

WESCAN GOLDFIELDS INC.



Management's Discussion and Analysis December 31, 2021

April 28, 2022

MANAGEMENT'S DISCUSSION & ANALYSIS ("MD&A")

The following discussion and analysis is prepared by Management as of April 28, 2022 and should be read in conjunction with the audited consolidated financial statements for the year ended December 31, 2021 ("financial statements for the year ended December 31, 2021") available on SEDAR at www.sedar.com. Wescan Goldfields Inc. ("Wescan" or "the Company") prepared its financial statements for the year ended December 31, 2021 in accordance with International Financial Reporting Standards ("IFRS"). All currency amounts are quoted in Canadian Dollars, unless otherwise stated.

Overview

Wescan is a growth oriented mineral exploration company based in Saskatchewan. Wescan is focused on the exploration of its current portfolio of gold properties and the acquisition of new exploration targets. The Company has previously focused exploration efforts on its northern Saskatchewan properties with known gold mineralization located in the La Ronge Gold Belt. No exploration programs were carried out during the year ended December 31, 2021. The Company will also continue to evaluate the potential for the acquisition of other mineral properties that fit the Company's strategic direction.

Due to the global COVID-19 pandemic, the Government of Saskatchewan waived expenditure requirements for active mineral claims and leases. As a result, the Company was not required to incur expenditures on certain of the Company's mineral properties during 2021 to keep these claims in good standing.

Projects

Jojay Gold Project

Background

The Company holds a 100% interest in the Jojay gold property, consisting of five claim blocks covering 1,496 hectares located approximately 150 kilometers northeast of La Ronge, Saskatchewan. The Company's initial 25% interest in the property was acquired from Star Diamond Corporation (formerly Shore Gold Inc.) in 2004 in exchange for shares of the Company. The remaining 75% was acquired from SSR Mining Inc. (formerly Claude Resources Inc.) in 2006 in exchange for shares. The Company has an Indicated Mineral Resource and Inferred Mineral Resource, as defined under National Instrument ("NI") 43-101, on the Jojay gold deposit which was completed on February 4, 2010. The NI 43-101 compliant Mineral Resource Estimate completed by ACA Howe International Limited ("ACA Howe") includes 21 Wescan diamond drill holes completed in 2005 and 2007-2008 and 79 historic drill holes. At a block cut-off grade of 2.0 grams per tonne Au, non-diluted Indicated Mineral Resources, located entirely in the Red Zone, amount to 420,000 tonnes with an average grade of 3.7 grams per tonne Au, for 50,000 ounces gold. Non-diluted Inferred Mineral Resources, approximately half of which were located in the Red Zone, amount to 630,000 tonnes with an average grade of 4.3 grams per tonne Au, for 87,000 ounces gold. No Measured Mineral Resources or Mineral Reserves of any category were identified. Mineral resources are not mineral reserves and by NI 43-101 definition do not



demonstrate economic viability. There is no certainty that all or any part of the Mineral Resource will be converted into a Mineral Reserve.

Based on recommendations from a review of historical drilling data that was completed in February 2011 and the recommendations contained in the Technical Report that accompanied the NI 43-101 compliant Resource Estimate, Wescan commenced a 2,678.5 metre drill program (10 holes) in June 2011. The program successfully identified significant mineralized zones outside the existing drill-defined area of mineralization and successfully confirmed, as well as infilled, historical drilling results.

Current year and future activities

No activity occurred on the Jojay property during the year ended December 31, 2021. Management is currently assessing options for future work on this property.

Munro Lake Gold Project

Background

The Company holds a 100% interest in the Munro Lake gold property. The Munro Lake property consists of mineral dispositions covering 2,489 hectares located approximately 128 kilometers northeast of La Ronge, Saskatchewan. The Company's initial 51% interest in the property was acquired from Star Diamond Corporation in 2004 in exchange for shares of the Company and has increased to 100% based on non-participation of the former joint venture partner in past exploration programs. Munro Lake is located approximately seven kilometers from a producing gold mine and is on trend with other known gold mineralized zones in the area. Limited historical exploration work has been performed on Munro Lake.

During 2011 the Company conducted a magnetic and electromagnetic airborne geophysical survey on the Munro Lake property. The intent of the airborne geophysical survey was to assist in the interpretation of historic soil sampling and prospecting programs that had identified anomalous gold targets throughout the property. During 2013, the Company announced the results of a winter drill program on the Munro Lake property which consisted of 1,052.34 metres of diamond drilling over 4 holes. Drilling results included an interval of 67.1 g/t Au over 1.00 metres in a vein with associated visible gold as well as 7.1 g/t Au over 1.00 metres.

Current year and future activities

No activity occurred on the Munro property during the year ended December 31, 2021. Management is currently assessing options for future work on this property.

Jasper Gold Project

Background

The Company holds a 100% interest in the Fork Lake/Jasper/Tamar ("Jasper") gold property, consisting of certain mineral dispositions covering 6,513 hectares located approximately 150 kilometers northeast of La Ronge, Saskatchewan. The property contains the high grade Jasper Gold Mine which mined and milled 140,127 tonnes at an average grade of 18.9 grams per tonne in the early 1990s. The Company's initial interest in the property was acquired from Star Diamond Corporation in 2004 in exchange for shares of



the Company. The Company performed drilling in 2005, 2006, and 2007 of certain deeper zones and during 2011 the Company completed a 2,313.5 metre drill program (9 holes) to further assess the future potential of this past producing gold mine. During 2013 the Company performed a drill program to further evaluate the Jasper property. This program was carried out following examination of Wescan's 2005, 2006 & 2011 diamond drill programs on the Jasper property and recommendations of the Technical Report for the Jasper Gold Project, completed by A.C.A. Howe International dated November 30, 2005.

The Company intends to continue exploration efforts on the Jasper Gold deposit before an NI 43-101 Resource Estimate is completed to maximize any potential mineral resources.

Current year and future activities

No activity occurred on the Jasper property during the year ended December 31, 2021. Management is currently assessing options for future work on this property.

Financial Highlights

Selected Annual Information

Selected financial information of the Company by year is summarized as follows:

	2021 \$	2020 \$	2019 \$
Interest and other income	0	11	323
Net loss	132,901	58,556	101,995
Net loss per share	0.00	0.00	0.00
Total assets	6,421	63,651	120,509
Total non-current liabilities ⁽¹⁾	75,520	75,520	75,520
Working capital (deficit)	(17,465)	44,333	102,398

(1) Non-current liabilities are comprised of an environmental rehabilitation provision.

Year Ended December 31, 2021

Results of Operations

For the year ended December 31, 2021 the Company recorded a net loss of \$132,901 (\$0.00 per share) compared to a net loss of \$58,556 (\$0.00 per share) for 2020. The net losses during 2021 and 2020 were due to ongoing operating costs incurred by the Company.

Expenses

Total expenses for the year ended December 31, 2021 were \$132,901 compared to \$58,567 for 2020.

Administration expenses incurred during 2021 increased to \$132,901, compared to \$57,831 in 2020. This increase of \$75,070 was primarily due to \$70,710 of non-cash share-based compensation expenses in 2021 (nil in 2020) as well as higher regulatory and professional fees incurred. Costs in the administration category also includes depreciation, interest and other office related expenses. During 2021, the Company did not incur exploration and evaluation expenditures (2020 - \$200). Corporate development costs decreased to \$0 in 2021 compared to \$536 for the same period in 2020.



Financing

No financing activities occurred in 2021 or 2020. During the first quarter of 2022, the Company completed a private placement whereby 5,000,000 Units were issued for gross proceeds of \$350,000 (see Wescan News Release dated March 8, 2022). Each Unit was comprised of one common share and one warrant. Each whole warrant entitles the holder thereof to purchase one common share at a price of \$0.10, for a period of twelve months from closing of the private placement.

Summary of Quarterly Results

	2021				2020			
	Qtr 4 \$	Qtr 3 \$	Qtr 2 \$	Qtr 1 \$	Qtr 4 \$	Qtr 3 \$	Qtr 2 \$	Qtr 1 \$
Net loss ⁽¹⁾	14,471	10,237	91,185	17,008	14,262	7,268	20,161	16,865
Net loss/share ⁽²⁾	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Shares outstanding	45,084,320	45,084,320	45,084,320	45,084,320	45,084,320	45,084,320	45,084,320	45,084,320

(1) Net losses for the quarters reflects normal operations of the Company. The net loss for second quarter of 2021 has been adjusted to reflect share-based compensation of \$70,710 as disclosed in note 14 to the annual audited consolidated financial statements.

(2) Basic and diluted.

Fourth Quarter Results

For the quarter ended December 31, 2021, the Company recorded a net loss of \$14,471 (\$0.00 per share) compared to a net loss of \$14,262 (\$0.00 per share) during the same period in 2020.

Related Party Transactions

During 2021 and 2020, Mr. Kenneth E. MacNeill (Chief Executive Officer) through his consulting company, waived his management fees.

Total compensation paid to key management personnel, including amounts paid or payable to related parties owned by key management personnel, executive officers and directors, was \$62,160 (2020 - \$0). These amounts relate to the share-based payments and have been included in administration expense on the statement of loss and comprehensive loss. The fair value of share-based payments was determined using the Black-Scholes model.

Liquidity

As at December 31, 2021, the Company had a working capital deficit of \$17,465 compared to working capital of \$44,333 at December 31, 2020. Included in the working capital deficit at December 31, 2021 are payables and accrued liabilities of \$22,321 (2020 - \$17,360).

The Company currently has no ongoing source of revenue and, as such, is dependent upon the issuance of new equity to finance its ongoing obligations and to advance its exploration properties, such as the \$350,000 equity financing completed by the Company during the first quarter of 2022. Although the Company has been successful in the past in obtaining financing, there can be no assurance that the Company will be able to obtain adequate financing in the future or that the terms of such financing will be favorable to the Company. Failure to obtain additional financing could result in delay or indefinite postponement of



further exploration and development of its projects with the possible loss of such properties. As such, there is a material uncertainty that casts significant doubt about the Company's ability to continue as a going concern.

Capital Resources and Outstanding Share Data

As at December 31, 2021 the Company had 45,084,320 shares outstanding and 4,190,000 options with a weighted average exercise price of \$0.06. As at April 28, 2022, the Company's outstanding options remain unchanged from December 31, 2021 while the Company's issued and outstanding shares increased by 5,000,000 to 50,084,320, due to the 2022 financing. As part of this financing, the Company also issued 5,000,000 warrants which entitles the holder thereof to purchase one common share at a price of \$0.10, for a period of twelve months from closing.

Financial Instruments

As at December 31, 2021, the fair value of all of the Company's financial instruments approximates their carrying value. Certain financial instruments are exposed to the following financial risks:

Credit risk

Credit risk is the risk of an unexpected loss by the Company if a customer or third-party to a financial instrument fails to meet its contractual obligations. The Company's financial instruments that may have credit risk consist primarily of cash and cash equivalents and receivables. The Company's cash and cash equivalents are held by financial institutions with an A (low) credit rating. The Company may invest excess cash, if any, in guaranteed investment certificates until it is required. The Company's receivables are mainly comprised of GST receivable and therefore credit risk is minimal. The Company has gross credit exposure at December 31, 2021 relating to cash and cash equivalents and receivables of \$3,488 (2020 - \$61,693).

Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company's approach is to forecast future cash flows to ensure that it will have sufficient liquidity to meet its obligations when due.

As at December 31, 2021, the Company is committed to current liabilities of \$22,321 (2020 - \$17,360) with a working capital deficit of \$17,465 (2020 working capital - \$44,333). The Company has assessed that the existing working capital at December 31, 2021 is not sufficient to fund the minimum expenditures the Company must incur to sustain its operations through 2022 and beyond.

Due to the global COVID-19 pandemic, during 2020 the Government of Saskatchewan waived expenditure requirements for the current term and subsequent twelve months for active mineral claims and leases. As a result, as at December 31, 2021, all of the Company's mineral property claims were in good standing with no requirement to incur expenditures on the Company's mineral properties prior to December 31, 2021.

The further exploration, evaluation and/or development of exploration and evaluation properties in which the Company holds interests or which the Company acquires may



depend upon the Company's ability to obtain financing through equity issues or other forms of financing. Although the Company has been successful in the past in obtaining financing, there can be no assurance that the Company will be able to obtain adequate financing in the future or that the terms of such financing will be favorable. Failure to obtain additional financing on a timely basis may cause the Company to postpone exploration plans, forfeit rights in its properties or reduce or terminate its operations.

Market risk

Market risk is the risk that the fair value of a financial instrument will fluctuate because of changes in market prices. Market prices are comprised of four types of risk: foreign currency risk, commodity price risk, interest rate risk and equity risk.

Foreign currency risk:

Foreign currency risk is the risk that a variation in exchange rates between the Canadian dollar and US dollar or other foreign currencies will affect the Company's operations and financial results. The Company does not have significant exposure to foreign exchange rate fluctuation since it is currently not producing.

Commodity price risk:

Commodity price risk is the risk that a variation in commodity price will affect the Company's operations and financial results. The Company does not have significant exposure to commodity price fluctuations since it is currently not producing.

Interest rate risk:

Interest rate risk is the risk that future cash flows will fluctuate as a result of changes in market interest rates. The Company does not have any borrowings. Interest rate risk is limited to potential decreases on the interest rate offered on cash and cash equivalents held with chartered Canadian financial institutions. The Company considers this risk to be immaterial.

Equity risk:

The Company does not have any equity investments and is not exposed to equity risk.

Critical Accounting Estimates and Judgments

The financial statements for the year ended December 31, 2021 have been prepared in accordance with IFRS. The Company's accounting policies are described in Note 4 to the financial statements for the year ended December 31, 2021. Certain of these policies involve critical accounting estimates as they require management to make particularly subjective or complex judgments about matters that are inherently uncertain and because of the likelihood that materially different amounts could be reported under different conditions or using different assumptions. The uncertainties related to these areas could significantly impact the Company's results of operations, financial condition and cash flows.

In preparing the financial statements for the year ended December 31, 2021, significant judgments and estimations have been made by management in applying the Company's accounting policies. In particular, the significant areas of judgment and estimation uncertainty considered by management in preparing the consolidated financial statements



are: exploration and evaluation expenditures, impairment and reversal of impairment on exploration and evaluation assets, including related reserve and resource estimates, estimations for environmental rehabilitation provisions and share-based payment transactions. These are discussed in more detail in Note 5 of the Company's financial statements for the year ended December 31, 2021.

A critical accounting estimate in determining the Company's financial results relates to the recoverability of the carried amounts of exploration and evaluation assets. Management monitors these assets for indications of impairment and impairment reversal at each reporting date. Where impairment indicators exist, management will estimate the recoverable amount of these assets in comparison to the carrying values.

Accounting Changes

New IFRS standards, amendments and interpretations effective during the period

At the date of authorization of these consolidated financial statements, the IASB has not issued any new standards which became effective for the reporting period that would have a material impact on the Company.

Future Accounting Changes

At the date of authorization of the consolidated financial statements, the IASB has issued the following new Standard which is not yet effective for the relevant reporting periods.

IAS 16 – Property, Plant and Equipment

On May 14, 2020, the IASB issued an amendment to IAS 16 Property, Plant and Equipment to prohibit deducting from the cost of an item of property, plant and equipment, any proceeds from selling items produced while bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management. The proceeds from selling such items, and the cost of producing those items are to be recognized in profit and loss. The amendments are effective for annual periods beginning on or after January 1, 2022 with early adoption permitted. The amendment is to be applied retrospectively only to items of property, plant and equipment that are brought to the location and in a condition necessary for them to be capable of operating in the manner intended by management on or after the earliest period presented in the financial statements in the year in which the amendments are first applied. The amendment will not have a material financial impact at the time of adoption.

IAS 37 – Provisions, Contingent Liabilities and Contingent Assets

On May 14, 2020, the IASB issued an amendment to IAS 37 Provisions, Contingent Liabilities and Contingent Assets to specify which costs an entity includes in determining the cost of fulfilling a contract for the purpose of assessing whether the contract is onerous. The amendment specifies that the cost of fulfilling a contract comprises the costs that relate directly to the contract. Costs that relate directly to the contract can either be incremental costs of fulfilling the contract or an allocation of other costs that relate directly to fulfilling contracts. The amendments are effective for contracts for which the Company has not yet fulfilled all its obligations on or after January 1, 2022 with early adoption permitted. The amendment will not have a material financial impact at the time of adoption.

There are no other IFRSs or IFRIC interpretations that have been issued and are not yet effective that are expected to have a material impact on the Company.



Outlook

The Company has focused exploration efforts on its northern Saskatchewan properties with known gold mineralization located in the La Ronge Gold Belt. The Company is assessing future options for the Company's Jojay, Munro Lake and Jasper gold properties. The Company will also continue to evaluate the potential for the acquisition of other mineral properties that fit the Company's strategic direction.

Risks and Uncertainties

The Company attempts to mitigate risks by identifying, assessing, reporting and managing risks of significance. The following are risks relating to the business of the Company. This information is only a summary of risks currently facing the Company based on its stage of development. Additional risks and uncertainties not presently known may also impact the Company's operations. Management's view on risks facing the Company will evolve as the Company's stage of development progresses.

The principal risks faced by the Company during the exploration stage involve: Wescan's ability to obtain financing to further the exploration and development of exploration and evaluation properties in which Wescan holds interests; obtaining the required permits from various federal, provincial and local governmental authorities; and the ultimate economic feasibility of any future development projects.

The further development and exploration of exploration and evaluation properties in which Wescan holds interests or which Wescan acquires may depend upon Wescan's ability to obtain financing through equity financing, debt financing or other means. The Company does not have sufficient funds to put any of its property interests into production from its own financial resources. There is no assurance that Wescan will be successful in obtaining required financing as and when needed. Failure to obtain additional financing on a timely basis may cause the Company to postpone development plans, forfeit rights in its properties or reduce or terminate its operations. Reduced liquidity or difficulty in obtaining future financing could have an adverse impact on Wescan's future cash flows, earnings, results of operations and financial condition. The relative prices of applicable commodities and future expectations for such prices have a significant impact on the market sentiment for investment in mining and exploration companies.

The future operations of the Company, including exploration activities and potential development of its properties, require permits from various federal, provincial and local governmental authorities. Failure to comply with applicable laws, regulations, and permitting requirements may result in enforcement actions thereunder, including orders issued by regulatory or judicial authorities causing operations to cease or be curtailed and may include corrective measures requiring capital expenditures, installation of additional equipment, or remedial actions. To the best of the Company's knowledge, it is operating in compliance with all applicable rules and regulations. The Company utilizes qualified individuals, service providers and external consultants and maintains communications with governmental authorities to ensure that the Company is in compliance with all applicable rules and regulations.



All of Wescan's exploration and evaluation property interests are currently in the exploration stage and are without a known body of commercial ore. The exploration, development and production of precious metals are capital-intensive, subject to the normal risks and capital expenditure requirements associated with mining operations. While the rewards can be substantial if commercial quantities of precious metals are found, there can be no assurance that Wescan's past or future exploration efforts will be successful, that any production therefrom will be obtained or continued, or that any such production which is attempted will be profitable. To ensure that exploration procedures are being performed effectively and those results are interpreted and reported in a proper manner, management ensures that qualified individuals, service providers and external consultants are utilized in the verification and quality assurance of analytical results.

Technical Information

All technical information in this report has been prepared under the supervision of Mark Shimell, P.Geo, Vice President of Exploration, Professional Geoscientist in the Province of Saskatchewan, and is the Company's "Qualified Person" under the definition of National Instrument 43-101.

Caution Regarding Forward-looking Information

This MD&A contains forward-looking statements within the meaning of certain securities laws, including the "safe harbour" provisions of Canadian Securities legislation and the United States Private Securities Litigation Reform Act of 1995. The words "may," "could," "should," "would," "suspect," "outlook," "believe," "plan," "anticipate," "estimate," "expect," "intend," and words and expressions of similar import are intended to identify forward-looking statements, and, in particular, statements regarding Wescan's future operations, future exploration and development activities or other development plans contain forward-looking statements. Forward-looking statements in this MD&A include, but are not limited to, the ability to raise funds to meet commitments and pursue exploration activities, the use of such funds, future plans for the Jojay, Jasper and Munro Lake properties and the acquisition and exploration of additional properties.

These forward-looking statements are based on Wescan's current beliefs as well as assumptions made by and information currently available to it and involve inherent risks and uncertainties, both general and specific. Risks exist that forward-looking statements will not be achieved due to a number of factors including, but not limited to, developments in world gold markets, risks relating to fluctuations in the Canadian dollar and other currencies relative to the US dollar, changes in exploration, development or mining plans due to exploration results and changing budget priorities of Wescan, the effects of competition in the markets in which Wescan operates, impact to the markets in which Wescan operates and to the Company's activities due to the continued spread of COVID-19, the impact of changes in the laws and regulations regulating mining exploration and development, judicial or regulatory judgments and legal proceedings and operational risks and the additional risks described in Wescan's most recently filed annual and interim MD&A, news releases and technical reports. Wescan's anticipation of and success in managing the foregoing risks could cause actual results to differ materially from what is anticipated in such forward-looking statements.

Although management considers the assumptions contained in forward-looking statements to be reasonable based on information currently available to it, those assumptions may prove to be incorrect. When making decisions with respect to Wescan, investors and others should not place undue reliance on these statements and should carefully consider the foregoing factors and other uncertainties and potential events. Unless required by applicable securities law, Wescan does not undertake to update any forward-looking statement that may be made.

Further information relating to the Company has been filed on SEDAR and may be viewed at www.sedar.com.



WESCAN GOLDFIELDS INC.



Consolidated Financial Statements December 31, 2021

Management’s Responsibility for Consolidated Financial Statements

The accompanying consolidated financial statements of Wescan Goldfields Inc. are the responsibility of management and have been approved by the Board of Directors.

Management has prepared the consolidated financial statements in conformity with International Financial Reporting Standards. The consolidated financial statements include some amounts that are based on best estimates and judgments.

The management of the Company, in furtherance of the integrity and objectivity of data in the consolidated financial statements, has developed and maintains a system of internal accounting controls. Management believes the internal accounting controls provide reasonable assurance that financial records are reliable and form a proper basis for preparation of consolidated financial statements and that assets are properly accounted for and safeguarded.

The Board of Directors carries out its responsibility for the consolidated financial statements through its audit committee, consisting entirely of outside directors. The audit committee reviewed the Company’s annual consolidated financial statements and recommended their approval to the Board of Directors. The shareholders’ auditors have full access to the audit committee, with and without management being present.

The shareholders’ auditors, KPMG LLP, Chartered Professional Accountants, in accordance with Canadian generally accepted auditing standards, have examined these consolidated financial statements and their independent professional opinion of the consolidated financial statements is attached.

“Kenneth E. MacNeill”

Kenneth E. MacNeill

Chairman and Chief Executive Officer

Saskatoon, Canada

April 28, 2022

“Greg P. Shyluk”

Greg P. Shyluk

Chief Financial Officer

Saskatoon, Canada

April 28, 2022



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INDEPENDENT AUDITORS' REPORT

To the Shareholders of Wescan Goldfields Inc.

Opinion

We have audited the consolidated financial statements of Wescan Goldfields Inc. (the Entity) which comprise:

- the consolidated statements of financial position as at December 31, 2021 and December 31, 2020
- the consolidated statements of loss and comprehensive loss for the years then ended
- the consolidated statements of changes in equity for the years then ended
- the consolidated statements of cash flows for the years then ended
- and notes to the consolidated financial statements, including a summary of significant accounting policies (Hereinafter referred to as the “financial statements”).

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

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the “**Auditors’ Responsibilities for the Audit of the Financial Statements**” section of our auditors’ report.

We are independent of the Entity in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada and we have fulfilled our other 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 3 in the financial statements, which indicates that the Entity requires additional funding to finance its exploration and operating activities through its 2022 fiscal year.

As stated in Note 3 in the financial statements, these events or conditions, along with other matters as set forth in Note 3 in the financial statements, indicate that a material uncertainty exists that may cast significant doubt on the Entity'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. Other information comprises the information included in Management's Discussion and Analysis filed with the relevant Canadian Securities Commissions.

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 and remain alert for indications that the other information appears to be materially misstated.

We obtained the information included in Management's Discussion and Analysis filed with the relevant Canadian Securities Commissions as at the date of this auditors' 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 the auditors' 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 Entity'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 Entity or to cease operations, or has no realistic alternative but to do so.

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



Auditors' 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 auditors' report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit.

We also:

- Identify and assess the risks of material misstatement of the 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 Entity'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 Entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' 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 auditors' report. However, future events or conditions may cause the Entity 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.
- 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.



- Provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the group Entity 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.

KPMG LLP

Chartered Professional Accountants

The engagement partner on the audit resulting in this auditors' report is Scott D. Verity.

Saskatoon, Canada

April 28, 2022

Wescan Goldfields Inc.
Consolidated Statements of Financial Position
As at December 31

	(In Canadian dollars)	
	2021	2020
Assets		
Current assets:		
Cash and cash equivalents	\$ 3,364	\$ 61,340
Receivables	124	353
Prepays	1,368	-
	4,856	61,693
Property and equipment (note 7)	1,565	1,958
	\$ 6,421	\$ 63,651
Liabilities and Shareholders' Equity		
Current liabilities:		
Payables and accrued liabilities	\$ 22,321	\$ 17,360
	22,321	17,360
Environmental rehabilitation provision (note 10)	75,520	75,520
Shareholders' equity:		
Share capital	20,687,794	20,687,794
Contributed surplus	2,594,165	2,523,455
Deficit	(23,373,379)	(23,240,478)
	(91,420)	(29,229)
	\$ 6,421	\$ 63,651

Going concern (note 3)
Subsequent event (note 18)

On behalf of the Board:

"Kenneth E. MacNeill"

Kenneth E. MacNeill
Chairman and Chief Executive Officer

"Gary L. Billingsley"

Gary L. Billingsley
Chairman of the Audit Committee

See accompanying notes to consolidated financial statements

Wescan Goldfields Inc.
Consolidated Statements of Loss and Comprehensive Loss
For the years ended December 31

(In Canadian dollars)

	2021	2020
Income		
Interest and other	\$ -	\$ 11
Expenses		
Exploration and evaluation (note 9)	-	200
Administration	132,901	57,831
Corporate development	-	536
	132,901	58,567
Net loss and comprehensive loss	\$ (132,901)	\$ (58,556)
Net loss and comprehensive loss per share		
Basic and diluted (note 13)	\$ (0.00)	\$ (0.00)
Weighted average number of shares outstanding	45,084,320	45,084,320

See accompanying notes to consolidated financial statements

Wescan Goldfields Inc.
Consolidated Statements of Cash Flows
For the years ended December 31

(In Canadian dollars)

	2021	2020
Cash provided by (used in):		
Operations:		
Net loss	\$ (132,901)	\$ (58,556)
Non-cash items:		
Amortization	393	491
Share-based payments	70,710	-
Net change in non-cash operating working capital items:		
Receivables	229	1,821
Prepays	(1,368)	566
Payables and accrued liabilities	4,961	1,698
	(57,976)	(53,980)
Decrease in cash position	(57,976)	(53,980)
Cash and cash equivalents, beginning of year	61,340	115,320
Cash and cash equivalents, end of year	\$ 3,364	\$ 61,340
 Cash and cash equivalents consists of:		
Cash	\$ 3,364	\$ 61,340
	\$ 3,364	\$ 61,340

See accompanying notes to consolidated financial statements

Wescan Goldfields Inc.
Consolidated Statements of Changes in Equity
For the years ended December 31

(In Canadian dollars)

	2021	2020
Share capital (note 12)		
Balance, beginning of year	\$ 20,687,794	\$ 20,687,794
Shares issued (net of costs)	-	-
Balance, end of year	<u>\$ 20,687,794</u>	<u>\$ 20,687,794</u>
Contributed surplus (note 12)		
Balance, beginning of year	\$ 2,523,455	\$ 2,523,455
Share-based payments	70,710	-
Balance, end of year	<u>\$ 2,594,165</u>	<u>\$ 2,523,455</u>
Deficit		
Balance, beginning of year	\$ (23,240,478)	\$ (23,181,922)
Net and comprehensive loss	(132,901)	(58,556)
Balance, end of year	<u>\$ (23,373,379)</u>	<u>\$ (23,240,478)</u>
Total Shareholders' Equity	<u>\$ (91,420)</u>	<u>\$ (29,229)</u>

See accompanying notes to consolidated financial statements

WESCAN GOLDFIELDS INC.

Notes to the Consolidated Financial Statements

For the year ended December 31, 2021

(In Canadian dollars except as otherwise noted)

1. Corporate Information

Wescan Goldfields Inc. was originally incorporated as Shore Resources Inc. under the *Business Corporations Act of Alberta* on January 17, 2003 and by amended articles dated April 2, 2004 changed its name to Wescan Goldfields Inc. (“Wescan” or the “Company”). Substantially all of the Company’s efforts are directed to the exploration and future development of its current exploration properties. Wescan is located at 600 – 224 4th Avenue South, Saskatoon, Saskatchewan, Canada, S7K 5M5.

2. Basis of preparation

The consolidated financial statements of the Company for the year ended December 31, 2021 were authorized for issue by the Company’s Board on April 28, 2022. The consolidated financial statements of the Company have been prepared in accordance with International Financial Reporting Standards (“IFRS”) issued by the International Accounting Standards Board (“IASB”). The Company’s financial statements have been prepared on a historical cost basis, except as otherwise disclosed, using the Company’s functional currency of Canadian dollars.

3. Going Concern

These financial statements are prepared on the assumption that the Company will continue as a going concern and realize its assets and discharge its liabilities and commitments in the normal course of business. Management is aware, in making its going concern assessment, of material uncertainties related to events and conditions that cast significant doubt upon the Company’s ability to continue as a going concern. As at December 31, 2021, the Company had a working capital deficit of \$17,465. Given that cash flow from operations are negative, the ability of the Company to continue as a going concern and fund general and administrative expenses in an orderly manner will require further equity issues or other forms of financings in 2022 and beyond. Subsequent to year end, in March 2022, the Company completed an equity financing for proceeds of \$350,000 (note 18). There is no assurance that the Company will be successful in obtaining required future financings at an acceptable cost as and when needed or at all. Failure to obtain additional financing on a timely basis may cause the Company to postpone exploration and/or evaluation plans, forfeit rights in its properties or reduce or terminate its operations.

These financial statements do not include any adjustments to carrying values and classification of asset amounts and liabilities, reported expenses and the statement of financial position classifications used, that would be necessary if the going concern assumption were not appropriate.

4. Summary of significant accounting policies

The Company’s principal accounting policies are outlined below:

a. Basis of Consolidation

Subsidiaries

The consolidated financial statements include the financial statements of the Company and its wholly owned subsidiary. All intra-company transactions, balances, income and expenses are eliminated in full upon consolidation.

b. Financial instruments

i. Non-derivative financial assets

IFRS 9 Financial Instruments includes three classifications for financial assets; measurement at fair value through profit or loss, measurement at fair value through comprehensive income and measurement at amortized cost.

Financial assets measured at amortized cost

Financial assets measured at amortized cost are comprised of the Company’s cash and cash equivalents and receivables. Such assets are recognized initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, financial assets measured at amortized cost are measured at amortized cost using the effective interest method, less impairment losses.

ii. Non-derivative financial liabilities

The Company classifies non-derivative financial liabilities into financial liabilities at fair value through profit or loss and financial liabilities at amortized cost.

Financial liabilities at amortized cost

Financial liabilities at amortized cost are recognized initially at fair value net of any directly attributable transaction costs. Subsequent to initial recognition, these financial liabilities are measured at amortized cost using the effective interest method.

Financial liabilities at amortized cost are comprised of the Company's payables and accrued liabilities.

iii. Impairment

The Company assesses at each reporting date whether there is any objective evidence that a financial asset or a group of financial assets is impaired. A financial asset or a group of financial assets is deemed to be impaired if there is objective evidence of impairment as a result of one or more events that has occurred after the initial recognition of the asset (an incurred 'loss event') and that loss event has an impact on the estimated future cash flows of the financial asset or the group of financial assets that can be reliably estimated. Evidence of impairment may include indications of significant financial difficulty and where observable data indicate that there is a measurable decrease in the estimated future cash flows.

Under IFRS 9, the Company recognizes a loss allowance using the expected credit loss model on financial assets that are measured at amortized cost. The adoption of the expected credit loss impairment model under IFRS 9 had no impact on the carrying amounts of financial assets on the transition date or at year end.

c. Cash and cash equivalents

Cash and cash equivalents include cash, and short-term investments that, upon acquisition, have a term to maturity of three months or less.

d. Property and equipment

Property and equipment are tangible assets that are stated at cost less accumulated depreciation and any impairment in value. Such cost includes costs of replacing parts that are eligible for capitalization when the cost of replacing the parts is incurred. Similarly, when each major inspection is performed, its cost is recognized in the carrying amount of the property and equipment as a replacement only if it is eligible for capitalization. All other repairs and maintenance are expensed as incurred.

Depreciation is calculated using the declining balance method except for leasehold improvements, which would be depreciated on a straight-line basis over a term equal to the remaining life of the current lease agreement. Annual depreciation rates are as follows:

Computer equipment	30%
Computer software	100%
Furniture and equipment	20%

The carrying value of items of property and equipment is reviewed for impairment either annually or when events or changes in circumstances indicate the carrying value may not be recoverable. If any such indication exists and where the carrying values of an asset exceed its estimated recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

An item of property and equipment is derecognized upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on de-recognition of the asset is included in the statements of income (loss) and comprehensive income (loss) in the year the item is derecognized.

e. Exploration and evaluation

i. Pre-permit costs

Pre-permit costs are expensed in the period in which they are incurred. These costs are intangible.

ii. Exploration and evaluation costs

Once the legal right to explore has been established, exploration and evaluation expenditures are expensed as incurred, until the Company concludes that a future economic benefit is more likely than not to be realized through future development and production.

Exploration and evaluation expenditures incurred on permits where a National Instrument (“NI”) 43-101 compliant reserve and a final feasibility study have not yet been completed are expensed during this phase and included in “exploration and evaluation” expense in the statements of income (loss) and comprehensive income (loss).

Upon the establishment of a NI 43-101 compliant reserve and the completion of a final feasibility study (at which point, the Company considers it probable that economic benefits will be realized) and the Company has made a development decision, the Company capitalizes any further costs incurred with respect to expenses incurred for development of the asset.

Once NI 43-101 compliant reserves are established and development is approved by the Company, previously capitalized exploration and evaluation assets that will be transferred to “mine development costs” are tested for impairment on a cash-generating units (“CGU”) basis. If the carrying amount exceeds the recoverable amount, the difference is charged to the statements of income (loss) and comprehensive income (loss). No amortization of exploration and evaluation assets is charged during the exploration and evaluation phase nor while it is under construction.

Exploration and evaluation assets acquired in a business combination or through purchase of an asset are initially recognized at fair value. These costs are intangible. Exploration and evaluation assets are assessed for impairment at each reporting period to determine whether facts and circumstances indicate that the carrying amount may exceed its recoverable amount. In circumstances where indicators of impairment exist, an impairment test is required to determine if the carrying amount of the exploration and evaluation asset exceeds its estimated recoverable amount. To the extent this occurs, the asset is assessed for impairment and any impairment is fully provided against the carrying amount, in the financial year in which this is determined.

An impairment loss is reversed if there is an indication that there has been a change in the estimates used to determine the recoverable amount. The carrying amount of the asset or CGU is increased to its recoverable amount, but only to the extent that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset or CGU in prior years. The reversal of an impairment loss is recognized immediately in the statements of income (loss) and comprehensive income (loss).

f. Employee Benefits

i. Wages and salaries, and annual leave

The liability for employee entitlements to wages and salaries represents the amount which the Company has a present obligation to pay resulting from services provided up to the reporting date. A provision for annual leave is recorded as it is earned and is measured at the amount expected to be paid when it is settled and includes all related costs. No amounts were incurred in 2021 or 2020.

ii. Short-term employee benefits

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided. A liability is recognized for the amount expected to be paid under the short-term cash bonus plans if the Company has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee, and the obligation can be estimated reliably. No amounts were incurred in 2021 or 2020.

iii. Termination benefits

Termination benefits are recognized as an expense when the Company is committed to provide termination benefits in accordance with certain contracts provided to officers of the Company. If benefits are payable for more than 12 months after the reporting date, then those benefits are discounted to their present value. No amounts were incurred in 2021 or 2020.

iv. Share-based payment transactions

The grant-date fair value of share-based payment awards granted to employees, officers or directors is recognized as an expense, with a corresponding increase in equity, over the period that the employee, officer or director unconditionally becomes entitled to the award. The amount recognized as an expense is adjusted to reflect the number of awards for which the related service and non-market vesting conditions are expected to be met. During 2021, the Company extended the expiry date of an aggregate

of 2,100,000 stock options. As a result, share-based payment expenditures of \$70,710 were recognized in the statement of loss and comprehensive loss (2020 – nil)

g. Provisions

A provision is recognized if, as a result of a past event, the Company has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. If the effect of the time value of money is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount, if material, is recognized in the statements of income (loss) and comprehensive income (loss).

Environmental rehabilitation

The Company may be required to decommission and rehabilitate exploration sites to a condition acceptable to the relevant authorities.

The expected cost of any decommissioning or rehabilitation program is recognized as a liability when the related environmental disturbance occurs. The offsetting cost is treated as an “exploration and evaluation” expense until a NI 43-101 reserve has been established and a final feasibility report completed (at which point, the Company considers it probable that economic benefits will be realized) and the Company has made a development decision. Once a NI 43-101 reserve has been established and a final feasibility study completed (at which point, the Company considers it probable that economic benefits will be realized) and the Company has made a development decision, the estimated cost (on a discounted basis, if material) of any new environmental disturbances are capitalized. Where there is a change in the expected decommissioning and rehabilitation costs, the value of the provision and any related asset are adjusted and the effect is recognized in the statements of income (loss) and comprehensive income (loss) on a prospective basis over the remaining life of the operation.

h. Income tax

Income tax expense for the period is the tax payable on the current period’s taxable income based on the applicable income tax rate adjusted by temporary differences between the tax bases of assets and liabilities and their carrying amounts in the financial statements.

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the reporting date and are expected to apply when the related deferred income tax asset is realized or the deferred income tax liability is settled.

Deferred tax assets are recognized for deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilize those temporary differences and losses.

Deferred tax liabilities and assets are not recognized for a temporary difference between the carrying amount and tax bases of investments in controlled entities where the parent entity is able to control the timing of the reversal of the temporary differences and it is probable that the differences will not reverse in the foreseeable future.

i. Flow-through shares

The Company may finance a portion of its exploration and evaluation activities through the issuance of flow-through shares. Upon the sale of flow-through shares, the Company recognizes a liability for the excess purchase price paid by the investors over the fair value of common shares without the flow-through feature (the “premium”) and records the fair value of the shares in equity. When the expenditures are incurred, the liability is reversed and recognized in the statement of income (loss) and comprehensive income (loss).

5. Use of estimates and judgment

The preparation of the Company’s consolidated financial statements in conformity with IFRS requires management to make judgments, estimates, and assumptions that affect the reported amounts of assets and liabilities at the date of the consolidated financial statements and reported amounts of revenues and expenses during the reporting period. Estimates and assumptions are continuously evaluated and are based on management’s experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. However, actual outcomes can differ from these estimates.

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

Critical judgments in applying accounting policies

a. Impairment indicators for exploration and evaluation assets

Management exercises judgment in determining when an indicator of impairment or reversal of impairment exists. In making this determination, Management uses several criteria in its assessment of impairment indicators for exploration and evaluation assets including factors such as the period for which the Company has the right to explore, expected renewals of exploration rights, whether substantive expenditures on further exploration and evaluation resource assets are budgeted, results of exploration and evaluation activities on the exploration and evaluation assets and whether sufficient data exists to indicate that the carrying amount of the exploration and evaluation asset is unlikely to be recovered in full from successful development or by sale.

b. Exploration and evaluation expenditures

The determination of an NI 43-101 reserve is itself an estimation process that requires varying degrees of uncertainty depending on sub-classification and these estimates which directly impact the point of deferral of exploration and evaluation expenditure. This requires management to make certain estimates and assumptions about future events or circumstances, in particular whether an economically viable extraction operation can be established. Estimates and assumptions made may change if new information becomes available. If, after an expenditure is capitalized, information becomes available suggesting that the recovery of expenditure is unlikely, the amount capitalized is written off in the statements of income and comprehensive income in the period when the new information becomes available.

Key sources of estimation uncertainty

The areas of estimation uncertainty considered by management that have the most significant risk of causing material adjustment to the carrying amounts of assets and liabilities recognized in the financial statements are discussed below:

a. Reserve and resource estimates

Reserves are estimates of the amount of ore that can be economically and legally extracted from the Company's mineral properties. The Company currently only has mineral resources and does not have a basis to determine if any of its resources will be converted to reserves. The estimation of recoverable reserves is based upon factors such as estimations of foreign exchange rates, commodity prices, future capital requirements, and production costs along with geological assumptions and judgments made in estimating the size and grade of the ore body. Changes in the Company's resource estimates may impact upon the carrying value of exploration and evaluation assets, property and equipment, environmental rehabilitation provision, recognition of deferred tax assets, and depreciation and amortization charges.

b. Environmental rehabilitation provision

Environmental rehabilitation provisions have been provided for based on the Company's internal estimates. Assumptions, based on the current economic environment and cash flows, have been made which management believe are a reasonable basis upon which to estimate the future liability. These estimates take into account any material changes to the assumptions that occur when reviewed regularly by management. Significant changes in estimates of restoration standards and techniques may result in changes to provisions. Actual rehabilitation costs will ultimately depend on future market prices for the rehabilitation costs which will reflect the market condition at the time the rehabilitation costs are actually incurred. The final cost of the currently recognized rehabilitation provision may be higher or lower than currently provided for.

c. Share-based payment transactions

The Company measures the fair value of equity-settled share-based transactions by reference to the fair value of the equity instruments at the date at which they are granted. Estimating fair value for share-based payment transactions requires determining the most appropriate valuation model, which is dependent on the terms and conditions of the grant. This estimate also requires determining the most appropriate inputs to the valuation model, including the expected life of the stock option, volatility and dividend yield and

making assumptions about them. The assumptions and models used for estimating fair value for share-based payment transactions are disclosed in note 14.

6. IFRS standards, amendments and interpretations

a. IFRS standards, amendments and interpretations effective during the period

At the date of authorization of these consolidated financial statements, the IASB has not issued any new standards which became effective for the reporting period that would have a material impact on the Company.

b. IFRS standards issued but not yet effective

IAS 16 – Property, Plant and Equipment

On May 14, 2020, the IASB issued an amendment to IAS 16 Property, Plant and Equipment to prohibit deducting from the cost of an item of property, plant and equipment, any proceeds from selling items produced while bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management. The proceeds from selling such items, and the cost of producing those items are to be recognized in profit and loss. The amendments are effective for annual periods beginning on or after January 1, 2022 with early adoption permitted. The amendment is to be applied retrospectively only to items of property, plant and equipment that are brought to the location and in a condition necessary for them to be capable of operating in the manner intended by management on or after the earliest period presented in the financial statements in the year in which the amendments are first applied. The amendment will not have a material financial impact at the time of adoption.

IAS 37 – Provisions, Contingent Liabilities and Contingent Assets

On May 14, 2020, the IASB issued an amendment to IAS 37 Provisions, Contingent Liabilities and Contingent Assets to specify which costs an entity includes in determining the cost of fulfilling a contract for the purpose of assessing whether the contract is onerous. The amendment specifies that the cost of fulfilling a contract comprises the costs that relate directly to the contract. Costs that relate directly to the contract can either be incremental costs of fulfilling the contract or an allocation of other costs that relate directly to fulfilling contracts. The amendments are effective for contracts for which the Company has not yet fulfilled all its obligations on or after January 1, 2022 with early adoption permitted. The amendment will not have a material financial impact at the time of adoption.

At the date of authorization of these consolidated financial statements, there are no IFRSs or IFRIC interpretations that have been issued and are not yet effective that are expected to have a material impact on the Company.

7. Property and equipment

The Company's property and equipment are comprised of the following:

	Computer Software	Computer Equipment	Furniture and Equipment	Total
Cost				
Balance – December 31, 2019	\$ 2,234	\$ 348	\$ 36,925	\$ 39,507
Acquisitions and disposals	-	-	-	-
Balance – December 31, 2020	\$ 2,234	\$ 348	\$ 36,925	\$ 39,507
Acquisitions and disposals	-	-	-	-
Balance – December 31, 2021	\$ 2,234	\$ 348	\$ 36,925	\$ 39,507

	Computer Software	Computer Equipment	Furniture and Equipment	Total
Accumulated depreciation				
Balance – December 31, 2019	\$ (2,234)	\$ (335)	\$ (34,489)	\$ (37,058)
Charge for the year	-	(4)	(487)	(491)
Balance – December 31, 2020	\$ (2,234)	\$ (339)	\$ (34,976)	\$ (37,549)
Charge for the year	-	(3)	(390)	(393)
Balance – December 31, 2021	\$ (2,234)	\$ (342)	\$ (35,366)	\$ (37,942)

	Computer Software	Computer Equipment	Furniture and Equipment	Total
Net book value				
Balance – December 31, 2020	\$ -	\$ 9	\$ 1,949	\$ 1,958
Balance – December 31, 2021	\$ -	\$ 6	\$ 1,559	\$ 1,565

8. Exploration and evaluation assets

The Company's exploration and evaluation assets arising from acquisitions are comprised of the following:

	Jojay (a)	Munro (b)	Fork Lake/ Jasper/ Tamar (c)	Total
Exploration and evaluation assets	\$ 1,365,001	\$ 69,561	\$ 201,501	\$ 1,636,063
Less: previous impairments	(1,365,001)	(69,561)	(201,501)	(1,636,063)
Exploration and evaluation assets – December 31, 2020 and 2021	\$ -	\$ -	\$ -	\$ -

The Company has not yet determined whether any of its exploration and evaluation assets contain economically recoverable reserves.

a. Jojay

The Company holds a 100% interest in the Jojay gold property, consisting of certain mineral dispositions located approximately 150 kilometers northeast of La Ronge, Saskatchewan. The Company's initial 25% interest in the property was acquired from Star Diamond Corporation (formerly Shore Gold Inc.) in 2004 in exchange for shares of the Company. The remaining 75% was acquired from SSR Mining Inc. (formerly Claude Resources Inc.) in 2006 in exchange for shares.

b. Munro

The Company holds a 100% interest in the Munro gold property, consisting of certain mineral dispositions located approximately 128 kilometers northeast of La Ronge, Saskatchewan. The Company's initial 51% interest in the property was acquired from Star Diamond Corporation in 2004 in exchange for shares of the Company and increased to 100% based on non-participation of the former joint venture partner in past exploration programs. The Munro gold property is located approximately 7 kilometers from a producing gold mine.

c. Fork Lake/Jasper/Tamar

The Company holds a 100% interest in the Fork Lake/Jasper/Tamar gold property, consisting of certain mineral dispositions located approximately 150 kilometers northeast of La Ronge, Saskatchewan. The Company's initial interest in the property was acquired from Star Diamond Corporation in 2004 in exchange for shares of the Company.

9. Exploration and evaluation expenditures

The Company is assessing options for future work on its portfolio of gold properties. During the year ended December 31, 2021, the Company incurred nil exploration and evaluation expenditures (2020 - \$200).

10. Environmental rehabilitation provision

The Company estimates its present obligation of decommissioning and reclamation costs to be \$75,520 (2020 - \$75,520). The provision has not been discounted as the effect of the time value of money is not material.

11. Deferred tax assets and liabilities

Reconciliation between expected tax recovery for accounting purposes and actual recovery

The provision for income taxes differs from the amount computed by applying the combined expected federal and provincial income tax rate to earnings before income taxes for the following reasons:

	December 31, 2021	December 31, 2020
Net income (loss) before income taxes	\$ (132,901)	\$ (58,556)
Combined federal and provincial tax rate	27%	27%
Expected tax expense (recovery)	(35,883)	(15,810)
Increase (decrease) in taxes resulting from:		
Share based compensation	19,092	-
Change in unrecognized deferred tax assets	16,791	15,810
Deferred income tax recovery	\$ -	\$ -

Unrecognized deferred tax assets

Deferred tax assets have not been recognized in respect of the following items:

	December 31, 2021	December 31, 2020
Unrecognized Deferred tax assets		
Exploration and evaluation	\$ 1,558,876	\$ 1,558,876
Property and equipment	85,892	85,786
Non-capital loss carried forward	1,885,414	1,868,675
Capital loss carried forward	32,020	32,020
Share issue costs	54	108
Decommissioning and rehabilitation provision	20,390	20,390
Unrecognized deferred tax assets	\$ 3,582,646	\$ 3,565,855

The potential benefits of these carry-forward non-capital losses and deductible temporary differences has not been recognized in these financial statements as it is not considered probable that sufficient future taxable profit will allow the deferred tax assets to be recovered.

Tax losses

As at December 31, 2021, the Company has estimated non-capital losses for Canadian income tax purposes that may be carried forward to reduce taxable income derived in future years. A summary of these tax losses is provided below. These tax losses will expire as follows:

Year of Expiry	Taxable losses
2026	\$ 746,142
2027	1,363,135
2028	1,368,116
2029	850,020
2030	581,344
2031	631,632
2032	577,675
2033	267,458
2034	135,438
2035	115,538
2036	62,069
2037	52,659
2038	56,678
2039	54,539
2040	58,575
2041	61,998
Total	\$ 6,983,016

As at December 31, 2021, the Company has estimated capital losses for Canadian income tax purposes of \$237,190 (2020 - \$237,190) that may be carried forward to reduce capital gains derived in future years. These capital losses do not have an expiry date. The Company also had unrecorded investment tax credits totaling \$311,000 (2020 - \$311,000) relating to pre-production mining expenditures. These investment tax credits expire starting in 2026.

12. Share capital and reserves

Authorized

The authorized share capital of the Company consists of an unlimited number of common shares.

Issued and outstanding

	2021		2020	
	Common Shares	Amount	Common Shares	Amount
Balance - beginning of year	45,084,320	\$20,687,794	45,084,320	\$20,687,794
Common shares issued	-	-	-	-
Balance - end of year	45,084,320	\$20,687,794	45,084,320	\$20,687,794

a) Nature and purpose of reserves

Contributed Surplus

Contributed surplus is used to recognize the fair value of equity-settled share-based payment transactions. The fair value of these securities is added to contributed surplus over the vesting period of the securities. Upon exercise, the corresponding fair value related to the security is removed from contributed surplus and added to share capital. Should the option go unexercised, the fair value will remain in contributed surplus. The fair value of warrants and broker warrants related to securities that go unexercised is transferred out of the respective reserves into contributed surplus in the year of expiry.

A summary of the contributed surplus activity is as follows:

	2021	2020
Balance - beginning of year	\$ 2,523,455	\$ 2,523,455
Share-based payment	70,710	-
Balance - end of year	\$ 2,594,165	\$ 2,523,455

13. Income (loss) per share

The calculation of income (loss) per share amounts is based on the following:

	December 31, 2021	December 31, 2020
Numerator:		
Net loss applicable to common shares	\$ 132,901	\$ 58,556
Denominator:		
Common shares outstanding at January 1	45,084,320	45,084,320
Weighted average effect of shares issued	-	-
Weighted average common shares outstanding at December 31 – basic and diluted	45,084,320	45,084,320
Basic and diluted loss per common share (a)	\$ 0.00	\$ 0.00

- (a) Excluded from the calculation of diluted loss per common share are the effects of outstanding options, as there is no effect on basic loss per share or it would be anti-dilutive.

14. Share-based payments

The Company has established a share option plan, as approved by the shareholders, whereby each option may be granted to directors, officers, employees and service providers to purchase one common share of the Company. Options granted have an exercise price of not less than the closing price quoted on the TSX Venture exchange for the common shares of the Company on the trading day prior to the date on which the options were granted. Certain options vest immediately while others vest six to twenty-four months after grant date and all options granted under the plan expire five years from the date of the grant of the options. All options are to be settled by physical delivery of shares.

Option movements during the years ended December 31 including weighted average exercise prices are as follows:

	2021		2020	
	Options	Weighted Average Price	Options	Weighted Average Price
Outstanding – January 1	4,190,000	\$ 0.06	4,190,000	\$ 0.06
Granted during the year	-	-	-	-
Expired during the year	-	-	-	-
Outstanding and Exercisable – December 31	4,190,000	\$ 0.06	4,190,000	\$ 0.06

At December 31, 2021, total options outstanding were 4,190,000 (2020 – 4,190,000) at a weighted average exercise price of \$0.06 (2020 – \$0.06). Options outstanding at December, 2021 have exercise prices that range from \$0.05 to \$0.08 (2020 – \$0.05 to \$0.08) and a weighted average contractual life of 1.1 years (2020 – 1.1 years).

For options outstanding and exercisable at December 31, 2021, the range of exercise prices, weighted average exercise price and the weighted average remaining contractual life is as follows:

Option Price Per Share	Outstanding and Exercisable		
	Options December 31, 2021	Weighted Average Exercise Price	Weighted Average Remaining Life
\$0.05	2,100,000	\$ 0.05	1.3 years
\$0.08	2,090,000	0.08	0.9 years
	4,190,000	\$ 0.06	1.1 years

The grant date fair value of stock options issued under the plan is estimated using the Black-Scholes option-pricing model. Expected volatility is estimated by considering historic average share price volatility. The option life is estimated based on the expected life of the options based on the individual receiving them.

During 2021 and 2020 no options were issued or expired. During 2021, the Company extended the expiry date of an aggregate of 2,100,000 stock options (collectively, the “Amended Options”) issued during the month of May 2016 with exercise prices of \$0.05 per option share, to the date that is seven years from grant date of the Amended Options. As a result, as at December 31, 2021, the Company’s outstanding options expire between the dates of May 2022 and June 2023. The inputs used in the measurement of the incremental fair values of the Amended Options during the year ended December 31, 2021 are as follows:

Share price at amendment	\$ 0.10
Exercise price	\$ 0.05
Expected volatility	166.2 – 170.1 %
Option life	2 years
Expected dividends	0 %
Expected forfeiture rate	0 %
Risk-free interest rate	0.3 %
Incremental fair value of Amended Options	\$ 0.03

The expense related to the Company’s share-based payments is recognized in the statement of loss and comprehensive loss for the year ended December 31 in administration expense in the amount of \$70,710 (2020 - \$0).

15. Related party transactions

Related party transactions with key management personnel

Key management personnel are persons responsible for planning, directing, and controlling the activities of an entity, and include executive and non-executive directors. The Company pays certain of its key management personnel through companies owned by certain executive officers and directors. Those companies are as follows:

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During the year ended December 31, 2021 and 2020, key management personnel waived their management and consulting fees. Total compensation paid to key management personnel, including amounts paid or payable to related parties owned by key management personnel, executive officers and directors, was \$62,160 (2020 - \$0). These amounts relate to the Amended Options (note 14) and have been included in administration expense on the statement of loss and comprehensive loss. The fair value of share-based payments was determined using the Black-Scholes model.

16. Financial instruments

Fair values have been determined for measurement and/or disclosure purposes based on the fair value hierarchy for financial instruments that require fair value measurement after initial recognition. The classification of each financial instrument is described in note 4.

The carrying amounts for cash and cash equivalents, receivables, and payables and accrued liabilities approximate their fair value due to the short-term nature of these instruments. These financial instruments are carried at amortized cost.

Fair value hierarchy

The Company does not have any financial instruments measured at fair value. If the Company acquires a financial instrument that would be required to be measured at fair value it would be categorized into one of three hierarchy levels as described below. Each level is based on the transparency of the inputs used to measure the fair values of assets and liabilities:

- Level 1 – Values based on unadjusted quoted prices in active markets that are accessible at the measurement date for identical assets or liabilities;
- Level 2 – Values based on quoted prices in markets that are not active or model inputs that are observable either directly or indirectly for substantially the full term of the asset or liability; and
- Level 3 – Values based on prices or valuation techniques that require inputs that are both unobservable and significant to the overall fair value measurement.

Risk management

Certain financial instruments are exposed to the following financial risks:

(a) Credit risk

Credit risk is the risk of an unexpected loss by the Company if a customer or third-party to a financial instrument fails to meet its contractual obligations. The Company's financial instruments that may have credit risk consist primarily of cash and cash equivalents and receivables. The Company's cash and cash equivalents are held by financial institutions with an A (low) credit rating. The Company may invest excess cash, if any, in guaranteed investment certificates until it is required. The Company's receivables are mainly comprised of GST receivable and therefore credit risk is minimal. The Company has gross credit exposure at December 31, 2021 relating to cash and cash equivalents and receivables of \$3,488 (2020 - \$61,693).

(b) Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due.

As at December 31, 2021, the Company is committed to current liabilities of \$22,321 (2020 - \$17,360) with a working capital deficit of \$17,465 (2020 – working capital of \$44,333). Based on the above, as at December 31, 2021 the Company does not have sufficient resources to meet obligations as they become due through 2022 and beyond. The further exploration, evaluation and/or development of exploration and evaluation properties in which the Company holds interests or which the Company acquires may depend upon the Company's ability to obtain financing through equity issues or other forms of financing, such as the \$350,000 equity financing completed by the Company in March 2022 (note 18). Although the Company has been successful in the past in obtaining financing, there can be no assurance that the Company will be able to obtain adequate financing in the future or that the terms of such financing will be favorable. Failure to obtain additional financing on a timely basis may cause the Company to postpone exploration plans, forfeit rights in its properties or reduce or terminate its operations.

(c) Market risk

Market risk is the risk that the fair value of a financial instrument will fluctuate because of changes in market prices. Market prices are comprised of four types of risk: foreign currency risk, commodity price risk, interest rate risk and equity risk.

Foreign currency risk:

Foreign currency risk is the risk that a variation in exchange rates between the Canadian dollar and US dollar or other foreign currencies will affect the Company's operations and financial results. The Company does not have significant exposure to foreign exchange rate fluctuations since it is currently not producing.

Commodity price risk:

Commodity price risk is the risk that a variation in commodity price will affect the Company's operations and financial results. The Company does not have significant exposure to commodity price fluctuations since it is currently not producing.

Interest rate risk:

Interest rate risk is the risk that future cash flows will fluctuate as a result of changes in market interest rates. The Company does not have any borrowings. Interest rate risk is limited to potential decreases on the interest rate offered on cash and cash equivalents held with chartered Canadian financial institutions. The Company considers this risk to be immaterial.

Equity risk:

The Company does not have any equity investments and is not exposed to equity risk.

17. Capital management

The Company manages its common shares and equity reserves as capital. The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern and to explore its exploration and evaluation properties, so that it can provide returns to shareholders.

In order to facilitate the management of its capital requirements, the Company monitors capital and operating cash flows which are updated as considered necessary.

18. Subsequent event

On March 8, 2022, the Company completed a private placement whereby 5,000,000 Units were issued for proceeds of \$350,000. Each Unit was comprised of one common share and one warrant. Each whole warrant entitles the holder thereof to purchase one common share at a price of \$0.10, for a period of twelve months from closing of the private placement.