4,841
Note payable to Pembridge	*11*	**6,368**	-
Due to Sumitomo	*11*	**-**	1,732
Long-term debt	*11*	**11,702**	11,347
Deferred revenue	*13*	**14,463**	14,901
Deferred income tax liabilities	*12*	**3,109**	2,670
Asset retirement obligation	*14*	**35,288**	32,196
Total liabilities		**132,026**	100,311
Shareholders' equity (deficiency)			
Share capital	*15*	**221,840**	216,749
Deficit		**(237,712)**	(235,742)
Total shareholders' equity (deficiency)		**(15,872)**	$ (18,993)
Total liabilities and shareholders' equity (deficiency)		**$ 116,154**	$ 81,318

Going concern	*2*		
Subsequent event	*25*		

ON BEHALF OF THE BOARD:

(signed) Greg McKnight	*(signed) Gati Al-Jebouri*
Director	Director

The accompanying notes are an integral part of these annual consolidated financial statements

Minto Metals Corp.
Consolidated Statements of Loss and Comprehensive Loss
For the years ended December 31, 2021 and 2020
(stated in thousands of Canadian dollars, except share and per share amounts)

		Twelve months ended	
	Note	**December 31, 2021**	December 31, 2020
Revenue	*16*	**$ 138,297**	$ 80,251
Production costs		**(113,510)**	(83,959)
Royalty expense		**(1,496)**	(928)
Depletion and amortization	*8, 10*	**(11,240)**	(8,097)
Income (loss) from mine operations		**12,051**	(12,733)
Expenses			
Related party management fees	*22*	**(888)**	(771)
Stock-based compensation expense	*15*	**(3,110)**	-
Other expenses		**(2,896)**	(205)
Income (loss) from operations		**5,157**	(13,709)
Other income (loss), net	*17*	**(1,715)**	420
Finance costs	*18*	**(4,973)**	(4,849)
Loss before income taxes		**(1,531)**	(18,138)
Income tax expense	*12*	**(439)**	(143)
Net loss and comprehensive loss		**$ (1,970)**	$ (18,281)
Per share amounts			
Basic and diluted		**$ (0.03)**	$ (0.45)
Weighted Average Number of Common Shares Outstanding		**61,539,216**	40,439,144

The accompanying notes are an integral part of these consolidated financial statements

Minto Metals Corp.
Consolidated Statements of Cash Flows
For the years ended December 31, 2021 and 2020
(stated in thousands of Canadian dollars)

		Twelve months ended	
	Note	**December 31, 2021**	December 31, 2020
Operating activities			
Net loss for the period		**$ (1,970)**	$ (18,281)
Adjustments for the following items:			
Depletion, depreciation and accretion		**11,240**	8,097
Finance costs		**4,973**	4,849
Other income (loss), net		**1,715**	187
Stock-based compensation expense	*15*	**3,110**	-
Listing expense		**948**	-
Amortization of deferred revenue		**(1,548)**	(2,084)
Income tax expense		**439**	143
Reclamation payments	*14*	**(86)**	-
Change in non-cash working capital	*19*	**(4,989)**	15,896
		13,832	8,807
Interest paid		**(1,642)**	(1,728)
Net cash provided by operating activities		**12,190**	7,079
Investing activities			
Additions to mineral properties, plant and equipment	*8*	**(6,302)**	(6,573)
Right-of-use asset additions		**(1,343)**	-
Net cash used in investing activities		**(7,645)**	(6,573)
Financing activities			
Advances from Sumitomo	*11*	**11,958**	3,798
Repayments on Sumitomo loan	*11*	**(5,501)**	-
Repayment of lease liabilities	*10*	**(7,426)**	(7,406)
Share issuance	*15*	**31,033**	-
Share issuance costs	*15*	**(1,674)**	-
Class B common shares issued		**-**	4,076
Return of capital	*15*	**(6,306)**	-
Payment of Note Payable		**(12,796)**	-
Advances from Pembridge	*11*	**-**	4,546
Long-term deposits	*9*	**(4,362)**	(5,741)
Net cash provided by (used in) financing activities		**4,926**	(727)
Impact of foreign exchange on cash balances		**1**	(7)
Change in cash		**9,472**	(228)
Cash, beginning of year		**507**	735
Cash, end of year		**$ 9,979**	$ 507

The accompanying notes are an integral part of these consolidated financial statements

Minto Metals Corp.
Consolidated Statements of Changes in Deficiency
(stated in thousands of Canadian dollars, except share information)

	Note	Number of shares	Share capital	Deficit	Shareholders' equity (deficiency)
Balance at January 1, 2020		**19,875,525**	**$ 212,673**	**$ (217,461)**	**$ (4,788)**
Class B common share issuance		40,353,339	4,076	-	4,076
Net loss and comprehensive loss		-	-	(18,281)	(18,281)
Balance at December 31, 2020		**60,228,864**	**216,749**	**(235,742)**	**(18,993)**
Return of capital	*15*	-	(25,470)	-	(25,470)
Common Share issuance	*15*	9,475,953	24,637	-	24,637
Flow-through shares issued	*15*	2,459,906	6,396	-	6,396
Tax benefit of flow-through shares issued	*15*	-	(1,727)	-	(1,727)
Share issuance costs	*15*	-	(1,674)	-	(1,674)
Issuance of shares for reverse takeover	*15*	327,128	851	-	851
Stock compensation	*15*	-	2,078	-	2,078
Net income and comprehensive income		-	-	(1,970)	(1,970)
Balance at December 31, 2021		**72,491,851**	**$ 221,840**	**$ (237,712)**	**$ (15,872)**

The accompanying notes are an integral part of these consolidated financial statements

1. Description of Business and Nature of Operations

Minto Metals Corp. is a publicly traded Canadian company incorporated in British Columbia, Canada. The Company has two wholly-owned subsidiaries that hold mineral claims.

Minto owns and operates the producing Minto mine (the “Minto Mine”) located in the Minto Copper Belt of the Yukon, Canada. The Minto Mine property first began open pit mining and milling operations in 2007 with underground mining commencing in 2014. Capstone Mining Corp. (“Capstone Mining”), the previous owners of the Minto Mine, put the Minto Mine into care & maintenance in 2018 and the mine operations were shut down. In mid-2019 Minto (formerly Minto Explorations Ltd.) purchased the Minto Mine operation and restarted the mine. The current Minto Mine includes underground mining operations, a processing plant that produces a high-grade copper, gold and silver concentrate, and all supporting infrastructure associated with operating a remote mine located in Yukon. The Minto Mine property is located on the Selkirk First Nation's Territory, sitting about 20 km WNW of Minto Landing on the west side of the Yukon River. Minto Landing is located on the east side of the Yukon River approximately 250 road-km north of the City of Whitehorse, the capital city of the Yukon.

On November 23, 2021, Minto completed a reverse takeover of 1246778 BC Ltd. (“778 BC”). Subsequent to the RTO Transaction (as defined herein), Minto competed the RTO Financing (as defined herein) and issued 11,935,859 shares for $29.4 million in net proceeds. The Company trades on the TSX Venture Exchange under the symbol “MNTO”. Note 5 describes the RTO Transaction and RTO Financing in more detail.

The Company’s head office is located at Suite 800, 5940 Macleod Trail SW, Calgary, Alberta.

2. Going Concern

These consolidated financial statements (the “Financial Statements”) have been prepared by management on a going concern basis which contemplates the realization of assets and the payment of liabilities in the ordinary course of business. Should the Company be unable to continue as going concern, it may be unable to realize the carrying value of its assets and meet its liabilities and obligations as they become due. To date, the Company has not obtained profitable operations from its various assets and activities and continues to incur losses.

The Company has in place a planning, budgeting and forecasting process to determine the funds required to support the Company’s operations and expansion plans. As at December 31, 2021, the Company had cash of $10.0 million (December 31, 2020 - $0.5 million and a working capital deficiency of $16.2 million (December 31, 2020 - $15.7 million). The working capital deficiency was primarily due to accounts payable and accruals of $36.4 million (December 31, 2020 - $20.9 million), and the Current Portions of the Sumitomo Canada Ltd. (“Sumitomo”) (December 31, 2021 - $10.2 million, December 31, 2020 – $2.0 million) and Pembridge Resources PLC (“Pembridge”) (December 31, 2021 - $4.0 million, December 31, 2020 - $ nil) loans. The Company is currently in negotiations with Sumitomo to increase the amount available to it under the facility and increase the term of the Sumitomo Loan. Additionally, the Company continues to be in negotiations with the Yukon Government to maintain current reclamation bonding requirements as discussed in Note 14. The Company recognized a loss of $2.0 million for the year ended December 31, 2021 (net loss of $18.3 million

2. Going Concern (continued)

for the year ended December 31, 2020). These conditions indicate the existence of a material uncertainty which may cast significant doubts about the Company's ability to continue as a going concern.

The Company's ability to continue as a going concern is dependent on its ability to achieve profitable operations in the future, on its ability to raise additional capital through debt or equity financings, and the cooperation of lenders and the Yukon Government regrading reclamation bonding. The Company has been successful in the raising capital in the past but there are no assurances that it will be successful in closing additional raises.

These Financial Statements do not reflect adjustments to the carrying values of the assets and liabilities, revenues, expenses and the balance sheet classification that would be used if the going concern assumption were not appropriate. Such adjustments could be material.

3. Basis of Presentation, Significant Accounting Judgements and Estimates, and Significant Accounting Policies

a) *Basis of preparation and consolidation*

These Financial Statements have been prepared in accordance with International Financial Reporting Standards ("IFRS"). The Financial Statements have been prepared under the historical cost basis, except for certain financial instruments which are measured at fair value and in accordance with the accounting policies presented below and are based on IFRS and IFRS Interpretations Committee ("IFRIC") interpretations issued and effective as of December 31, 2021.

These Financial Statements were approved by the board of directors of the Company on March 31, 2022.

b) *The most significant accounting policies of the Company are as follows:*

i. Translation of foreign currencies

All amounts presented herein are in Canadian dollars except as otherwise indicated.

Transactions denominated in foreign currencies (currencies other than the functional currency of an entity) are translated at the exchange rates on the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated at reporting date exchange rates and any gain or loss on translation is recorded in the statement of net loss and comprehensive loss as a foreign exchange gain (loss). Non-monetary assets and liabilities that are measured at historical cost in a foreign currency are translated using the exchange rate at the date of the transaction. Non-monetary assets and liabilities measured at fair value in a foreign currency are translated at the rates prevailing on the date when the fair value was determined.

3. Basis of Presentation, Significant Accounting Judgements and Estimates, and Significant Accounting Policies (cont'd.)

b) The most significant accounting policies of the Company are as follows *(cont'd.)*

ii. Cash

Cash is comprised of cash on hand and cash deposited with financial institutions which is subject to an insignificant risk of change in value.

iii. Inventories

Inventories for consumable parts and supplies, ore stockpiles and concentrates, are valued at the lower of cost and net realizable value. Costs allocated to consumable parts and supplies are based on weighted average costs and include all costs of purchase, conversion and other costs in bringing these inventories to their existing location and condition. Costs allocated to ore stockpiles and concentrates are based on weighted average costs, which include an appropriate share of direct mining costs, direct labour and material costs, mine site overhead, depletion and amortization. If carrying value exceeds net realizable amount, a write down is recognized.

iv. Producing mineral properties

Producing mineral properties are recorded at cost less accumulated depletion and impairment charges. The costs associated with producing mineral properties include acquired interests in production stage properties representing the fair value at the time they were acquired. Producing mineral properties also include additional capitalized costs after initial acquisition. Upon sale or abandonment of producing mineral properties, the carrying value is derecognized and any gains or losses thereon are included in the statement of income (loss).

v. Mineral exploration and development properties

The carrying amount of mineral exploration and development properties comprise costs that are directly attributable to:

- researching and analysing existing exploration data;
- conducting geological studies, exploratory drilling and sampling;
- examining and testing extraction and treatment methods; and
- activities in relation to evaluating the technical feasibility and commercial viability of extracting a mineral resource.

The costs associated with mineral exploration and development properties include acquired interests in development and exploration stage properties representing the fair value at the time they were acquired. Mineral exploration and development properties related to greenfield properties, which are prospective in nature and not yet supported by an internal economic assessment, are expensed in the Consolidated statements of net loss and comprehensive loss , except for acquisition costs and mining interest rights. Exploration and development expenses related to brownfield mineral properties are capitalized provided that one of the following conditions is met:

3. Basis of Presentation, Significant Accounting Judgements and Estimates, and Significant Accounting Policies (cont'd.)

b) The most significant accounting policies of the Company are as follows *(cont'd.)*

- Such costs are expected to be recouped in full through successful development and exploitation of the area of interest or alternatively, by its sale; or
- Exploration and evaluation activities in the area of interest have not yet reached a stage which permits a reasonable assessment of the existence of economically recoverable reserves, however active and significant operations in relation to the area are continuing, or planned for the future.

The carrying values of capitalized amounts of mineral exploration and development properties are reviewed when there are indicators of impairment at each reporting date. In the case of undeveloped projects, there may be only inferred mineral resources to allow management to form a basis for the impairment review. The review is based on the Company's intentions for development of such a project. If a project does not prove viable, all unrecoverable costs associated with the project are charged to the statement of net loss and comprehensive loss at the time the determination is made.

Once management has determined that the development potential of the property is economically viable and the necessary permits are in place for its development, the costs of the exploration asset are reclassified to producing mineral properties.

vi. Mill costs

Mill costs are recorded at cost less accumulated amortization and impairment losses. Mill development costs includes in its purchase price, any costs directly attributable to the development of the mill.

vii. Plant and equipment

Plant and equipment are recorded at cost less accumulated amortization and impairment losses. Plant and equipment includes in its purchase price, any costs directly attributable to bringing plant and equipment to the location and condition necessary for it to be capable of operating in the manner intended by management and the estimated close down and restoration costs associated with dismantling and removing the asset. Upon sale or abandonment of any plant and/or equipment, the cost and related accumulated amortization and impairment losses, are written off and any gains or losses thereon are included in the statement of (loss) income.

viii. Construction in progress

Mineral property development and plant and equipment construction commences when approved by management and/or the Board and the Company has obtained all regulatory permissions to proceed. Development and construction expenditures are capitalized and classified as construction in progress. Once completed, the costs associated with all applicable assets related to the development and construction are reclassified to the appropriate category and are depreciated.

3. Basis of Presentation, Significant Accounting Judgements and Estimates, and Significant Accounting Policies (cont'd.)

b) ***The most significant accounting policies of the Company are as follows*** *(cont'd.*

ix. Depletion and amortization of mineral properties, plant and equipment

The carrying amounts of mineral properties, plant and equipment are depleted or amortized to their estimated residual value over the estimated economic life of the specific assets to which they relate, using the depletion or amortization methods and rates as indicated below. Estimates of residual values and useful lives are reassessed and any change in estimate is taken into account in the determination of the remaining amortization rate. Amortization commences on the date the asset is available for its use as intended by management.

Depletion and amortization is computed using the following rates:

Item	Methods	Rates
Producing mineral Properties	Units of production	Estimated proven and probable mineral resources and reserves
Mill development costs	Units of production	Estimated proven and probable mineral resources
Plant & equipment	Straight line	4 – 10 years
Underground equipment	Unit of production	Estimated proven and probable mineral resources and reserves

x. Impairment of long-lived assets

At each reporting date or when indicators of impairment exist, 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.

3. Basis of Presentation, Significant Accounting Judgements and Estimates, and Significant Accounting Policies (cont'd.)

b) The most significant accounting policies of the Company are as follows *(cont'd.)*

x. Impairment of long-lived assets (cont'd.)

Where the asset does not generate cash inflows that are independent from other assets, the Company estimates the recoverable amount of the cash generating unit ("CGU") to which the asset belongs. The Company currently has only one CGU, the Minto Mine.

The recoverable amount is determined as the higher of fair value less direct costs to sell and the asset or CGU's value in use. In assessing recoverable amount, the estimated future cash flows are discounted to their present value. Estimated future cash flows are calculated using estimated recoverable mineral reserves, estimated future commodity prices and the expected future operating and capital costs. The projected cash flows are affected by changes in assumptions about metal selling prices, future capital expenditures, production cost estimates, discount rates, and exchange rates. The discount rate applied to the estimated future cash flows reflects current market assessments of the time value of money and the risks specific to the asset for which the future cash flow estimates have not been adjusted. Determining the discount rate includes appropriate adjustments for the risk profile of the country in which the individual asset or CGU operates.

If the carrying amount of an asset or CGU exceeds its recoverable amount, the carrying amount of the asset or CGU is reduced to its recoverable amount and an impairment loss is recognized in the Consolidated statements of net loss and comprehensive loss. Assets that have been impaired are tested for possible reversal of the impairment whenever events or changes in circumstance indicate that the impairment may have reversed. Where an impairment subsequently reverses, the carrying amount of the asset or CGU is increased to the revised estimate of its recoverable amount, but only so that the increased carrying amount does not exceed the carrying amount that would have been determined (net of amortization or depletion) had no impairment loss been recognized for the asset or CGU in prior periods. A reversal of impairment is recognized in the Consolidated statements of net loss and comprehensive loss.

xi. Income taxes

Current tax
Current 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 adjustments to tax payable or recoverable in respect of previous periods.

Deferred tax
Deferred tax is accounted for using the statement of financial position liability method, providing for the tax effect of temporary differences between the carrying amount of assets and liabilities for financial reporting purposes and their respective tax bases.

3. Basis of Presentation, Significant Accounting Judgements and Estimates, and Significant Accounting Policies (cont'd.)

b) The most significant accounting policies of the Company are as follows *(cont'd.)*

i. Income taxes (cont'd.)

Deferred income tax liabilities are recognized for all taxable temporary differences except where the deferred income tax liability arises from the initial recognition of goodwill, or the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit or loss nor taxable profit or loss.

Deferred income tax assets are recognized for all deductible temporary differences, carry-forward of unused tax losses and unused tax credits, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry-forward of unused tax losses and unused tax credits can be utilized, and except where the deferred income tax asset related to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit or loss nor taxable profit or loss.

The carrying amount of deferred income tax assets is reviewed at each reporting date and is adjusted to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the asset to be utilized. To the extent that an asset not previously recognized fulfils the criteria for recognition, a deferred income tax asset is recorded.

Deferred tax is measured on an undiscounted basis using the tax rates that are expected to apply in the period when the liability is settled or the asset is realized, based on tax rates and tax laws enacted or substantively enacted at the reporting date. Deferred tax assets and liabilities are offset when they relate to income taxes levied by the same taxation authority and the Company intends to settle its current tax assets and liabilities on a net basis. Current and deferred taxes relating to items recognized directly in equity are recognized in equity and not in the statement of (loss) income.

Mining taxes and royalties are treated and disclosed as current and deferred taxes if they have the characteristics of an income tax. This is considered to be the case as they are imposed under government authority and the amount payable is calculated by reference to revenue derived (net of any allowable deductions) after adjustment for items comprising temporary differences.

The Company has issued flow-through shares which allows the Company to pass its tax benefits for eligible exploration expenditures to the shareholder. The tax benefits relating to the flow-through shares are recognized upon the issuance of these shares and are drawn down as the Company incurs eligible flow-through share expenses.

xii. Taxes receivable

Taxes receivable are comprised of recoverable goods and services taxes in Canada.

3. Basis of Presentation, Significant Accounting Judgements and Estimates, and Significant Accounting Policies (cont'd.)

b) The most significant accounting policies of the Company are as follows *(cont'd.)*

xiii. Embedded derivatives

Derivatives may be embedded in financial liabilities and other non-financial instruments (the "host instrument"). Embedded derivatives are treated as separate derivatives when their economic characteristics and risks are not clearly and closely related to those of the host instrument, the terms of the embedded derivative are the same as those of a stand-alone derivative, and the combined contract is not held for trading or designated at fair value. These embedded derivatives are measured at fair value with subsequent changes recognized in gains or losses on derivative instruments in the statement of (loss) income.

xiv. Financial instruments

On initial recognition, financial assets are recognized at fair value and are subsequently classified and measured at: (i) amortized cost; (ii) fair value through other comprehensive income ("FVOCI"); or (iii) fair value through profit or loss ("FVTPL). The classification of financial assets is generally based on the business model in which a financial asset is managed and its contractual cash flow characteristics. A financial asset is measured at fair value net of transaction costs that are directly attributable to its acquisition except for financial assets at FVTPL where transaction costs are expensed. All financial assets not classified and measured at amortized cost or FVOCI are measured at FVTPL. On initial recognition of an equity instrument that is not held for trading, the Company may irrevocably elect to present subsequent changes in the investment's fair value in OCI.

The classification determines the method by which the financial assets are carried on the statement of financial position subsequent to inception and how changes in value are recorded. Accounts receivable and long term deposits are measured at amortized cost with subsequent impairments recognized in the statement of (loss) income. Concentrate receivables and derivative assets are measured at FVTPL with subsequent changes recognized in the statement of (loss) income.

The mark-to-market adjustments for provisional pricing changes on concentrate receivables are based on forward commodity prices of metals and are included in revenues until final settlement.

Financial liabilities are designated as either: (i) fair value through profit or loss; or (ii) amortized cost. All financial liabilities are classified and subsequently measured at amortized cost except for financial liabilities at FVTPL. The classification determines the method by which the financial liabilities are carried on the statement of financial position subsequent to inception and how changes in value are recorded. Accounts payable, accrued liabilities, long-term debt, Due to Sumitomo, and Due to Pembridge are classified and carried on the statement of financial position at amortized cost.

xv. Impairment and uncollectibility of financial assets

An 'expected credit loss' impairment model applies which requires a loss allowance to be recognized based on expected credit losses. This applies to financial assets measured at amortized cost. The estimated present value of future cash flows associated with the asset is determined and an impairment loss is recognized for the difference between this amount and the carrying amount as

3. Basis of Presentation, Significant Accounting Judgements and Estimates, and Significant Accounting Policies (cont'd.)

b) The most significant accounting policies of the Company are as follows *(cont'd.)*

xv. Impairment and uncollectibility of financial assets (con't)

follows: the carrying amount of the asset is reduced to estimated present value of the future cash flows associated with the asset, discounted at the financial asset's original effective interest rate, either directly or through the use of an allowance account and the resulting loss is recognized in the statement of net loss and comprehensive loss for the period.

In a subsequent period, if the amount of the impairment loss related to financial assets measured at amortized cost decreases, the previously recognized impairment loss is reversed through the statement of net loss and comprehensive loss to the extent that the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortized cost would have been had the impairment not been recognized.

xvi. Deferred revenue

Deferred revenue consists of payments received by the Company in consideration for future commitments to deliver payable gold and silver contained in concentrate at contracted prices. In addition, it includes the fair value of such commitments acquired by way of business combination. As deliveries are made, the Company records a portion of the deferred revenue as sales, based on a proportionate share of deliveries made compared with the total estimated contractual commitment.

xvii. Leases

The Company assesses whether a contract is or contains a lease at inception of a contract. The Company recognizes a right-of-use asset ("ROU asset") and a corresponding lease liability with respect to all lease arrangements in which it is the lessee, at the commencement of the lease, with the following exceptions: (i) the Company has elected not to recognize ROU assets and liabilities for leases where the total lease term is less than or equal to 12 months, or (ii) for leases of low value. The payments for such leases are recognized in the consolidated statement of loss on a straight-line basis over the lease term.

The ROU asset is initially measured based on the present value of lease payments, net of lease payments made at or before the commencement day, and any initial direct costs. They are subsequently measured at cost less accumulated amortization and impairment losses. The ROU asset is depreciated over the shorter of the lease term or the useful life of the underlying asset. The ROU asset is subject to testing for impairment if there is an indicator of impairment.

The lease liability is initially measured at the present value of lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the Company uses its incremental borrowing rate. Lease payments include fixed

3. Basis of Presentation, Significant Accounting Judgements and Estimates, and Significant Accounting Policies (cont'd.)

b) The most significant accounting policies of the Company are as follows *(cont'd.)*

xvii. Leases (con't)

payments less any lease incentives, and any variable lease payments where variability depends on an index or rate.

When the lease contains an extension or purchase option that the Company considers reasonably certain to be exercised, the cost of the option is included in the lease payments.

xviii. Reclamation and closure cost obligations

A reclamation and closure cost obligation is recognized for restoration and environmental rehabilitation costs (which include the dismantling and demolition of infrastructure, removal of residual materials and remediation of disturbed areas) in the financial period when the related environmental disturbance occurs, based on the estimated future costs using information available at the Statement of financial position date. At the time of establishing the provision, a corresponding asset is capitalized, where it gives rise to a future benefit, and amortized over future production from the operations to which it relates. The provision is discounted using a current risk free rate and the unwinding of the discount is included in the statement of net loss and comprehensive loss as interest expense from discounting reclamation and closure cost obligations.

The obligation is reviewed each reporting period for changes to obligations, legislation or discount rates that impact estimated costs or lives of operations. The cost of the related asset is adjusted for changes in the provision resulting from changes in the estimated cash flows or discount rate and the adjusted cost of the asset is amortized prospectively.

xix. Provisions

Provisions are recognized when the Company has a present obligation (legal or constructive), as a result of past events, and it is probable that an outflow of resources that can be reliably estimated will be required to settle the obligation. The amount recognized as a provision is the best estimate of the consideration required to settle the present obligation at the reporting date, taking into account the risks and uncertainties surrounding the obligation. Where the effect is material, the provision is discounted to net present value using an appropriate current market-based pre-tax discount rate and the unwinding of the discount is included in the statement of net loss and comprehensive loss as interest expense from discounting obligations.

xx. Revenue recognition

Sales are recognized and revenue is recorded at market prices following the transfer of control to the customer, provided that the Company has a present right to payment, has transferred physical possession of the asset to the customer, and the customer has the significant risks and rewards of ownership, collection is reasonably assured, the price is reasonably determinable, the Company has no significant continuing involvement, and the costs incurred or to be incurred in

3. Basis of Presentation, Significant Accounting Judgements and Estimates, and Significant Accounting Policies (cont'd.)

b) The most significant accounting policies of the Company are as follows *(cont'd.)*

xxi. Revenue recognition (con't)

respect of the transaction can be measured readily. Minto satisfies its performance obligation upon transfer of control of of the metal concentrate. The Company's metal concentrates are sold under a pricing arrangement where final prices are determined by quoted market prices in a period subsequent to the date of sale. Until prices are final, revenues are recorded based on forward market prices for the expected period of final settlement. Subsequent variations in the final determination of the metal concentrate weight, and assay are recognized as revenue adjustments as they occur until finalized.

xxii. Government grants and accounting policy

In response to the COVID-19 pandemic and emergency measures, such as lockdowns, governments have established various programs to assist companies through this period of uncertainty. Management has determined the Company qualifies for certain programs and recognizes such government grants when there is a reasonable assurance the grant will be received. For the year ended December 31, 2021, the Company has recorded $1.2 million, related to the Canada Emergency Wage Subsidy ("CEWS") from the Government of Canada. Under IAS 20 – Accounting for Government Grants and Disclosure of Government Assistance, the Company may recognize CEWS as either income or a reduction of the expenses related to the grant. The wage subsidy relates to production expenses and has been recognized as a reduction to the payroll expense line by $1.2 million, in these consolidated financial statements.

c) Use of estimates and judgements

The preparation of the financial statements requires management to select accounting policies and make estimates and judgements that may have a significant impact on the 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. However, actual outcomes can differ from these estimates.

Critical judgements exercised in applying accounting policies, apart from those involving estimates, that have the most significant effect on the amounts recognized in the financial statements are as follows:

i. Economic recoverability and probability of future economic benefits of mineral exploration, evaluation and development costs

The Company has determined that exploratory drilling, evaluation, development, and related costs incurred, which are capitalized, have future economic benefits and are economically recoverable. In making this judgement, the Company has assessed various sources of information including, but not limited to, the geologic and metallurgic information, history of

3. Basis of Presentation, Significant Accounting Judgements and Estimates, and Significant Accounting Policies (cont'd.)

c) Use of estimates and judgements (cont'd.)

Economic recoverability and probability of future economic benefits of mineral exploration, evaluation and development costs (con't)
conversion of mineral deposits to proven and probable reserves, scoping and feasibility studies, proximity to existing ore bodies, existing permits, and life of mine plans.

ii. Mineral properties, plant and equipment
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 conveyancing historical characteristic of many properties. The Company has investigated title to all of its mineral properties and all of its properties is in good standing.

iii. Financial instruments
Financial assets and liabilities are designated upon inception to various to determine classifications. The designation determines the method by which the financial instruments are carried on the Statement of financial position subsequent to inception and how changes in value are recorded. The designation may require the Company to make certain judgments, taking into account management's intention of the use of the financial instruments.

Key sources of estimation uncertainty that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities are:

iv. Estimated reclamation and closure costs
The Company's provision for reclamation and closure cost obligations represents management's best estimate of the present value of the future cash outflows required to settle the liability. The provision reflects estimates of future costs directly attributable to remediating the liability, inflation, movements in foreign exchange rates and assumptions of risks associated with the future cash outflows, and the applicable risk-free interest rates for discounting future cash outflows. Changes in the factors above can result in a change to the provision recognized by the Company. To the extent the carrying value of the related mining property is not increased above its recoverable amount, changes to reclamation and closure cost obligations are recorded with a corresponding change to the carrying amounts of related mining properties.

3. Basis of Presentation, Significant Accounting Judgements and Estimates, and Significant Accounting Policies (cont'd.)

c) Use of estimates and judgements (cont'd.)

v. Income taxes

Deferred tax assets and liabilities are determined based on differences between the financial statement carrying values of assets and liabilities and their respective income tax bases ("temporary differences"), and losses carried forward.

The determination of the ability of the Company to utilize tax loss carry-forwards to offset tax liabilities requires management to exercise judgment and make certain assumptions about the future performance of the Company. Management is required to assess whether it is probable that the Company will benefit from these prior losses and other deferred tax assets. The Company is subject to certain mining royalties. Changes in economic conditions, metal prices and other factors could result in revisions to the estimates of the benefits to be realized or the timing of utilizing the losses.

vi. Mineral reserve and resource estimates

The figures for mineral reserves and mineral resources are determined in accordance with National Instrument 43-101, "Standards of Disclosure for Mineral Projects", issued by the Canadian Securities Administrators. There are numerous uncertainties inherent in estimating mineral reserves and mineral resources, including many factors beyond the Company's control. Such estimation is a subjective process, and the accuracy of any mineral reserve or mineral resource estimate is a function of the quantity and quality of available data and of the assumptions made and judgments used in engineering and geological interpretation. Differences between management's assumptions, including economic assumptions such as commodity prices, increases in estimated future production and capital costs, reductions in mineral reserves and exploration potential and adverse economic events can result in impairment charges. In determining the economic recoverability and probability of future economic benefit of non-producing mineral properties, management also considers geological information, likelihood of conversion of resources to reserves, estimated market values of measured and indicated resources, scoping and feasibility studies, permitting, infrastructure, development costs, and life of mine plans.

vii. Estimated permitted reserves

The carrying amounts of the Company's producing mining properties are depleted based on mineral reserves. Changes to estimates of permitted reserves and depletable costs including changes resulting from revisions to the Company's mine plans and changes in metal price forecasts can result in a change to future depletion rates.

3. Basis of Presentation, Significant Accounting Judgements and Estimates, and Significant Accounting Policies (cont'd.)

c) Use of estimates and judgements (cont'd.)

viii. Depreciation and amortization rate for property, plant and equipment and depletion rates for mining reserves

Depletion, depreciation, and amortization expenses are allocated based on estimated asset lives. Should the asset life, depletion rates, or depreciation rates differ from the initial estimate, an adjustment would be made in the statement of net loss and comprehensive loss on a prospective basis.

ix. Impairment of mineral properties, plant and equipment

Management considers both external and internal sources of information in assessing whether there are any indications that the Company's mineral properties, plant and equipment are impaired and whether previously recorded impairments should be reversed. External sources of information management considers include changes in the market, economic and legal environment in which the Company operates that are not within its control and affect the recoverable amount of its mineral properties, plant and equipment. Internal sources of information that management considers include the manner in which mineral properties, plant and equipment are being used or are expected to be used and indications of economic performance of the assets.

ix. Impairment of mineral properties, plant and equipment

In determining the recoverable amounts of the Company's mineral properties, plant and equipment, management makes estimates of the future operating results and discounted net cash flows expected to be derived from the Company's mining properties, costs to sell the mining properties and the appropriate discount rate. Reductions in metal price forecasts, increases in estimated future costs of production, increases in estimated future non-expansionary capital expenditures, reductions in the amount of recoverable mineral reserves, mineral resources, and exploration potential, and/or adverse current economics can result in a write-down of the carrying amounts of the Company's mineral properties, plant and equipment.

x. Inventory valuation

Consumable parts and supplies, ore stockpiles and concentrates, are valued at the lower of cost and net realizable value. Estimates in the carrying values of inventories arise due to the nature of the valuation of ore stockpiles and concentrates based on an appropriate allocation of direct mining costs, direct labour and material costs, mine site overhead, and depletion and amortization.

xi. Valuation of financial instruments, including estimates used in provisional pricing calculations

Financial instrument estimates are based on either unadjusted quoted prices in active markets or direct or indirect observable inputs in accordance with the definitions of the financial instruments. Provisional pricing calculations are determined based on the change in

3. Basis of Presentation, Significant Accounting Judgements and Estimates, and Significant Accounting Policies (cont'd.)

c) Use of estimates and judgements (cont'd.)

xi. Valuation of financial instruments, including estimates used in provisional pricing calculations (con't)

the value of forward commodity prices of metals. To account for the change in metal prices from the total contract value to the provisional value amount that has been received, estimates of the value of concentrates are used to determine the provisionally priced concentrate receivables at each period.

d) New Standards, Interpretations and Amendments

On August 27, 2020, an amendment to IFRS 9 and certain other standards, IBOR Reform and its Effect on Financial Reporting, was issued by the IASB and became effective January 1, 2021. The Company assessed the impact of the amendment and determined it did not have a significant effect on the Company's financial statements.

4. Adoption of New and Revised IFRS and IFRS Not Yet Effective

The following amendments have been issued and are effective for financial years beginning on or after January 1, 2022. Amendments that are not applicable to the Company have been excluded. The Company does not currently anticipate that the adoption of any of these amendments will have a material impact on its financial statements.

IAS 37, Provisions, Contingent Liabilities and Contingent Assets (effective January 1, 2022)
Clarifies that the 'costs of fulfilling a contract' when assessing whether a contract is onerous comprise both the incremental costs and an allocation of other costs that relate directly to fulfilling contracts. The amendments apply to contracts existing at the date when the amendments are first applied.

IAS 1, Presentation of Financial Statements (effective January 1, 2023)
Clarifies the presentation of liabilities in the statement of financial position. The classification of liabilities as current or non-current is based on contractual rights that are in existence at the end of the reporting period and is unaffected by expectations about whether an entity will exercise its right to defer settlement. A liability not due over the next twelve months is classified as non-current even if management intends or expects to settle the liability within twelve months. The amendments also introduce a definition of 'settlement' to make clear that settlement refers to the transfer of cash, equity instruments, other assets, or services to the counterparty.

5. Reverse Takeover and RTO Financing

On November 23, 2021, Minto Explorations Ltd. ("Minto Explorations") and 778 BC completed an amalgamation (the "RTO Transaction") pursuant to an amalgamation agreement dated June 15, 2021, between Minto Explorations and 778 BC, as amended on November 5, 2021. The substance of the RTO Transaction is a reverse takeover of 778 BC, the non-operating company. The RTO Transaction does not

(stated in thousands of CAD dollars, unless otherwise specified)

5. Reverse Takeover and RTO Financing (continued)

constitute a business combination as 778 BC does not meet the definition of a business under IFRS 3. As a result, the RTO Transaction has been accounted for as an acquisition of assets with 778 BC identified as the accounting acquirer and the equity consideration being measured at fair value. The resulting financial statements are presented as a continuation of the original 778 BC and the comparative amounts represented in the financial statements after the reverse acquisition are those of the original Minto Explorations.

The share capital of Minto Explorations Ltd. and 1246778 B.C. Ltd. prior to the Transaction were as follows:

	Number of Shares		Amount
Minto Explorations Ltd.			
Class A Common voting shares			
Balance, November 23, 2021	79,502,100	$	185,061
Elimination of Class A common voting shares to effect a 12:1 consolidation	(72,876,925)		-
Balance as of November 23, 2021 prior to the Transaction	6,625,175	$	185,061
Class B Common voting shares			
Balance, November 23, 2021	643,244,264	$	6,218
Elimination of Class B non-voting shares to effect a 12:1 consolidation	(589,640,575)		-
Balance as of November 23, 2021 prior to the transaction	53,603,689	$	6,218
Balance as at November 23, 2021 prior to the Transaction	**60,228,864**	**$**	**191,279**
1246778 BC Ltd.			
Balance, November 23, 2021	3,000,000	$	-
Conversion of stock options	75,000	$	-
Elimination of common voting shares to effect a 9.4:1 consolidation	(2,747,872)		-
Balance as of November 23, 2021 prior to the Transaction	**327,128**	**$**	**-**

On November 23, 2021, in connection with the Qualifying Transaction, an offering of 11,935,859 common shares was completed by the resulting issuer at a price of CDN$2.60 per share, for gross proceeds of $31.0 million. The Resulting Issuer paid to the agent, along with reasonable expenses of the agent, a cash commission of $1.7 million from the gross proceeds raised.

Pursuant to the Qualifying Transaction, holders of the Class A common voting shares of Minto received 6,625,175 common voting shares, while holders of Class B common non-voting shares received 53,603,689 common voting shares of the resulting issuer, in exchange for their shares in Minto. The substance of the transaction is a reverse acquisition of the non-operating company. The transaction does not constitute a business combination as 778 BC does not meet the definition of a business under IFRS 3. As a result, the transaction has been accounted for as an acquisition of assets with 778BC identified as the accounting acquirer and the equity consideration being measured at fair value. The resulting financial statements are presented as a continuation of the original 778 BC and the comparative amounts represented in the financial statements after the reverse acquisition are those of the original Minto.

A total of 72,491,851 common shares were issued as a result of these transactions. See note 15 for more information.

(stated in thousands of CAD dollars, unless otherwise specified)

5. Reverse Takeover and RTO Financing (continued)

IFRS 2 applies to transactions where an entity grants equity instruments and cannot identify specifically some or all of the goods or services received in return. Because 778 BC issued shares with a value in excess of the assets deemed received, IFRS 2 would indicate the difference be recognized in comprehensive loss as a listing expense. The amount assigned to listing expense of $0.9 million is the difference between the fair value of the consideration and the net identifiable assets of 778 BC deemed acquired by Minto and included in the consolidated statement of operations and comprehensive loss.

Based on the statement of financial position of 778 BC at the time of the Transaction, the net assets at estimated fair value that were deemed acquired by Minto Explorations Ltd. and the resulting transaction charged to the statement of operations and comprehensive loss were as follows:

Consideration		
Common Shares (327,168 shares at $2.60 each)	**$**	**850**
Identifiable net liabilities acquired		
Accounts receivable	$	5
Accounts payable and accrued liabilities		(25)
Amounts owed to former CEO of 778 BC		(78)
	$	(98)
Listing expense		948
Total net identifiable liabilities assumed and listing expense	**$**	**850**

6. Accounts Receivable

As at	**December 31, 2021**		December 31, 2020	
Trade receivables	**$**	**19,608**	$	6,031
Goods and services taxes and other		**1,154**		406
	$	**20,762**	$	6,437

Trade receivables represent the value of metal concentrates as at period end for which the funds are not yet received. All amounts receivable are expected to be received within twelve months and are thus recognized as current assets.

7. Inventories

As at	**December 31, 2021**		December 31, 2020	
Consumable parts and supplies	**$**	**5,638**	$	3,619
Ore stockpiles		**574**		1,985
	$	**6,212**	$	5,604

Consumables increased from last year mainly due to the higher levels of production in 2021. The ore stockpile was valued at the lower of cost or net realizable value at December 31, 2021. The decrease from December 31, 2020 was mainly due to the lower stockpile volumes on-hand at December 31, 2021. The ore stockpile was written-down by $1.4 million in 2020. There were no write-downs in 2021.

(stated in thousands of CAD dollars, unless otherwise specified)

8. Mineral Properties, Plant and Equipment

	Mineral Properties					
	Depletable	Non-depletable				
Twelve months ended December 31, 2021	Producing mineral properties	Mineral exploration and development properties	Mill development	Plant & equipment	Construction in progress	Total
Cost						
At January 1, 2021	$ 51,095	$ 27,002	$ 9,621	$ 160,462	$ 7,875	$ 256,055
Transfers	15,693	(15,693)	-	-	-	-
Additions	3,000	845	-	2,168	289	6,302
Changes in estimates	2,729	-	-	-	-	2,729
Cost at December 31, 2021	$ 72,517	$ 12,154	$ 9,621	$ 162,630	$ 8,164	$ 265,086
Accumulated depreciation and amortization						
At January 1, 2021	$ 43,624	$ 70	$ 9,615	$ 154,152	$ -	$ 207,461
Depletion and amortization	2,809	-	-	1,114	-	3,923
Accumulated depreciation and amortization at December 31, 2021	$ 46,433	$ 70	$ 9,615	$ 155,266	$ -	$ 211,384
Carrying amount at December 31, 2021	$ 26,084	$ 12,084	$ 6	$ 7,364	$ 8,164	$ 53,702

	Mineral Properties					
	Depletable	Non-depletable				
Year ended December 31, 2020	Producing mineral properties	Mineral exploration and development properties	Mill development	Plant & equipment	Construction in progress	Total
Cost						
At January 1, 2020	$ 47,029	$ 24,963	$ 9,621	$ 160,146	$ 7,590	$ 249,349
Transfers	2,727	(2,727)	-	-	-	-
Additions	-	4,766	-	316	285	5,367
Changes in estimates	1,339	-	-	-	-	1,339
Cost at December 31, 2020	$ 51,095	$ 27,002	$ 9,621	$ 160,462	$ 7,875	$ 256,055
Accumulated depreciation and amortization						
At January 1, 2020	$ 42,398	$ 70	$ 9,615	$ 153,241	$ -	$ 205,324
Depletion and amortization	1,226	-	-	911	-	2,137
Accumulated depreciation and amortization at December 31, 2020	$ 43,624	$ 70	$ 9,615	$ 154,152	$ -	$ 207,461
Carrying amount at December 31, 2020	$ 7,471	$ 26,932	$ 6	$ 6,310	$ 7,875	$ 48,594

Construction in progress relates to capital costs incurred by the Minto Mine which are not yet in use.

During the year ended December 31, 2021, the Company invested $2.9 million (twelve months ended December 31, 2020: $4.7 million) in the Copper Keel ore body by improving access to the site for future development. In the second quarter of 2021, $15.7 million of mineral exploration and development properties relating to the Copper Keel ore body were transferred to producing mineral properties due to the commencement of commercial production.

(stated in thousands of CAD dollars, unless otherwise specified)

9. Long-Term Deposits

As at	**December 31, 2021**	December 31, 2020
Deposit related to surety bond	**$ 10,143**	$ 5,741
Yukon Energy Decommissiong Fund	**2,812**	2,800
Port of Skagway deposit	**444**	447
	$ 13,399	$ 8,988

On September 30, 2020, the Company entered into a Collateral Trust Agreement with Pembridge Resources plc, Zurich American Insurance Company and the Fidelity and Deposit Company of Maryland (collectively the "Beneficiary") and the Bank of New York Mellon, a banking corporation with trust powers under the laws of New York (the "Trustee"), in relation to a surety bank account connected to the Company's asset retirement obligation. Pembridge Resources plc as original grantor has deposited to this account the equivalent of CAD $4.0 million in cash. The deposits represent restricted cash that is held in trust with the Trustee. The Company has replaced Pembridge Resources plc as the grantor of the restricted cash under the Collateral Trust Agreement. Minto funded the remaining balance in the account and does not expect to make any future funding to the account.

The Yukon Energy Decommissioning Fund relates to security for the mine's electrical infrastructure decommissioning at the end of the mine life.

10. Lease Liabilities

Right-of-use assets

As at	**December 31, 2021**	December 31, 2020
Balance, beginning of period	**$ 10,433**	$ 7,665
Additions	**11,218**	8,801
Terminations	**(3,878)**	-
Impairment	**(1,213)**	-
Depreciation	**(7,315)**	(6,033)
Balance, end of period	**$ 9,245**	$ 10,433

Lease liabilities

As at	**December 31, 2021**	December 31, 2020
Balance, beginning of period	**$ 9,675**	$ 7,327
Additions	**9,875**	8,801
Terminations	**(3,677)**	-
Lease payments	**(7,426)**	(7,405)
Interest expense	**884**	952
Total balance, end of period	**$ 9,331**	$ 9,675
Less: current portion	**(5,436)**	(6,065)
Non-current portion	**$ 3,895**	$ 3,610

(stated in thousands of CAD dollars, unless otherwise specified)

10. Lease Liabilities (continued)

Undiscounted payments associated with the Company's lease liabilities as of December 31, 2021, are summarized below:

	Less than 1 year	1 - 3 years	4 - 5 years	Total
Undiscounted lease payments	$ 5,921	$ 4,116	$ -	$ 10,037

During the period ended December 31, 2021, Minto entered into lease arrangements totalling $9.9 million and terminated three leases. An underground scoop was damaged beyond repair and an impairment loss of $1.2 million was included in other income (loss) as a result.

11. Long term debt

On June 3, 2019 the Company closed a private placement of USD $10.0 million of 8.0% senior secured notes due June 3, 2024 (the "Notes") with Copper Holdings LLC ("Copper Holdings") and Cedro Holdings LLC ("Cedro Holdings"). Proceeds net of discount on the Notes amounted to $11.1 million (USD $8.4 million) with an implied discount of 12%. Interest on the Notes is payable in semi-annual instalments and the Notes have a general security charge over all of Minto's assets. The Notes do not bear any capital maintenance covenants. The Company's USD denominated debt was translated to Canadian dollars at the period ending exchange rate. Concurrent with the issuance of the Notes, Copper Holdings and Cedro Holdings acquired Class B common shares for total consideration of $2.1 million (Note 15).

As at	**December 31, 2021**	December 31, 2020
Balance, beginning of period	**$ 11,347**	$ 11,161
Interest accretion	**398**	436
Foreign currency translation	**(43)**	(250)
Balance, end of period	**$ 11,702**	$ 11,347

Prepayment Facility Agreement with Sumitomo

On September 8, 2020, the Company entered into a Prepayment Facility Agreement with Sumitomo Canada Limited, the purchaser of the Company's copper. The facility limit is USD $12.5 million and may be drawn against at any time giving notice in increments of USD $1.0 million. Interest is calculated using the 3-month LIBOR rate plus 5.0%.

The loan is secured by a general and continuing security in the collateral; all accounts, inventory, equipment, intangibles, documents of title, money, chattel paper, instruments, securities, documents, proceeds, leaseholds and all present and future undertakings.

The Company is required to meet non-financial covenants under the Prepayment Facility Agreement in the case where an advance subsequent to the initial advance of USD $8.0 million is being requested by Minto. The key covenants include the following:

(stated in thousands of CAD dollars, unless otherwise specified)

11. Long term debt (continued)

(i) In the immediately preceding period of three full calendar months, the Company shall have produced more than 75% of the forecast figure for the Minto Mine, as set out in the 2020 Cash Flow Model;
(ii) successful establishment of flow-through ventilation and secondary egress (or any other appropriate vent system to support full production from the Copper Keel zone at the Minto Mine) and commencement of ore production from the Copper Keel zone at the Minto Mine; and
(iii) readiness of equipment at the Minto Mine site to support 3,500 tonnes per day of ore production.

The Company intended to draw the remaining USD $4.5 million under the facility but it was not in compliance with the covenants at that time. On September 21, 2021 a Guarantee Agreement was executed whereby Copper Holdings, Cedro Holdings and Pembridge all guaranteed the USD $4.5 million amount payable to Sumitomo should Sumitomo demand payment of the loan as per the Prepayment Facility Agreement. Sumitomo advanced Minto the USD $4.5 million on October 3, 2021.

The Guarantee Agreement was discharged on November 23, 2021 as a condition for discharge was met:

- Minto completed the RTO and received more than the $25.0 million of gross proceeds from the RTO Financing.

The Loan was classified as current as at December 31, 2021 based on expected future deliveries of copper concentrate to Sumitomo as per the Offtake agreement.

As at	**December 31, 2021**	December 31, 2020
Balance, beginning of period	**$ 3,744**	$ -
Advances	**11,958**	3,890
Interest	**-**	16
Payments	**(5,501)**	(93)
Foreign currency translation	**20**	(69)
	10,221	3,744
less: current portion	**(10,221)**	(2,012)
Long-term	**$ -**	$ 1,732

Due to Pembridge
In the start-up phase of the Minto Mine, Pembridge provided the first CAD $4.0 million of funding to the surety account that acts as security in connection with Minto's remediation obligation. The Company recognized a CAD $4.0 million payable to Pembridge for the transfer of the account to Minto. The CAD $4.0 million accrues interest at 8% and is to be repaid in quarterly tranches of CAD $1.0 million when Minto has completed funding the surety account to CAD $10.0 million. The funding of the surety account was completed in December of 2021 and the principal amount of the loan will be paid to Pembridge in quarterly installments of $1.0 million throughout 2022. The Due to Pembridge balance also includes $0.5 million related to mineral claims held by two fully owned subsidiaries.

(stated in thousands of CAD dollars, unless otherwise specified)

11. Long term debt (continued)

As at	**December 31, 2021**	December 31, 2020
Balance, beginning of period	**$ 4,841**	$ 4,510
Interest on Loan	**333**	331
	5,174	4,841
less: current portion	**(4,000)**	-
Long-term	**$ 1,174**	$ 4,841

On November 18, 2021 Minto Explorations Ltd. issued a US $15.0 million (CAD $19.2 million) Note Payable to Pembridge representing the remaining amount due to Capstone Mining Corp ("Capstone") for the purchase of the Minto Mine in June of 2019. The amount due is payable in US $5.0 million tranches based on the Minto Mine meeting certain milestones. All of the milestones were met as of November 18, 2021 and the full amount payable was due to Capstone. Minto paid US $10.0 million (CAD $12.8 million) to Capstone in December 2021 and negotiated with Capstone to extend the final US $5.0 million payment to no later than January 15, 2023. The Note Payable bears no interest and there are no covenants. Under IFRS 9, the Note Payable was discounted at 8.0% over the life of the payment amounts. As a result, $0.5 million of the Note Payable balance was treated as a deferred finance income. This amount will be amortized over the life of the remaining balance.

The Note Payable was treated as a reduction of the Company's capital, similar to the US $5.0 million payment made in Q1 of 2021.

As at	**December 31, 2021**	December 31, 2020
Balance, beginning of period	**$ -**	$ -
Note payable advance	**19,164**	-
Payments	**(12,796)**	-
Interest	**(168)**	-
Accretion	**168**	-
	6,368	-
less: current portion	**-**	-
Long-term	**$ 6,368**	$ -

12. Income Taxes

Income tax expense differs from the amount that would result from applying the Canadian federal and provincial income tax rate to earnings before income taxes. The differences result from the following items:

(stated in thousands of CAD dollars, unless otherwise specified)

12. Income Taxes (continued)

	December 31 2021	December 31, 2020
Loss before income taxes	$ (1,533)	$ (18,138)
Combined federal and provincial income tax rates	27%	27%
Expected income tax recovery	(414)	(4,897)
Increase (decrease) due to:		
Non-taxable portion of unrealized gains	3	(9)
Non-deductible expenditures	108	65
Changes in prior year unrecognized tax assets	881	(4,499)
Impact of losses for which no deferred tax assets have been recognized	(578)	9,340
Yukon mining taxes	439	143
Income tax expense	$ 439	$ 143
Current mineral tax expense	-	-
Deferred tax	439	143
Income tax expense	$ 439	$ 143

The composition of the deferred tax (assets) and liabilities are as follows:

	December 31 2021	December 31, 2020
Asset retirement obligation	$ (717)	$ (717)
Deferred revenue	(1,302)	(1,341)
Mineral properties, plant and equipment	5,619	5,313
Inventory	349	286
Lease liabilities	(840)	(871)
Net deferred tax liabilities	$ 3,109	$ 2,670

as at	December 31 2021	December 31, 2020
Net deferred tax liabilities, beginning of year	$ 2,670	$ 2,528
Deferred income tax expense for the year	439	142
Net deferred tax liabilities, end of year	$ 3,109	$ 2,670

The summary of the unrecognized temporary differences is as follows:

	December 31 2021	December 31, 2020
Non-capital losses	$ 70,260	$ 72,378
Mineral property, plant and equipment	67,058	69,481
Lease liability	9,331	9,675
Deferred revenue	14,463	14,905
Asset retirement obligation	35,288	32,196
Other	601	663
	$ 197,001	$ 199,298

As at December 31, 2021 the Company had non-capital losses of $70.3 million with a tax benefit of $19.0 million that are not recognized as deferred tax assets. The Company recognizes the benefit of tax losses only to the extent that it anticipates future taxable income that can be reduced by the tax losses. The non-capital losses start expiring in 2038.

(stated in thousands of CAD dollars, unless otherwise specified)

13. Deferred Revenue

As at	**December 31, 2021**	December 31, 2020
Balance, beginning of period	**$ 14,901**	$ 15,669
Recognized as revenue on sale of gold and silver	**(1,548)**	(2,084)
Interest	**1,110**	1,316
Balance, end of period	**$ 14,463**	$ 14,901

During the twelve months ended December 31, 2021, the Company delivered concentrate containing 6,318 ounces of gold (year ended December 31, 2020 – 8,963 ounces) and 73,661 ounces of silver (year ended December 31, 2020, - 74,307 ounces) to Wheaton Precious Metals Corp. ("Wheaton").

14. Asset Retirement Obligation

Details of the changes in the asset retirement obligation is as follows:

As at	**December 31, 2021**	December 31, 2020
Balance, beginning of period	**$ 32,196**	$ 31,938
Change in estimates	**2,729**	132
Reclamation completed	**(86)**	-
Interest expense from discounting obligations	**449**	126
Balance, end of period	**$ 35,288**	$ 32,196

The estimated undiscounted cash flows required to satisfy the Minto reclamation and closure cost obligation as at December 31, 2021 were $36.7 million (December 31, 2020 - $32.9 million). The undiscounted cash flows were adjusted for an inflation rate of 2.0% and uncertainty of the cash flows and then discounted using the five year Government of Canada Benchmark Bond rate of 1.25% (December 31, 2020 – 0.39%) to arrive at a discounted cash flows of $35.3 million (December 31, 2020 - $32.2 million).

On January 4, 2022, the Company received a request from the Yukon Government to increase the surety bond from $72.1 million to $104.3 million. The Company is currently working on finalising an agreement with the Yukon Government and the Selkirk First Nations that would be supported by Minto with a pre-planned reclamation investment program.

In light of the new surety bonding request, the Company engaged third-party consultants to perform a review of the surety bonding amount and have estimated the new bonding amount to be $76.5 million as at December 31, 2021 compared to $72.1 million in the prior year.

(stated in thousands of CAD dollars, unless otherwise specified)

15. Share Capital

	Number of shares		Amount
Class A Common voting shares			
Opening balance at January 1, 2020	6,625,175	$	210,531
Class B Common non-voting shares			
Opening balance at January 1, 2020	13,250,350		2,142
Class B common share issuance	40,353,339		4,076
Total Share Capital at December 31, 2020	**60,228,864**	**$**	**216,749**
Class A Common voting shares			
Opening balance at January 1, 2021	6,625,175	$	210,531
Return of capital	-		(25,470)
Class B Common non-voting shares			
Opening balance at January 1, 2021	53,603,689		6,218
Total Balance November 23, 2021 prior to the transaction	60,228,864	$	191,279
Common Share issuance	9,475,953		24,637
Flow-through shares issued	2,459,906		6,396
Tax benefit of flow-through shares issued	-		(1,727)
Share issuance costs	-		(1,674)
Issuance of shares for reverse takeover	327,128		851
Stock compensation	-		2,078
Total Share Capital at December 31, 2021	**72,491,851**	**$**	**221,840**

The Company is authorized to issue an unlimited number of Common Shares. The 2020 opening balance was retrospectively adjusted for the 12:1 share consolidation as part of the RTO Transaction. Refer to Note 5 for more information.

Return of Capital

On March 31, 2021, pursuant to the Shareholders' Agreement of June 2020, the Company paid the first USD $5.0 million (CAD $6.3 million) payment of the purchase price for the Company to Capstone Mining Corp. on behalf of Pembridge in the form of a return of their capital. On November 18, 2021 Minto Explorations Ltd. Issued an USD $15.0 (CAD $19.2 million) Note Payable in favour of Pembridge for the remaining amount of the purchase price payable by Pembridge to Capstone Mining Corp.

Consolidation of Shares

On November 23, 2021, Minto Explorations Ltd. completed a share consolidation, whereby the Minto Explorations Ltd. shares were consolidated on a one (1) for twelve (12) basis. Following the completion of this, there were 6,625,175 Minto Explorations Ltd. Class A Shares and 53,603,688 Minto Explorations Ltd. Class B Shares outstanding. Refer to Note 5 for more information on the share consolidation.

15. Share Capital (continued)

RTO Financing

On November 23, 2021, the Company completed the Reverse Takeover ("RTO") Transaction pursuant to the Amalgamation Agreement dated June 15, 2021, as amended on November 5, 2021, between Minto Explorations Ltd. and 778 BC. Pursuant to the Amalgamation Agreement, Minto Explorations Ltd. and 778 BC amalgamated and continued under the BCBCA as the Company, and each Minto Explorations Shareholder and 778 BC Shareholder received one (1) Common Share in exchange for each Minto Explorations Share and 778 Common Share, respectively.

In connection with the RTO Transaction and pursuant to an Agency Agreement between Minto Explorations Ltd. and 778 BC, 778 BC closed the first tranche of the brokered "best efforts" private placement offering and non-brokered private placement offering of the RTO Financing on September 21, 2021, pursuant to which 778 BC issued an aggregate of 5,857,938 778 BC Subscription Receipts at an issued price of $2.60 per 778 BC Subscription Receipt for aggregate gross proceeds of $15.2 million. On October 22, 2021, 778 BC closed the second tranche of the RTO Financing, pursuant to which 778 BC issued an aggregate of 444,798 778 BC Subscription Receipts at an issued price of $2.60 per 778 BC Subscription Receipt for aggregate gross proceeds of $1.2 million. Pursuant to the Subscription Receipt Agreement, each 778 BC Subscription Receipt was automatically exchanged for one (1) 778 BC Common Share upon satisfaction of the escrow release conditions and immediately prior to completion of the RTO Transaction.

In addition, immediately prior to completion of the RTO Transaction: (i) 778 BC completed a non-brokered private placement offering of 3,173,067 778 BC Common Shares at a price of $2.60 per 778 BC Common Share for aggregate gross proceeds of $8.2 million; and (ii) Minto Explorations completed a brokered "best efforts" private placement offering and non-brokered private placement offering of 2,459,906 Minto Flow-Through Shares at a price of $2.60 per Minto Flow-Through Share for aggregate gross proceeds of $6.4 million, pursuant to the terms and conditions of the Agency Agreement. Each Minto Flow-Through Share was automatically exchanged for one (1) Common Share on the completion of the RTO Transaction.

Upon completion of the RTO Financing and pursuant to the terms of the Agency Agreement, the Company received aggregate gross proceeds of $31.0 million, and in consideration for their services in connection with the brokered portion of the RTO Financing, the Agents received the Agents' Fee in the amount of $1.6 million. The net proceeds of the RTO Financing will be used to fund operational improvements at the Minto Mine Property, near-mine exploration activities and for general corporate purposes including working capital.

Escrow agreements between Minto and Pembridge, Copper Holdings LLC, Cedro Holdings I LLC and certain Directors and insiders were entered into whereby the shares held in escrow will be released as follows:

15. Share Capital (continued)

a) 10% of the shares will be released on the date of the Final Exchange Bulletin date which was November 25, 2021
b) 20% of the shares will be released 6 months from the Final Exchange Bulletin date
c) 30% of the shares will be released 12 months from the Final Exchange Bulletin date
d) 40% of the shares will be released 18 months from the Final Exchange Bulletin date

Approximately 68.8% of the Common Shares of Minto were held in escrow as at December 31, 2021 In addition to this escrow, certain shares are held under a lock-up agreement for 180 days after the RTO Transaction date. As at December 31, 2021 approximately 79.4% of the Common Shares were locked-up under this agreement.

Stock Compensation
Minto's Equity Incentive Plan authorizes the Board to issue a variety of equity-based awards as its discretion, subject to the policies of the TMX Venture Exchange. Certain Directors, Management and Employees were granted a variety of equity-based compensation in 2021:

Options
On November 29, 2021, Minto issued 1,170,000 Options to certain directors, management and employees. The Options have a strike price of $2.60 and expire on November 23, 2026. The Options vest in equal increments on November 23, 2021, November 23, 2022 and November 23, 2023. For accounting purposes, the Options were valued at $1.35 each using the Black-Scholes option pricing model using 60.9% as the volatility and 1.25% as the risk-free rate. Since Minto does not currently issue dividends, no rate was used for these.

Deferred Share Units
On November 29, 2021, 215,378 Deferred Share Units ("DSUs") were granted to the Board of Directors. Half of the units vested on November 23, 2021 and the remaining amount will vest on November 23, 2022. They are valued at $2.60 each and can be redeemed for an equal amount of shares once their Minto Directorship has ceased.

Also on November 29, 2021, 488,766 DSUs were granted to certain directors and management with respect to the amount of shares they purchased pursuant to RTO Financing. These were matched on a 1:1 basis and all DSUs vested on November 23, 2021. They are valued at $2.60 each and can be redeemed for an equal amount of shares upon termination of employment or termination of appointment to the Board, as applicable.

Shares
On November 29, 2021, 88,917 matching shares were granted to certain employees and contractors. Also on that date, 307,692 shares were granted to members of the Joint Advisory Committee. Both grants were recorded at $2.60 per share. The shares were not issued until February 2022 and as such, the transactions were recorded as a payable at December 31, 2021.

Put Obligation
The put option issued by Minto Explorations Ltd. was cancelled as part of the RTO transaction.

(stated in thousands of CAD dollars, unless otherwise specified)

16. Revenue

The Company's revenue breakdown by metal is as follows:

	Twelve months ended	
	December 31, 2021	December 31, 2020
Copper	**$ 135,340**	$ 72,056
Gold	**13,283**	16,533
Silver	**543**	273
Total gross revenue	**$ 149,166**	$ 88,862
Less: treatment and selling costs	**(10,869)**	(8,611)
Revenue	**$ 138,297**	$ 80,251

The Company sells all of its production to Sumitomo and Wheaton.

Metal concentrate sales are billed based on provisional weights and assays upon the passage of control to the customer. As final prices, weights and assays are received, additional invoices are issued and collected. In general, consideration is promptly collected from the customer.

The Company's commodity price risk associated with financial instruments primarily relates to changes in fair value caused by final settlement pricing adjustments to receivables or payables. To mitigate some of this risk, the Company has fixed the price on 6,545 tonnes of copper at $9,603.86 per tonne as at December 31, 2021. If copper prices were to change by +/- 1%, there would be a $0.6 million effect on copper revenue.

17. Other Income (Loss), Net

Other income for the twelve months ended December 31, 2021 and 2020 includes the following:

	Twelve months ended	
	December 31, 2021	December 31, 2020
Foreign exchange loss	**$ (13)**	$ (416)
Change in fair value of metal concentrates	**(288)**	836
Impairment on Right-of-Use asset	**(1,213)**	-
Loss on lease terminations	**(201)**	-
Other income (loss), net	**$ (1,715)**	$ 420

18. Finance Costs

Finance costs for the twelve months ended December 31, 2021 and 2020 includes the following:

	Twelve months ended	
	December 31, 2021	December 31, 2020
Interest expense	**$ 4,357**	$ 4,288
Accretion	**616**	561
Finance costs	**$ 4,973**	$ 4,849

(stated in thousands of CAD dollars, unless otherwise specified)

19. Change in Non-cash Working Capital

	Twelve months ended			
	December 31, 2021		December 31, 2020	
(Increase) decrease in accounts receivable	**$**	**(14,325)**	$	2,548
(Increase) decrease in inventories		**(608)**		1,894
Increase in prepaid expenses		**(2,100)**		(387)
Increase in accounts payable and accrued liabilities		**12,044**		11,841
	$	**(4,989)**	$	15,896

20. Capital Management

The Company's capital consists of the items included in shareholders' equity, short and long-term debt and cash. The Company manages the capital structure and makes adjustments in light of changes in economic conditions and the risk characteristics of the Company's assets.

To effectively manage its capital requirements, the Company has in place a planning and budgeting process to help determine the funds required to ensure the Company has the appropriate liquidity to meet its operating objectives. The Company ensures that there is sufficient capital to minimize liquidity risk, taking into account anticipated operational cash flows and cash. The Company's share capital is not subject to any external restrictions and the Company did not change its approach to capital management during the period. Refer to note 11 for restrictions on Long-Term Debt.

On January 4, 2022, the Company received a request from the Yukon Government to increase the reclamation security bond from $72.1 million to $104.3 million and The Company is currently in negotiations with the Yukon Government regarding this request.

21. Financial Instruments

Fair value of financial instruments

IFRS 13 establishes a fair value hierarchy that prioritizes the input to valuation techniques used to measure fair value as follows:
Level 1 – Fair values measured using unadjusted quoted prices in active markets for identical instruments
Level 2 – Fair values measured using directly or indirectly observable inputs, other than those included in level 1
Level 3 – Fair values measured using inputs that are not based on observable market data

The fair values of cash, accounts payable and accrued liabilities and the amounts due to Sumitomo and Pembridge approximate their carrying values due to their short-term nature. The fair value of long-term debt approximates its carrying value as the contractual interest rates are comparable to current market interest rates.

(stated in thousands of CAD dollars, unless otherwise specified)

21. Financial Instruments (continued)

The fair value hierarchy of financial instruments measured at fair value on the consolidated statements of financial position at December 31 ,2021 are as follows:

Financial assets	Level 1	Level 2	Level 3
Trade receivables	$ -	$ 19,608	$ -
	$ -	$ 19,608	$ -

The fair value hierarchy of financial instruments measured at fair value on the consolidated statements of financial position at December 31 ,2020 are as follows:

Financial assets	Level 1	Level 2	Level 3
Trade receivables	$ -	$ 6,031	$ -
	$ -	$ 6,031	$ -

Trade receivables from provisional invoices for concentrate sales are valued using quoted forward rates derived from observable market data based on the month of expected settlement. The mark-to-market adjustments for provisional pricing changes on copper and gold concentrate receivables are based on forward commodity prices and are included in revenues until final settlement. The Company has assessed the contractual cash flows of its provisionally priced contracts in accordance with IFRS 9 and has classified these receivables as fair value through profit or loss.

The Company's policy for determining when a transfer occurs between levels in the fair value hierarchy is to assess the impact at the date of the event or the change in circumstances that could result in a transfer. There were no transfers between Level 1 and Level 2 during the period ended December 31, 2021.

Set out below are the Company's financial assets by category:

	December 31, 2021			
	Fair value through profit or loss	**Fair value through OCI**	**Amortized cost**	**Total**
Cash	$ -	$ -	$ 9,979	$ 9,979
Trade receivables	19,608	-	-	19,608
Long-term deposit	13,399	-	-	13,399
	$ 33,007	$ -	$ 9,979	$ 42,986

	December 31, 2020			
	Fair value through profit or loss	Fair value through OCI	Amortized cost	Total
Cash	$ -	$ -	$ 507	$ 507
Trade receivables	6,031	-	-	6,031
Long-term deposit	8,988	-		8,988
	$ 15,019	$ -	$ 507	$ 15,526

(stated in thousands of CAD dollars, unless otherwise specified)

21. Financial Instruments (continued)

Set out below are the Company's financial liabilities by category:

	December 31, 2021		
	Fair value through profit or loss	Amortized cost	Total
Accounts payable and accrued liabilities	$ -	$ 36,370	$ -
Current portion of Due to Sumitmo *(note 11)*	-	10,221	-
Current portion due to Pembridge *(note 11)*	-	4,000	-
Due to Pembridge *(note 11)*	-	1,174	-
Note payable to Pembridge *(note 11)*	-	6,368	-
Due to Sumitomo *(note 11)*	-	-	-
Long-term debt *(note 11)*	-	11,702	-
	$ -	$ 69,835	$ -

	December 31, 2020		
	Fair value through profit or loss	Amortized cost	Total
Accounts payable and accrued liabilities	$ -	$ 20,421	$ -
Current portion of Due to Sumitmo *(note 11)*	-	2,012	-
Due to Pembridge *(note 11)*	-	4,841	-
Due to Sumitomo *(note 11)*	-	1,732	-
Long-term debt *(note 11)*	-	11,347	-
	$ -	$ 40,353	$ -

There have been no changes during the year ended December 31, 2021 as to how the Company categorizes its financial assets and liabilities by FVTPL, FVOCI, and amortized cost.

Valuation methodologies for Level 2 financial instruments

The key inputs to the valuation of the concentrate receivable balance are payable metal and future metal prices. The Company's metal concentrate sales contracts are subject to provisional pricing with the selling price adjusted at the end of the quotational period based on final settlement weights and assays. At each reporting date, the Company's accounts receivable on these contracts are marked-to-market based on a quoted forward price for which there exists an active commodity market.

Commodity price risk

The Company is exposed to commodity price risk as its revenues are derived from the sale of metals, the prices for which have been historically volatile. The Company has an agreement with Sumitomo to manage this risk by locking in copper prices to mitigate price risk when management believes it a prudent decision.

(stated in thousands of CAD dollars, unless otherwise specified)

21. Financial Instruments (continued)

Credit risk

The Company is exposed to credit risk through its trade receivables on concentrate sales the counterparty under the terms of off-take agreement. The Company manages this risk by requiring provisional payments of the value of the concentrate shipped. Taxes receivable are not considered to be subject to significant credit risk as these balances are receivable from government authorities.

The credit risk on cash is limited because the funds are held with banks with high credit ratings as assigned by international credit rating agencies.

As at December 31, 2021, the Company's maximum exposure to credit risk is the carrying value of its cash and receivables.

Foreign exchange risk

The Company is exposed to foreign exchange risk as the Company's operating costs will be primarily in Canadian dollars, while revenues are received in United States dollars (USD). Hence, any fluctuation of the USD in relation to these currencies may affect the profitability of the Company and the value of the Company's assets and liabilities. The Company currently does not enter into foreign exchange hedging arrangements.

As at December 31, 2021, the Company is exposed to foreign exchange risk through the following financial assets and liabilities denominated in currencies other than the functional currency:

		December 31, 2021		December 31, 2020
Cash	**$**	**341**	$	327
Trade receivable		**19,841**		6,437
Long term deposits		**10,586**		447
	$	**30,768**	$	7,211
Accounts payable & accrued liabilities	**$**	**1,233**	$	151
Long term debt		**28,262**		15,091
	$	**29,495**	$	15,242
Net liabilities	**$**	**1,273**	$	(8,031)

Based on the above net exposures as at December 31, 2021, a 10 percent appreciation in the US dollar against the Canadian dollar would result in a $0.1 million increase to the Company's earnings before income taxes.

Liquidity risk

The Company has in place a planning and budgeting process to help determine the funds required to ensure the Company has the appropriate liquidity to meet its operating and growth objectives. The Company maintains adequate cash balances and credit facilities to meet short and long-term business requirements,

(stated in thousands of CAD dollars, unless otherwise specified)

21. Financial Instruments (continued)

after taking into account cash flows from operations and believes that these sources will be sufficient to cover the likely short and long term cash requirements. The Company's cash is held in business accounts with US and Canadian Tier 1 Banks with a Standard & Poor's rating of A or better. The cash is available on demand for the Company's programs.

As of December 31, 2021, the Company's liabilities that have contractual maturities are as follows:

	Carrying Amount	Contractual Cash Flows	2022	2023	2024	After 2024
Accounts payable and accrued liabilities	$ 36,370	$ 36,370	$ 36,370	$ -	$ -	$ -
Long-term debt	11,702	12,678	-	-	12,678	-
Due to Pembridge	5,174	5,174	4,000	1,174	-	-
Note Payable to Pembridge	6,368	6,368	-	6,368	-	-
Due to Sumitomo	10,221	10,221	10,221	-	-	-
Lease liabilities	9,331	9,331	5,436	2,737	1,148	10
	$ 79,166	$ 80,142	$ 56,027	$ 10,279	$ 13,826	$ 10

Interest rate risk

Interest risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in the market interest rates. The Company is exposed to interest rate risk with respect to the interest it earns on its cash and long-term debt balances.

Global Conflict

The Company is continually assessing the current global conflict as it could result in disruptions to its supply chain or have an adverse affect on foreign exchange rates and copper pricing. Currently there have been no disruptions to its supply chain.

22. Related Party Transactions

During the years ended December 31, 2021, the Company undertook the following related party transactions:

- Interest of $0.3 million for the twelve months ended December 31, 2021 (2020 - $0.3 million) was recorded to Pembridge, a shareholder of the Company. The outstanding interest balance payable to Pembridge at December 31, 2021 was included in the balance due to Pembridge of $1.2 million at December 31, 2021 (December 31, 2020 - $0.8 million);
- Management fees of $0.6 million for the twelve months ended December 31, 2021 (2020 – $0.1 million) were recorded to Gati Al-Jebouri and Guy Le Bel, common directors of the Company and Pembridge. As at December 31, 2021, $0.8 million (December 31, 2020 - $0.2 million) of fees were outstanding. Included in the management fees is a one-time share grant of $0.2 million payable to Gati Al-Jebouri and a one-time payment of $0.1 million to Guy Le Bel. Both amounts are included in the December 31, 2021 owing to them;

(stated in thousands of CAD dollars, unless otherwise specified)

22. Related Party Transactions (continued)

- Management fees of $0.8 million for the twelve months ended December 31, 2021 (2020 - $0.2 million), were recorded to Copper Holdings, a shareholder of the Company. At December 31, 2021, the outstanding balance payable to Copper Holdings was $1.0 million (December 31, 2020 - $0.2 million). Included in the management fees is a one-time share grant of $0.4 million which is included in the December 31, 2021 balance owing;
- Management fees of $0.4 million for the twelve months ended December 31, 2021 (2020 - $0.1 million), were recorded to Cedro Holdings, a shareholder of the Company. At December 31, 2021, the outstanding balance payable to Cedro Holdings was $0.5 million (December 31, 2020 - $0.1 million). Included in the management fees is a one-time share grant of $0.2 million which is included in the December 31, 2021 balance owing;
- On March 31, 2021, pursuant to the Shareholders' Agreement of June 2020, the Company paid the first US $5.0 million (CAD $6.3 million) payment of the purchase price for the Company to Capstone Mining Corp. on behalf of Pembridge in the form of a return of their capital. On November 18, 2021 Minto Explorations issued an US $15.0 million Note Payable in favour of Pembridge for the remaining amount of the purchase price payable by Pembridge to Capstone Mining Corp. This was also treated as return on Pembridge's capital.
- Management fees of $nil were recorded for the twelve months ended December 31, 2021 (2020 - $0.4 million) were recorded to Minto Management Ltd.; and
- Interest of $0.5 million for the twelve months ended December 31, 2021 relating to long-term loans (2020 - $0.5 million), respectively, were recorded to each of Copper Holdings, and Cedro Holdings, shareholders of the Company.

These related party transactions are in the normal course of operations and are measured at the amount of consideration established and agreed to by the related parties.

Compensation of Key Management

Compensation totals for key management personnel were as follows:

	Twelve months ended	
	December 31, 2021	December 31, 2020
Salaries and benefits	**$ 1,710**	$ 1,252
Stock compensation	**813**	-
	$ 2,523	$ 1,252

23. Segment Reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the President that makes strategic decisions. The Company is deemed to have one segment for reporting being the operations at the Company's Canadian Mine location.

24. Commitments and Contingencies

Flow-Through Shares

As a result of the Company's renunciation of qualifying exploration expenses at December 31, 2021 relating to the flow-thru shares, the Company is committed to spending $6.4 million of qualified exploration expenditures (as defined by the Canada Revenue Agency) in 2022.

COVID-19 Pandemic

The current outbreak of the COVID-19 pandemic could have a material adverse effect on the Company's business and operations, as well as impacting global economic conditions. Government efforts to control the spread of the virus have resulted in, among others, travel restrictions to Yukon Territory, Canada, and reduced economic activity in Canada. The international response to the spread of COVID-19 has led to significant restrictions on travel, temporary business closures, quarantines, global stock, and financial market volatilities, labour shortage and delay in logistics, and a general reduction in consumer activities. All of these could affect commodity prices, interest rates, credit risk, social security, and inflation. Such public health crises at the moment or in the future may negatively affect the Company's operations along with the operations of its suppliers, contractors, service providers, and local communities.

While the COVID-19 pandemic has already had direct and indirect impacts on the Company's operations and business, the extent to which the pandemic will continue to impact our operations are highly uncertain and cannot be predicted with confidence as at the date of these Financial Statements. These uncertainties include, but are not limited to, the duration of the outbreak, Canadian governments' mandates to curtail the spreading of the virus, community, and social stabilities and the Company's ability to resume operations efficiently or economically. It is also uncertain whether the Company will be able to maintain an adequate financial condition and have sufficient capital, or have the ability to raise capital. Any of these uncertainties, and others, could have a further material adverse effect on the Company's business and operations. The Company may experience additional business interruptions, including suspended (whether government-mandated or otherwise) or reduced operations relating to COVID-19, and other such events could have a material adverse impact on the Company's business, operations, and operating results, financial condition, and liquidity.

25. Subsequent Event

On December 31, 2021, Cedro Holdings entered into a transaction to sell their portion of the Long-Term debt (US $5.0 million) to Stiftelsen Lejonudden. While a sales and purchase contract has been entered into, the transaction has not yet settled and Minto has not officially received notice that the debt has been sold. As such the Company has not reflected the sale in the Long-Term Debt Note.