



OPTIMUM VENTURES LTD.

Condensed Interim Consolidated Financial Statements

December 31, 2021

(Stated in Canadian Dollars)

(Unaudited – Prepared by Management)

NOTE TO READER

Under National Instrument 51-102, if an auditor has not performed a review of interim financial statements, they must be accompanied by a note indicating that the interim financial statements have not been reviewed by an auditor.

The accompanying condensed interim consolidated financial statements have been prepared by and are the responsibility of management. The Company's independent auditor has not performed a review of these interim financial statements.

Optimum Ventures Ltd.

Condensed Interim Consolidated Statements of Financial Position

December 31, 2021 and June 30, 2021

(Stated in Canadian Dollars)

(Unaudited – Prepared by Management)

	Note	December 31, 2021	June 30, 2021
ASSETS			
Current assets			
Cash		\$ 4,766,888	\$ 3,155,234
Receivables		27,909	2,199
BCMETS receivable	5	26,678	-
Prepaid expenses		27,581	20,437
		4,849,056	3,177,870
Non-current assets			
Reclamation bond		7,977	7,977
Exploration and evaluation assets	5	1,746,847	601,533
		1,754,824	609,510
		\$ 6,603,880	\$ 3,787,380
LIABILITIES			
Current liabilities			
Accounts payable and accrued liabilities	6	\$ 216,337	\$ 59,215
Due to related parties	6	34,125	63,000
Flow-through premium liability	7	301,600	-
		552,062	122,215
EQUITY			
Share capital	7	6,836,311	4,194,880
Contributed surplus	7	143,000	177,040
Deficit		(927,493)	(706,755)
		6,051,818	3,665,165
		\$ 6,603,880	\$ 3,787,380

Corporate Information – Note 1

Going Concern – Note 2

Commitments – Notes 5 and 7

Subsequent Event – Note 11

Approved on behalf of the Board on February 11, 2022:

“Tyler Ross”

Tyler Ross, CEO and Director

“Edward Kruchkowski”

Edward Kruchkowski, CFO and Director

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

Optimum Ventures Ltd.

Condensed Interim Consolidated Statements of Loss and Comprehensive Loss

For the three and six months ended December 31, 2021 and 2020

(Stated in Canadian Dollars)

(Unaudited – Prepared by Management)

	Note	Three months ended December 31, 2021	Three months ended December 31, 2020	Six months ended December 31, 2021	Six months ended December 31, 2020
Expenses					
Accounting and audit		\$ 3,000	\$ 3,250	\$ 6,200	\$ 9,500
Consulting fees		23,667	-	23,667	-
Filing fees		7,758	4,043	28,643	5,343
Legal		36,782	1,574	59,054	5,101
Management fees	6	33,750	7,500	67,500	15,000
Office and miscellaneous		1,506	966	913	2,572
Rent	6	24,179	3,000	27,179	6,000
Transfer agent		5,071	3,783	7,582	7,376
Net loss and comprehensive loss		\$ (135,713)	\$ (24,116)	\$ (220,738)	\$ (50,892)
Loss per share – basic and diluted		\$ (0.00)	\$ (0.00)	\$ (0.01)	\$ (0.00)
Weighted average number of shares outstanding		35,158,221	21,905,000	34,300,706	21,905,000

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

Optimum Ventures Ltd.

Condensed Interim Consolidated Statements of Changes in Equity

For the six months ended December 31, 2021 and 2020

(Stated in Canadian Dollars)

(Unaudited – Prepared by Management)

	Number of shares	Amount	Contributed surplus	Deficit	Total
Balance at June 30, 2021	33,443,191	\$ 4,194,880	\$ 177,040	\$ (706,755)	\$ 3,665,165
Shares issued for cash – Note 7					
- Private placement	4,640,000	2,018,400	-	-	2,018,400
- Less: share issue costs	-	(11,600)	-	-	(11,600)
- Exercise of agent's options	425,500	63,825	-	-	63,825
Reclassification on exercise of agent's options – Notes 7 and 9	-	34,040	(34,040)	-	-
Shares issued for exploration and evaluation assets – Notes 5 and 7	1,179,706	536,766	-	-	536,766
Net loss and comprehensive loss	-	-	-	(220,738)	(220,738)
Balance at December 31, 2021	39,688,397	\$ 6,836,311	\$ 143,000	\$ (927,493)	\$ 6,051,818

	Number of shares	Amount	Contributed surplus	Deficit	Total
Balance at June 30, 2020	21,905,000	\$ 1,226,885	\$ 177,040	\$ (599,237)	\$ 804,688
Net loss and comprehensive loss	-	-	-	(50,892)	(50,892)
Balance at December 31, 2020	21,905,000	\$ 1,226,885	\$ 177,040	\$ (650,129)	\$ 753,796

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

Optimum Ventures Ltd.

Condensed Interim Consolidated Statements of Cash Flows

For the six months ended December 31, 2021 and 2020

(Stated in Canadian Dollars)

(Unaudited – Prepared by Management)

	2021	2020
Operating Activities		
Net loss	\$ (220,738)	\$ (50,892)
Changes in non-cash working capital balances:		
Receivables	(25,710)	(2,521)
Prepaid expenses	(7,144)	2,600
Accounts payable and accrued liabilities	157,122	(14,258)
Due to related parties	(28,875)	16,800
	(125,345)	(48,271)
Financing Activities		
Issuance of common shares, net of share issue costs	2,070,625	-
Flow-through premium	301,600	-
	2,372,225	-
Investing Activity		
Expenditures on exploration and evaluation assets	(635,226)	(147,142)
	(635,226)	(147,142)
Change in cash	1,611,654	(195,413)
Cash, beginning	3,155,234	409,238
Cash, ending	\$ 4,766,888	\$ 213,825
Supplemental Information		
Interest paid	\$ -	\$ -
Income tax paid	\$ -	\$ -

Non-cash Transactions - Note 9

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

Optimum Ventures Ltd.

Notes to the Condensed Interim Consolidated Financial Statements

December 31, 2021

(Stated in Canadian Dollars)

(Unaudited – Prepared by Management)

1. Corporate Information

Optimum Ventures Ltd. (the “Company”) was incorporated on November 23, 2017 under the laws of the Province of British Columbia, Canada. The Company incorporated a State of Alaska subsidiary, Hyder Ventures Ltd. on February 8, 2019. The Company’s principal business activity is the acquisition, exploration and evaluation of mineral properties located in Province of British Columbia, Canada and in the State of Alaska, USA.

The Company’s head office is located at Suite 1507 – 1030 West Georgia Street, Vancouver, British Columbia, V6E 2Y3.

The Company’s common shares trade on the TSX Venture Exchange under the symbol “OPV”.

2. Basis of Preparation

Statement of Compliance

These condensed interim consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board (“IASB”) and in accordance with International Accounting Standard (“IAS”) IAS 34 “Interim Financial Reporting”.

These condensed interim consolidated financial statements do not include all of the information and disclosures required to be included in annual financial statements prepared in accordance with IFRS. These condensed interim consolidated financial statements should be read in conjunction with the Company’s audited consolidated financial statements for the years ended June 30, 2021 and 2020.

These condensed interim consolidated financial statements were authorized for issue on February 11, 2022 by the directors of the Company.

Basis of Measurement

These condensed interim consolidated financial statements have been prepared using the historical cost basis except for financial instruments that have been measured at fair value.

The consolidated financial statements are presented in Canadian dollars, which is the Company’s functional currency and presentation currency.

The preparation of financial statements in compliance with IFRS requires management to make certain critical accounting estimates. It also requires management to exercise judgement in applying the Company’s accounting policies. The areas involving a higher degree of judgement of complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in Note 4.

Optimum Ventures Ltd.

Notes to the Condensed Interim Consolidated Financial Statements

December 31, 2021

(Stated in Canadian Dollars)

(Unaudited – Prepared by Management)

2. Basis of Preparation (cont'd)

Going Concern

In March 2020, the World Health Organization declared COVID-19 a global pandemic. This contagious disease outbreak and the related adverse public health developments have adversely affected workforces, economies and financial markets, leading to a global economic downturn. Management has implemented safeguards and protocols recommended by the relevant health authorities to protect its workers, and continues to monitor the situation.

At December 31, 2021, the Company has not generated revenue from operations, has an accumulated deficit of \$927,493 and expects to incur further losses in the exploration and evaluation of its mineral properties. These condensed interim consolidated financial statements have been prepared on a going concern basis which assumes that the Company will be able to realize its assets and discharge its liabilities in the normal course of business for the foreseeable future. The Company has not yet determined whether its mineral properties contain economically recoverable reserves. The recoverability of the amounts shown for exploration and evaluation assets is dependent upon the confirmation of economically recoverable reserves, the Company's ability to obtain adequate financing to develop the reserves, and its ability to generate revenues and cash flows from profitable operations in the future. These conditions indicate the existence of a material uncertainty which may cast significant doubt about the Company's ability to continue as a going concern. The junior mining industry is considered speculative in nature which could make the Company more difficult to fund.

The consolidated financial statements do not include any adjustments relating to the recoverability and classification of recorded asset amounts and classification of liabilities that might be necessary should the Company be unable to continue as a going concern.

Principles of Consolidation

These condensed interim consolidated financial statements include the accounts of the Company and its controlled entity. All inter-company balances and transactions have been eliminated on consolidation. Details of its controlled entity are as follows:

Name of subsidiary	Country of Incorporation	Percentage ownership	Functional Currency
Hyder Ventures Ltd.	USA	100%	CAD

Optimum Ventures Ltd.

Notes to the Condensed Interim Consolidated Financial Statements

December 31, 2021

(Stated in Canadian Dollars)

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3. Significant Accounting Policies

These condensed interim consolidated financial statements have, in management's opinion, been properly and consistently prepared within reasonable limits of materiality and within the framework of the significant accounting policies summarized below:

Foreign Currency Transactions

Foreign currency accounts are translated into Canadian dollars as follows:

At the transaction date, each asset, liability, revenue and expense denominated in a foreign currency is translated into Canadian dollars by the use of the exchange rate in effect at that date. At the year-end date, unsettled monetary assets and liabilities are translated into Canadian dollars by using the exchange rate in effect at the year-end date and the related translation differences are recognized in net income. Exchange gains and losses arising on the retranslation of monetary financial assets are treated as a separate component of the change in fair value and recognized in net income. Exchange gains and losses on non-monetary financial assets form part of the overall gain or loss recognized in respect of that financial instrument.

Non-monetary assets and liabilities that are measured at historical cost are translated into Canadian dollars by using the exchange rate in effect at the date of the initial transaction and are not subsequently restated. Non-monetary assets and liabilities that are measured at fair value or at a revalued amount are translated into Canadian dollars by using the exchange rate in effect at the date the value is determined and the related translation differences are recognized in net income or other comprehensive loss consistent with where the gain or loss on the underlying non-monetary asset or liability has been recognized.

Optimum Ventures Ltd.

Notes to the Condensed Interim Consolidated Financial Statements

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(Stated in Canadian Dollars)

(Unaudited – Prepared by Management)

3. Significant Accounting Policies (cont'd)

Exploration and Evaluation Assets

Pre-exploration Costs

Pre-exploration costs are expensed in the period in which they are incurred.

Exploration and Evaluation Expenditures

Once the legal right to explore a property has been acquired, costs directly related to exploration and evaluation expenditures are recognized and capitalized, in addition to the acquisition costs. These direct expenditures include such costs as materials used, surveying costs, drilling costs, payments made to contractors and depreciation on plant and equipment during the exploration phase. Costs not directly attributable to exploration and evaluation activities, including general administrative overhead costs, are expensed in the period in which they occur.

The Company may occasionally enter into farm-out arrangements, whereby the Company will transfer part of a mineral interest, as consideration, for an agreement by the transferee to meet certain exploration and evaluation expenditures which would have otherwise been undertaken by the Company. The Company does not record any expenditures made by the farmee on its behalf. Any cash consideration received from the agreement is credited against the costs previously capitalized to the mineral interest given up by the Company, with any excess cash accounted for as a gain on disposal.

When a project is deemed to no longer have commercially viable prospects to the Company, exploration and evaluation expenditures in respect of that project are deemed to be impaired. As a result, those exploration and evaluation expenditure costs, in excess of estimated recoveries, are written off to the statement of comprehensive loss.

The Company assesses exploration and evaluation assets for impairment when facts and circumstances suggest that the carrying amount of an asset may exceed its recoverable amount.

Once the technical feasibility and commercial viability of extracting the mineral resource has been determined, the property is considered to be a mine under development and is classified as “mines under construction”. Exploration and evaluation assets are also tested for impairment before the assets are transferred to development properties.

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

Mineral exploration and evaluation expenditures are classified as intangible assets.

Optimum Ventures Ltd.

Notes to the Condensed Interim Consolidated Financial Statements

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(Stated in Canadian Dollars)

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3. Significant Accounting Policies (cont'd)

Impairment of Non-Financial Assets

Impairment tests on intangible assets with indefinite useful economic lives are undertaken annually at the financial year-end. Other non-financial assets, including exploration and evaluation assets are subject to impairment tests whenever events or changes in circumstances indicate that their carrying amount may not be recoverable. Where the carrying value of an asset exceeds its recoverable amount, which is the higher of value in use and fair value less costs to sell, the asset is written down accordingly.

Where it is not possible to estimate the recoverable amount of an individual asset, the impairment test is carried out on the asset's cash-generating unit, which is the lowest group of assets in which the asset belongs for which there are separately identifiable cash inflows that are largely independent of the cash inflows from other assets. The Company has one cash-generating unit for which impairment testing is performed.

An impairment loss is charged to the profit or loss, except to the extent they reverse gains previously recognized in other comprehensive loss.

Provisions

Rehabilitation Provisions

The Company is subject to various government laws and regulations relating to environmental disturbances caused by exploration and evaluation activities. The Company records the present value of the estimated costs of legal and constructive obligations required to restore the exploration sites in the period in which the obligation is incurred. Rehabilitation activities include restoration, reclamation and re-vegetation of the affected exploration sites.

The rehabilitation provision generally arises when the environmental disturbance is subject to government laws and regulations. When the liability is recognized, the present value of the estimated costs is capitalized by increasing the carrying amount of the related mining assets. Over time, the discounted liability is increased for the changes in present value based on current market discount rates and liability specific risks.

Additional environment disturbances or changes in rehabilitation costs will be recognized as additions to the corresponding assets and rehabilitation liability in the period in which they occur. At December 31, 2021 and June 30, 2021, the Company did not have any rehabilitation provisions.

Other Provisions

Provisions are recognized for liabilities of uncertain timing or amount that have arisen as a result of past transactions, including legal or constructive obligations. The provision is measured at the best estimate of the expenditure required to settle the obligation at the reporting date.

Optimum Ventures Ltd.

Notes to the Condensed Interim Consolidated Financial Statements

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(Stated in Canadian Dollars)

(Unaudited – Prepared by Management)

3. Significant Accounting Policies (cont'd)

Financial Instruments

Financial Assets

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 other comprehensive income.

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. Cash is measured at FVTPL.

Impairment of Financial Assets

An ‘expected credit loss’ impairment model applies which requires a loss allowance to be recognized based on expected credit losses. 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 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 profit or 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 profit or 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.

Financial Liabilities

Financial liabilities are designated as either: (i) fair value through profit or loss; or (ii) at 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 and due to related parties are classified at amortized cost.

Optimum Ventures Ltd.

Notes to the Condensed Interim Consolidated Financial Statements

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(Stated in Canadian Dollars)

(Unaudited – Prepared by Management)

3. Significant Accounting Policies (cont'd)

Income Taxes

Income tax expense comprises current and deferred tax. Current tax and deferred tax are recognized in net income except to the extent that it relates to a business combination, or items recognized directly in equity or in other comprehensive loss.

Current income taxes are recognized for the estimated income taxes payable or receivable on taxable income or loss for the current year and any adjustment to income taxes payable in respect of previous years. Current income taxes are determined using tax rates and tax laws that have been enacted or substantively enacted by the year-end date.

Deferred tax assets and liabilities are recognized where the carrying amount of an asset or liability differs from its tax base, except for taxable temporary differences arising on the initial recognition of goodwill and temporary differences arising on the initial recognition of an asset or liability in a transaction which is not a business combination and at the time of the transaction affects neither accounting or taxable profit or loss.

Recognition of deferred tax assets for unused tax losses, tax credits and deductible temporary differences is restricted to those instances where it is probable that future taxable profit will be available against which the deferred tax asset can be utilized. At the end of each reporting period, the Company reassesses unrecognized deferred tax assets. The Company recognizes a previously unrecognized deferred tax asset to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Share Capital

Financial instruments issued by the Company are classified as equity only to the extent that they do not meet the definition of a financial liability or financial asset. The Company's common shares are classified as equity instruments.

Costs directly attributable to the issue of new shares are recognized in equity as a deduction from the proceeds. Costs attributable to the listing of existing shares are expensed as incurred.

Loss per Share

Basic loss per share is computed by dividing the net loss applicable to the common shares by the weighted average number of common shares outstanding for the period.

Diluted loss per share is computed by dividing the net loss applicable to the common shares by the sum of the weighted average number of common shares issued and outstanding and all additional common shares that would have been outstanding, if potentially dilutive instruments were converted. When losses are incurred, basic and diluted loss per share are the same as the exercise of stock options and share purchase warrants is considered to be anti-dilutive.

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Notes to the Condensed Interim Consolidated Financial Statements

December 31, 2021

(Stated in Canadian Dollars)

(Unaudited – Prepared by Management)

3. Significant Accounting Policies (cont'd)

Share-Based Payments

Where equity-settled share options are awarded to employees, the fair value of the options at the date of grant is charged to the statement of comprehensive loss over the vesting period. Performance vesting conditions are taken into account by adjusting the number of equity instruments expected to vest at each reporting date so that, ultimately, the cumulative amount recognized over the vesting period is based on the number of options that eventually vest. Non-vesting conditions and market vesting conditions are factored into the fair value of the options granted. As long as all other vesting conditions are satisfied, a charge is made irrespective of whether these vesting conditions are satisfied. The cumulative expense is not adjusted for failure to achieve a market vesting condition or where a non-vesting condition is not satisfied.

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

Where equity instruments are granted to employees, they are recorded at the fair value of the equity instrument granted at the grant date. The grant date fair value is recognized in comprehensive loss over the vesting period, described as the period during which all the vesting conditions are to be satisfied.

Where equity instruments are granted to non-employees, they are recorded at the fair value of the goods or services received in the statement of comprehensive loss, unless they are related to the issuance of shares. Amounts related to the issuance of shares are recorded as a reduction of share capital.

When the value of goods or services received in exchange for the share-based payment cannot be reliably estimated, the fair value is measured by use of a valuation model. The expected life used in the model is adjusted, based on management's best estimate, for the effects of non-transferability, exercise restrictions, and behavioural considerations.

All equity-settled share-based payments are reflected in contributed surplus, until exercised. Upon exercise, shares are issued from treasury and the amount reflected in contributed surplus is credited to share capital, adjusted for any consideration paid.

Where a grant of options is cancelled or settled during the vesting period, excluding forfeitures when vesting conditions are not satisfied, the Company immediately accounts for the cancellation as an acceleration of vesting and recognizes the amount that otherwise would have been recognized for services received over the remainder of the vesting period. Any payment made to the employee on the cancellation is accounted for as the repurchase of an equity interest except to the extent the payment exceeds the fair value of the equity instrument granted, measured at the repurchase date. Any such excess is recognized as an expense.

Optimum Ventures Ltd.

Notes to the Condensed Interim Consolidated Financial Statements

December 31, 2021

(Stated in Canadian Dollars)

(Unaudited – Prepared by Management)

3. Significant Accounting Policies (cont'd)

Recent Accounting Pronouncements

The Company has not identified any new accounting pronouncements that are likely to have a material impact on the condensed interim consolidated financial statements.

New Accounting Standards and Interpretations

There were no recently adopted accounting standards with a material impact to the condensed interim consolidated financial statements during the six months ended December 31, 2021.

Optimum Ventures Ltd.

Notes to the Condensed Interim Consolidated Financial Statements

December 31, 2021

(Stated in Canadian Dollars)

(Unaudited – Prepared by Management)

4. Critical Accounting Estimates and Judgements

The Company makes estimates and assumptions about the future that affect the reported amounts of assets and liabilities. Estimates and judgments are continually evaluated based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. In the future, actual experience may differ from these estimates and assumptions. The effect of a change in an accounting estimate is recognized prospectively by including it in comprehensive income in the period of the change, if the change affects that period only; or in the period of the change and future periods, if the change affects both. Information about critical judgments in applying accounting policies that have the most significant risk of causing material adjustment to the carrying amounts of assets and liabilities recognized in the financial statements within the next financial year are discussed below:

Exploration and Evaluation Expenditures

The application of the Company's accounting policy for exploration and evaluation expenditure requires judgment in determining whether it is likely that future economic benefits will flow to the Company, which may be based on assumptions about future events or circumstances. Estimates and assumptions made may change if new information becomes available. If, after expenditure is capitalized, information becomes available suggesting that the recovery of expenditure is unlikely, the amount capitalized is written off in the profit or loss in the period the new information becomes available.

Rehabilitation Provisions

Rehabilitation provisions have been determined to be \$Nil based on the Company's internal estimates. Assumptions, based on the current economic environment, have been made which management believes 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. Estimates are reviewed annually and are based on current regulatory requirements. Significant changes in estimates of contamination, restoration standards and techniques will result in changes to provisions from period to period.

Share-Based Payments

The Company uses the Black Scholes Option Pricing Model for valuation of share-based payments. Option pricing models require the input of subjective assumptions including expected price volatility, interest rate and forfeiture rate. Changes in the input assumptions can materially affect the fair value estimate and the Company's earnings and equity reserves.

Valuation of Deferred Tax Assets

The Company makes a determination of whether it is likely that future taxable profits will be available to utilize against any deferred tax assets.

Going Concern

The Company uses judgement in its assessment of the Company's ability to continue as a going concern and whether there are events or conditions that may give rise to significant uncertainty.

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Notes to the Condensed Interim Consolidated Financial Statements

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(Stated in Canadian Dollars)

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5. Exploration and Evaluation Assets

Premier South Property

Riverside Option

By an option assignment agreement dated December 8, 2017, the Company has the right to acquire a 100% interest in the Riverside claims which consist of 8 patented mineral claims located in the Hyder Mining District, in the State of Alaska, USA. Consideration to acquire the 100% interest is as follows:

Cash Payments:

- US\$10,000 on execution of the agreement (paid);
- a further US\$20,000 on or before September 22, 2018 (paid);
- a further US\$30,000 on or before September 22, 2019 (paid);
- a further US\$40,000 on or before September 22, 2020 (paid); and
- a further US\$50,000 on or before September 22, 2021 (paid).

Cumulative Exploration Expenditures:

- US\$10,000 on or before September 22, 2018 (incurred);
- a further US\$30,000 on or before September 22, 2019 (incurred);
- a further US\$40,000 on or before September 22, 2020 (incurred); and
- a further US\$50,000 on or before September 22, 2021 (incurred).

Any exploration expenditures in excess of the minimum annual exploration expenditures will be carried over to the following year's commitment.

At any time after September 22, 2018 but before September 22, 2022, the Company may purchase the Riverside claims outright for US\$500,000 provided that all the cash payments and exploration expenditures set out above have been made to the latest anniversary date.

The Riverside claims are subject to a 2% net smelter returns royalty. The Company has the right, at any time, to purchase one-half of the royalty for US\$500,000.

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5. Exploration and Evaluation Assets (cont'd)

Premier South Property – (cont'd)

Mineral Basin Option

By an option assignment agreement dated December 8, 2017, the Company has the right to acquire up to a 100% interest in the Mineral Basin claims which consist of 4 federally located mineral claims located in the Hyder Mining District, in the State of Alaska, USA. Consideration to acquire an initial 51% the interest is as follows:

Cash Payments:

- US\$10,000 on execution of the agreement (paid);
- a further US\$20,000 on or before September 25, 2018 (paid);
- a further US\$20,000 on or before September 25, 2019 (paid);
- a further US\$20,000 on or before September 25, 2020 (paid);
- a further US\$20,000 on or before September 25, 2021 (paid); and
- a further US\$200,000 on or before September 25, 2022.

Cumulative Exploration Expenditures:

- US\$30,000 on or before September 25, 2018 (incurred);
- a further US\$50,000 on or before September 25, 2019 (incurred);
- a further US\$70,000 on or before September 25, 2020 (incurred);
- a further US\$100,000 on or before September 25, 2021 (incurred); and
- a further US\$200,000 on or before September 25, 2022.

Any exploration expenditures in excess of the minimum annual exploration expenditures will be carried over to the following year's commitment.

Upon earning a 51% interest in the Mineral Basin claims, the Company has the right to purchase the remaining 49% interest for US\$500,000 at any time on or before September 25, 2023.

The Mineral Basin claims are subject to a 2% net smelter returns royalty. The Company has the right, at any time, to purchase one-half of the royalty for US\$500,000.

Additional Claims at Premier South Property

During the year ended June 30, 2020, the Company acquired 23 additional mineral claims in the State of Alaska, USA to expand the area around the Riverside and Mineral Basin claims. The Company made a cash payment of \$18,000 for the additional claims.

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5. Exploration and Evaluation Assets (cont'd)

Harry Property

On September 13, 2021, the Company entered into an option agreement to acquire an 80% interest in the Harry property. The Harry property consists of three contiguous mineral claims covering 1,333 hectares and is located in the Skeena Mining Division of British Columbia. Consideration to acquire the 80% interest in the Harry property is as follows:

Cumulative Exploration Expenditures:

- \$500,000 on or before September 13, 2022 (“the Year 1 expenditures”);
- a further \$1,000,000 on or before September 13, 2023 (“the Year 2 expenditures”);
- a further \$1,500,000 on or before September 13, 2024 (“the Year 3 expenditures”);
- a further \$2,000,000 on or before September 13, 2025 (“the Year 4 expenditures”);
- a further \$4,000,000 on or before September 13, 2026 (“the Year 5 expenditures”).

All exploration expenditures are on a “make or pay” basis, meaning the Company shall either make the required expenditures, or pay the Optionor in cash for any shortfall within 30 days of the period during which the expenditures were required.

Cash Payments:

- \$50,000 on TSX Venture Exchange approval of the agreement (paid);
- a further \$75,000 on or before the earlier of September 13, 2022 and the date that is 30 days after the date that the Year 1 expenditures are incurred;
- a further \$100,000 on or before the earlier of September 13, 2023 and the date that is 30 days after the date that the Year 2 expenditures are incurred;
- a further \$150,000 on or before the earlier of September 13, 2024 and the date that is 30 days after the date that the Year 3 expenditures are incurred;
- a further \$400,000 on or before the earlier of September 13, 2025 and the date that is 30 days after the date that the Year 4 expenditures are incurred;
- a further \$725,000 on or before the earlier of September 13, 2026 and the date that is 30 days after the date that the Year 5 expenditures are incurred.

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5. Exploration and Evaluation Assets (cont'd)

Harry Property – (cont'd)

Share Issuances:

- 200,000 common shares on TSX Venture Exchange approval of the agreement (issued at a fair value of \$91,000);
- a further 300,000 common shares on or before the earlier of September 13, 2022 and the date that is 30 days after the date that the Year 1 expenditures are incurred;
- a further 300,000 common shares on or before the earlier of September 13, 2023 and the date that is 30 days after the date that the Year 2 expenditures are incurred;
- a further 700,000 common shares on or before the earlier of September 13, 2024 and the date that is 30 days after the date that the Year 3 expenditures are incurred;
- a further 1,000,000 common shares on or before the earlier of September 13, 2025 and the date that is 30 days after the date that the Year 4 expenditures are incurred;
- a further 1,500,000 common shares on or before the earlier of September 13, 2026 and the date that is 30 days after the date that the Year 5 expenditures are incurred.

Upon exercise of the option by the Company, the parties will enter into a joint venture agreement for the operation of the Harry property with the Company being the operator. The Company will grant the Optionor a 2% net smelter return royalty.

Concurrent with the entry into the option agreement for the Harry property, the Company entered into a quitclaim agreement with another public company pursuant to which the other public company agreed to terminate its option agreement on the Harry property in consideration for a payment of \$27,000 (paid) and the issuance of 750,000 common shares of the Company (issued at a fair value of \$341,250).

In connection with both of the above agreements, the Company entered into a finders' fee agreement under which the Company would pay a finder's fee (in shares) up to the maximum amount permitted by the policies of the TSX Venture Exchange. The Company issued 229,706 common shares at a fair value of \$104,516 as a finder's fee for the option to acquire an 80% interest in the Harry property.

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5. Exploration and Evaluation Assets (cont'd)

Acquisition, exploration and evaluation costs incurred on the Company's mineral properties to December 31, 2021 and June 30, 2021 are as follows:

	Premier South	Harry	Total
As at June 30, 2020	\$ 442,162	\$ -	\$ 442,162
Property acquisition costs - cash	79,170	-	79,170
Deferred exploration costs - assays	23,486	-	23,486
Deferred exploration costs - claim maintenance fees	9,434	-	9,434
Deferred exploration costs - equipment rental - Note 6	19,474	-	19,474
Deferred exploration costs - geological	3,550	-	3,550
Deferred exploration costs - labour	24,192	-	24,192
Deferred exploration costs - travel and field	65	-	65
	159,371	-	159,371
As at June 30, 2021	601,533	-	601,533
Property acquisition costs - cash	90,475	77,000	167,475
Property acquisition costs – shares – Notes 7 and 9	-	536,766	536,766
Deferred exploration costs - claim maintenance fees	4,892	-	4,892
Deferred exploration costs - equipment rental - Note 6	106,795	46,780	153,575
Deferred exploration costs – geological - Note 6	10,630	28,350	38,980
Deferred exploration costs – labour	106,873	-	106,873
Deferred exploration costs - road construction - Note 6	12,500	12,500	25,000
Deferred exploration costs - travel and field	92,671	45,760	138,431
Deferred exploration costs – BCMETC – Note 9	-	(26,678)	(26,678)
	424,836	720,478	1,145,314
As at December 31, 2021	\$ 1,026,369	\$ 720,478	\$ 1,746,847

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6. Related Party Transactions and Key Management Compensation

The Company incurred the following charges by directors of the Company and by companies with directors in common with the Company during the six months ended December 31, 2021 and 2020:

	<u>2021</u>	<u>2020</u>
Deferred exploration costs – equipment rental	\$ 132,112	\$ 18,645
Deferred exploration costs – geological	16,000	-
Deferred exploration costs – road construction	25,000	-
Management fees	67,500	15,000
Rent	<u>4,000</u>	<u>6,000</u>
	<u>\$ 244,612</u>	<u>\$ 39,645</u>

Key management personnel consist of the directors and officers of the Company. During the six months ended December 31, 2021 and 2020, the Company incurred the following key management compensation charges:

	<u>2021</u>	<u>2020</u>
Deferred exploration costs – equipment rental	\$ 132,112	\$ 18,645
Deferred exploration costs – geological	16,000	-
Deferred exploration costs – road construction	25,000	-
Rent	<u>67,500</u>	<u>15,000</u>
	<u>\$ 240,612</u>	<u>\$ 33,645</u>

At December 31, 2021, accounts payable and accrued liabilities include \$82,432 (June 30, 2021: \$Nil) due to companies with directors in common with the Company for exploration and evaluation costs.

At December 31, 2021, due to related parties includes \$34,125 (June 30, 2021: \$63,000) due to companies with directors in common with the Company for management fees and office rent.

Amounts due from/to related parties are unsecured, non-interest bearing and have no specific terms of repayment.

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7. Share Capital

Authorized:

Unlimited common shares without par value

Issued:

At December 31, 2021, there were 39,688,397 (June 30, 2021 - 33,443,191) common shares issued and outstanding.

Six months ended December 31, 2021:

On December 13, 2021, the Company issued 4,640,000 common shares pursuant to a flow-through private placement at \$0.50 per share for gross proceeds of \$2,320,000. The Company recorded a flow-through premium liability of \$301,600. Filing fees of \$11,600 were paid with respect to this private placement.

At December 31, 2021, the Company had not incurred any flow-through exploration expenditures. The Company is required to incur \$2,320,000 of flow-through exploration expenditures by December 31, 2022 to meet its commitment.

On December 7, 2021, the Company issued 425,500 common shares at \$0.15 per share for proceeds of \$63,825 pursuant to the exercise of agent's options. The Company reclassified \$34,040 from contributed surplus to share capital representing the fair value of the agent's options at issuance on December 20, 2019.

On November 12, 2021, the Company issued 1,179,706 common shares with a fair value of \$536,766 for finder's fees and property acquisition costs on The Harry property.

Year ended June 30, 2021:

On June 25, 2021, the Company issued 11,538,191 units at \$0.26 per unit for gross proceeds of \$2,999,930. Each unit consisted of one common share and one-half of one share purchase warrant. Each full share purchase warrant entitled the holder to purchase an additional common share at \$0.35 until June 25, 2023. Legal fees of \$14,716 and filing fees of \$17,219 were paid with respect to this private placement.

Escrow:

Pursuant to an escrow agreement dated September 27, 2019, the directors of the Company agreed to deposit 11,000,000 common shares in escrow.

Under the terms of the escrow agreement, 10% of the escrowed securities will be released from escrow on the listing date of the Company's common shares on the TSX Venture Exchange. The listing date was December 20, 2019.

An additional 15% was scheduled to be released from escrow on the dates which were 6 months, 12 months, 18 months, 24 months, 30 months and 36 months following the listing date.

At December 31, 2021, there were 3,300,000 common shares held in escrow. These common shares will be released from escrow on the following dates:

June 20, 2022	1,650,000
December 20, 2022	<u>1,650,000</u>
	<u><u>3,300,000</u></u>

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7. Share Capital (cont'd)

Share Purchase Warrants:

At December 31, 2021, there were 5,769,095 share purchase warrants outstanding entitling the holders thereof the right to purchase one common share for each warrant held as follows:

Number of Warrants		
Outstanding	Exercise Price	Expiry Date
5,769,095	\$0.35	June 25, 2023
5,769,095		

At December 31, 2021, the weighted average remaining contractual life of the outstanding warrants was 1.48 years.

Stock Options:

The Company's stock option plan was approved by the Company's board of directors on June 1, 2019. Pursuant to the stock option plan, the board of directors may grant to directors, officers, employees and consultants incentive stock options to purchase common shares, provided that the number of common shares reserved for issuance will not exceed 10% of the issued and outstanding common shares at the time of the grant. Stock options will be exercisable for a period of up to 10 years from the date of grant. Under the stock option plan, options are required to have an exercise price not less than the closing market price of the Company's common shares prevailing on the day that the option is granted less any applicable discount permitted by the policies of the TSX Venture Exchange.

At December 31, 2021, there were 1,100,000 stock options outstanding entitling the holders the right to purchase one common share for each option held as follows:

Number of Options		
Outstanding	Exercise Price	Expiry Date
1,100,000	\$0.15	December 20, 2029
1,100,000		

At December 31, 2021, the weighted average remaining contractual life of the outstanding options was 7.97 years.

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8. Financial Instruments and Risk Management

The fair values of the Company's financial assets and liabilities approximate their carrying amounts.

Financial instruments measured at fair value are classified into one of three levels in the fair value hierarchy according to the relative reliability of the inputs used to estimate the fair values. The three levels of the fair value hierarchy are:

- Level 1 – Unadjusted quoted prices in active markets for identical assets or liabilities;
- Level 2 – Inputs other than quoted prices that are observable for the asset or liability either directly or indirectly; and
- Level 3 – Inputs that are not based on observable market data.

The Company's financial instruments consist of cash, accounts payable and due to related parties. Cash is classified as FVTPL and accounts payable and due to related parties are classified as financial liabilities at amortized cost.

The Company's financial instruments are exposed to certain financial risks. The risk exposures and the impact on the Company's financial instruments are summarized below.

Credit Risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The Company's cash is exposed to credit risk. The Company reduces its credit risk on cash by placing these instruments with institutions of high credit worthiness.

Interest Rate Risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company's cash is exposed to interest rate risk.

Liquidity Risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting obligations associated with financial liabilities. The Company's accounts payable and amounts due to related parties are all current and due within 90 days of the balance sheet date.

Currency Risk

The Company's functional currency is the Canadian dollar. The exploration of the Company's mineral properties is partially conducted in United States dollars, which may impact operating results and cash flows by changes in the Canadian dollar vis-à-vis the United States dollar. The Company does not engage in any hedging activities to reduce its foreign currency risk.

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9. Non-cash Transactions

Investing and financing activities that do not have a direct impact on current cash flows are excluded from the statements of cash flows. During the six months ended December 31, 2021, the following non-cash transactions were excluded from the statements of cash flows:

- The Company issued 1,179,706 common shares with a fair value of \$536,766 for finder's fees and property acquisition costs on The Harry property.
- The Company reclassified \$34,040 from contributed surplus to share capital on the exercise of 425,500 agent's options.
- The Company accrued a BC Mining Exploration tax credit receivable of \$26,678.

10. Segmented Information

The Company operates in one reportable operating segment, being the acquisition, exploration and evaluation of mineral properties in the State of Alaska, USA.

11. Subsequent Event

On January 25, 2022, the Company granted 2,500,000 stock options to directors, officers and consultants of the Company. The options entitle the holders to purchase one common share for each option held at \$0.50 per share until January 25, 2027. The options vest in four equal installments every three months over the twelve-month period following the date of grant.