GOLDSHORE RESOURCES INC.

(Formerly Sierra Madre Developments Inc.)

Consolidated Financial Statements

For the year ended March 31, 2022 and for the period from incorporation on October 23, 2020 to March 31, 2021

In Canadian Dollars

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of
Goldshore Resources Inc. (formerly Sierra Madre Developments Inc.)

Opinion

We have audited the accompanying consolidated financial statements of Goldshore Resources Inc. (formerly Sierra Madre Developments Inc.) (the "Company"), which comprise the consolidated statements of financial position as at March 31, 2022 and 2021, and the consolidated statements of loss and comprehensive loss, changes in shareholders' equity, and cash flows for the year ended March 31, 2022 and for the period from incorporation on October 23, 2020 to March 31, 2021, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, these consolidated financial statements present fairly, in all material respects, the financial position of the Company as at March 31, 2022 and 2021, and its financial performance and its cash flows for the year ended March 31, 2022 and for the period from incorporation on October 23, 2020 to March 31, 2021 in accordance with International Financial Reporting Standards ("IFRS").

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 Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained in our audit is sufficient and appropriate to provide a basis for our opinion.

Other Information

Management is responsible for the other information. The other information obtained at the date of this auditor's report includes Management's Discussion and Analysis.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

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

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

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

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

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

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian 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 these consolidated 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 consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

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

The engagement partner on the audit resulting in this independent auditor's report is Zachary Faure.

Davidson & Company LLP

Vancouver, Canada

Chartered Professional Accountants

July 26, 2022

GOLDSHORE RESOURCES INC.
(FORMERLY SIERRA MADRE DEVELOPMENTS INC.)
(AN EXPLORATION STAGE COMPANY)
Consolidated Statements of Financial Position
As at,
(in Canadian Dollars)

		March 31, 2022		March 31, 2021
ASSETS				
Current assets				
Cash and cash equivalents (Note 5)	$	12,105,759	$	2,225,896
Restricted cash (Note 14)		-		14,359,805
Amounts receivable (Note 6)		837,852		23,205
Prepaid expenses and deposits		472,728		9,175
Deferred transaction costs		-		15,533
Deferred financing costs (Note 14)		-		1,068,717
		13,416,339		17,702,331
Exploration and evaluation assets (Note 8)		61,270,416		-
Mineral property deposit (Note 8)		-		1,000,000
Right-of-use assets and equipment (Note 9)		352,722		21,915
Long-term deposit		161,670		6,400
TOTAL ASSETS	**$**	**75,201,147**	**$**	**18,730,646**
LIABILITIES				
Current liabilities				
Accounts payable and accrued liabilities (Note 10 and 15)	$	2,469,585	$	171,953
Current portion of lease liability (Note 11)		102,431		17,783
Subscriptions received in advance (Note 14)		-		15,000,000
Flow-through premium liability (Note 12)		1,002,200		-
		3,574,216		15,189,736
Non-current portion of lease liability (Note 11)		230,617		4,491
Deferred income tax liability (Note 19)		6,826,000		-
TOTAL LIABILITIES		**10,630,833**		**15,194,227**
SHAREHOLDERS' EQUITY				
Share capital (Note 14)		54,937,379		3,858,467
Obligation to issue shares (Note 8)		20,000,000		-
Reserve (Note 14)		3,858,977		428,522
Accumulated deficit		(14,226,042)		(750,570)
TOTAL SHAREHOLDERS' EQUITY		**64,570,314**		**3,536,419**
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	**$**	**75,201,147**	**$**	**18,730,646**

Nature and continuance of operations (Note 1)
Subsequent events (Note 20)

These financial statements were authorized for issue by the Board of Directors on July 26, 2022. They are signed on behalf of the Board of Directors by:

"Brett Richards"	*"Joanna Pearson"*
CEO and Director	Director

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

GOLDSHORE RESOURCES INC.
(FORMERLY SIERRA MADRE DEVELOPMENTS INC.)
(AN EXPLORATION STAGE COMPANY)
Consolidated Statements of Loss and Comprehensive Loss
(in Canadian Dollars)

		For the year ended March 31, 2022		For the period from incorporation on October 23, 2020 to March 31, 2021
EXPENSES				
Amortization expense (Note 9)		67,305		953
Consulting fees (Note 15)		892,165		191,368
General and administrative costs (Note 15)		371,949		12,422
Professional fees		250,252		113,743
Property investigation costs		342,472		393,470
Regulatory and transfer agent fees		139,042		-
Shareholder information and investor relations		877,538		37,726
Stock-based compensation expense (Notes 14 and 15)		2,840,413		-
Travel		37,490		-
	$	5,818,626	$	749,682
OTHER ITEMS				
Interest expense (Note 11)		20,976		888
Interest and other income (Note 13)		(3,222)		-
Listing expense (Note 7)		1,868,988		-
Recovery of flow-through premium (Note 12)		(1,055,896)		-
LOSS BEFORE INCOME TAXES	$	6,649,472	$	750,570
Deferred income tax expense (Note 19)		6,826,000		-
LOSS AND COMPREHENSIVE LOSS FOR THE PERIOD	$	13,475,472	$	750,570
Basic and diluted loss per share for the period	$	(0.15)	$	(0.06)
Weighted average number of common shares outstanding – basic and diluted		88,668,415		13,244,858

GOLDSHORE RESOURCES INC.
(FORMERLY SIERRA MADRE DEVELOPMENTS INC.)
(AN EXPLORATION STAGE COMPANY)
Consolidated Statements of Changes in Shareholders' Equity
(in Canadian Dollars)

	Share Capital					
	Number of shares	Amount	Obligation to issue shares	Reserves	Accumulated deficit	Total
Balance, October 23, 2020 (incorporation)	**-**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**
Incorporation share	1	-	-	-	-	-
Shares issued for private placements (Note 14)	30,122,380	4,002,057	-	-	-	4,002,057
Share issuance costs (Note 14)	-	(143,590)	-	-	-	(143,590)
Fair value of compensation options granted (Note 14)	-	-	-	428,522	-	428,522
Loss and comprehensive loss for the period	-	-	-	-	(750,570)	(750,570)
Balance, March 31, 2021	**30,122,381**	**3,858,467**	**-**	**428,522**	**(750,570)**	**3,536,419**
Reverse takeover (Note 7)	3,677,623	2,390,455	-	-	-	2,390,455
Shares issued for private placements (Note 14)	51,132,855	35,000,002	-	-	-	35,000,002
Flow-through premium (Notes 12 and 14)	-	(2,058,096)	-	-	-	(2,058,096)
Share issuance costs (Note 14)	440,179	(3,808,699)	-	590,042	-	(3,218,657)
Stock-based compensation (Note 14)	-	-	-	2,840,413	-	2,840,413
Shares issued for mineral property (Note 8)	30,085,000	19,555,250	20,000,000	-	-	39,555,250
Loss and comprehensive loss for the period	-	-	-	-	(13,475,472)	(13,475,472)
Balance, March 31, 2022	**115,458,038**	**$ 54,937,379**	**$ 20,000,000**	**$ 3,858,977**	**$ (14,226,042)**	**$ 64,570,314**

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

GOLDSHORE RESOURCES INC.
(FORMERLY SIERRA MADRE DEVELOPMENTS INC.)
(AN EXPLORATION STAGE COMPANY)
Consolidated Statements of Cash Flows
(in Canadian Dollars)

	For the year ended March 31, 2022	For the period from incorporation on October 23, 2020 to March 31, 2021
Cash flows provided from (used in):		
OPERATING ACTIVITIES		
Loss for the period	$ (13,475,472)	$ (750,570)
Non-cash items:		
Amortization expense	67,305	953
Interest expense	20,976	888
Stock-based compensation expense	2,840,413	-
Listing expense	1,868,988	-
Recovery of flow-through premium	(1,055,896)	-
Deferred income tax expense	6,826,000	-
Changes in non-cash working capital items:		
GST receivable and prepaid expenses	(1,240,515)	(32,380)
Accounts payable and accrued liabilities	393,490	171,953
Cash flows used in operating activities	(3,754,711)	(609,156)
INVESTING ACTIVITIES		
Mineral property acquisition and exploration costs	(19,211,447)	-
Mineral property deposits	-	(1,000,000)
Long-term deposits	(155,270)	(6,400)
Deferred transaction costs	-	(15,533)
Cash acquired on reverse takeover	10,320,318	-
Purchase of equipment	(33,256)	-
Cash flows used in investing activities	(9,079,655)	(1,021,933)
FINANCING ACTIVITIES		
Proceeds from private placements	10,000,002	4,002,057
Share issuance costs	(1,570,520)	(143,590)
Deferred financing costs	-	(640,195)
Subscriptions received in advance	-	15,000,000
Repayment of lease obligations	(75,058)	(1,482)
Cash flows provided by financing activities	8,354,424	18,216,790
(Decrease) increase in cash and restricted cash	(4,479,942)	16,585,701
Cash and restricted cash, beginning of period	16,585,701	-
Cash and restricted cash, end of period	$ 12,105,759	$ 16,585,701
Supplemental cash flow information:		
Exploration and evaluation asset costs in accounts payable and accrued liabilities	$ 1,603,719	$ -
Fair value of replacement compensation options	302,456	428,522
Flow-through premium liability	2,058,096	-
Fair value of shares issued for exploration and evaluation assets	19,555,250	-
Fair value of shares issued for reverse takeover	2,390,455	-
Fair value of compensation options	287,586	-
Right of use asset/liability additions	364,856	22,868
Taxes and interest paid	Nil	Nil

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

1. NATURE AND CONTINUANCE OF OPERATIONS

Goldshore Resources Inc. (formerly Sierra Madre Developments Inc.) (the "Company") is a gold focused Canadian exploration company. The Company's head office is located at 918 – 1030 West Georgia Street, Vancouver, British Columbia, V6E 2Y3 and its registered and records office is at 401 – 353 Water Street, Vancouver, British Columbia, V6B 1B8.

On May 31, 2021, Sierra Madre Developments Inc. ("Sierra Madre") acquired all of the outstanding shares of Goldshore Resources Inc. ("Former Goldshore") by way of a three-cornered amalgamation in which a wholly-owned subsidiary of Sierra Madre amalgamated with Former Goldshore, with Former Goldshore surviving as a wholly-owned subsidiary of Sierra Madre under the name Moss Lake Project Inc. ("Moss Lake"). On June 4, 2021, Sierra Madre changed its name to Goldshore Resources Inc. ("Goldshore" or the "Company") and began trading on the TSX-V under the symbol GSHR. Former Goldshore has been identified as the accounting acquirer and, accordingly, the Company is considered to be a continuation of Former Goldshore, and the net assets of Sierra Madre at the date of the reverse acquisition are deemed to have been acquired by Former Goldshore (Note 7). These consolidated financial statements include the results of operations of Sierra Madre from May 31, 2021. Former Goldshore was incorporated on October 23, 2020; therefore, the comparative figures in these consolidated financial statements are for the period from incorporation to March 31, 2021.

On March 11, 2020, the World Health Organization characterized the outbreak of a strain of the novel coronavirus ("COVID-19") as a pandemic which has resulted in a series of public health and emergency measures that have been put in place to combat the spread of the virus. The duration and impact of COVID-19 is unknown at this time, and it is not possible to reliably estimate the impact that the length and severity of these developments will have on the financial results and condition of the Company in future periods, including the possible impact on future financing opportunities. There are various community restrictions and health and safety measures in Ontario, Canada that may prohibit or delay exploration programs from proceeding. Operations will depend on obtaining necessary permits, field supplies, and contractor services, and safeguarding personnel during the outbreak, which may be prohibitive or costly.

These consolidated financial statements have been prepared on the assumption that the Company will continue as a going concern, meaning it will continue in operation for the foreseeable future and will be able to realize its assets and discharge its liabilities in the ordinary course of operations. As at March 31, 2022, the Company's current assets exceeded its current liabilities by $9,842,123 and had an accumulated deficit of $14,226,042. Management estimates that the Company has sufficient working capital to continue for the next twelve months. The Company is a mineral exploration company focused on the acquisition and evaluation of precious metal mineral properties in Canada, and currently holds title to one mineral exploration property: the Moss Lake gold project located in Ontario, Canada.

The Company's ability to continue as a going concern is dependent upon its ability to raise equity capital or borrowings sufficient to meet current and future obligations. The business of mining and exploration involves a high degree of risk and there can be no assurance that management's plans will be successful. These consolidated financial statements do not give effect to adjustments that would be necessary to the carrying values and classification of assets and liabilities should the Company be unable to continue as a going concern. Such adjustments could be material.

2. BASIS OF PRESENTATION

Statement of Compliance

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and Interpretations of IFRS Interpretations Committee ("IFRIC") applicable to the preparation of financial statements. The significant accounting policies have been applied consistently to all periods presented in these financial statements.

Basis of Preparation

These consolidated financial statements have been prepared on a historical cost basis, except for financial instruments classified as financial instruments at fair value through profit or loss ("FVTPL"), which are stated at their fair value. In addition, these consolidated financial statements have been prepared using the accrual basis of accounting, except for cash flow information.

Basis of Consolidation

The consolidated financial statements include the accounts of the Company and its wholly owned subsidiary, Moss Lake Project Inc. Inter-company balances and transactions, including unrealized income and expenses arising from inter-company transactions, are eliminated on consolidation.

Presentation and functional currency

The presentation and functional currency of the Company and its subsidiary is the Canadian dollar. All amounts in these financial statements are expressed in Canadian dollars, unless otherwise indicated.

Significant accounting judgements and estimates

The preparation of consolidated financial statements in accordance with IFRS requires management to make certain critical accounting estimates and assumptions about the future and to exercise judgment in applying the Company's accounting policies. Actual results could differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. The impacts of changes to estimates are recognized in the period estimates are revised and in future periods affected. The critical judgments and assumptions made by management and other major sources of measurement uncertainty are discussed in Note 4.

3. SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies used in the preparation of these consolidated financial statements are as follows:

a) Cash and Cash Equivalents

Cash and cash equivalents include short-term liquid investments that are cashable or readily convertible into a known amount of cash and which are subject to insignificant risk of changes in value.

b) Foreign Currency Transactions

Transactions in currencies other than the Canadian dollar ("foreign currencies"), the Company's functional currency, are recorded at the rates of exchange prevailing on the dates of the transactions. At each reporting date, monetary assets and liabilities that are denominated in foreign currencies are translated at the rates prevailing at the date of the statement of financial position. Non-monetary items that are denominated in foreign currencies and measured at other than fair value are translated using the rates of exchange at the transaction dates. Foreign exchange gains and losses are included in net loss for the period.

c) Financial Instruments

i) Classification and measurement

<u>Financial asset</u>

The classification and measurement of financial assets is based on the Company's business models for managing its financial assets and whether the contractual cash flows represent solely payments of principal and interest ("SPPI"). Financial assets are initially measured at fair value less, for an item not at fair value through profit or loss, transaction costs directly attributable to its acquisition or issue, and are subsequently measured at either (i) amortized cost; (ii) fair value through other comprehensive income, or (iii) at fair value through profit or loss.

Amortized cost

Financial assets classified and measured at amortized cost are those assets that are held within a business model whose objective is to hold financial assets in order to collect contractual cash flows, and the contractual terms of the financial asset give rise to cash flows that are SPPI. Financial assets classified at amortized cost are measured using the effective interest method. The Company's other receivable is classified as and measured at amortized cost.

Fair value through other comprehensive income ("FVTOCI")

Financial assets classified and measured at FVTOCI are those assets that are held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets, and the contractual terms of the financial asset give rise to cash flows that are SPPI. The Company does not have any assets classified and measured at FVTOCI.

Fair value through profit or loss ("FVTPL")

Financial assets classified and measured at FVTPL are those assets that do not meet the criteria to be classified at amortized cost or at FVTOCI. Realized and unrealized gains and losses arising from changes in the fair value of the financial assets held at FVTPL are included in profit or loss in the period in which they arise. The Company's cash and cash equivalents are classified in this category.

Financial liabilities

Financial liabilities are recognized when the Company becomes a party to the contractual provisions of the financial instrument. A financial liability is derecognized when it is extinguished, discharged, cancelled or when it expires. Financial liabilities are classified as either financial liabilities at fair value through profit or loss or financial liabilities subsequently measured at amortized cost. All interest-related charges are reported in profit or loss within interest expense, if applicable.

Other financial liabilities are non-derivatives and are initially recognized at fair value net of any transaction costs directly attributable to the issuance of the instrument and subsequently carried at amortized cost using the effective interest rate method. This ensures that any interest expense over the period to repayment is at a constant rate on the balance of the liability carried in the statements of financial position. Interest expense in this context includes initial transaction costs and premiums payable on redemption, as well as any interest or coupon payable while the liability is outstanding. Accounts payable and accrued liabilities are included in this category and represent liabilities for goods and services provided to the Company prior to the end of the period that are unpaid.

i) Derecognition of financial assets

The Company derecognizes financial assets only when the contractual rights to cash flows from the financial assets expire, or when it transfers the financial assets and substantially all of the associated risks and rewards of ownership to another entity. Gains and losses on derecognition are generally recognized in profit or loss. However, gains and losses on derecognition of financial assets classified as FVTOCI remain within accumulated other comprehensive income (loss).

ii) Impairment of financial assets

The Company recognizes a loss allowance for expected credit losses on financial assets that are measured at amortized cost. At each reporting date, the Company measures the loss allowance for the financial asset at an amount equal to the lifetime expected credit losses if the credit risk on the financial asset has increased significantly since initial recognition. If at the reporting date, the financial asset has not increased significantly since initial recognition, the Company measures the loss allowance for the financial asset at an amount equal to twelve month expected credit losses. The Company shall recognize in the statements of loss and comprehensive loss, as an impairment gain or loss, the amount of expected credit losses (or reversal) that is required to adjust the loss allowance at the reporting date to the amount that is required to be recognized.

d) Restoration, rehabilitation and environmental obligations

The Company recognizes liabilities for statutory, contractual, constructive or legal obligations associated with the retirement of long-term assets, when those obligations result from the acquisition, construction, development or normal operation of the assets. The net present value of future restoration cost estimates arising from the decommissioning of plant and other site preparation work is capitalized to exploration and evaluation assets along with a corresponding increase in the restoration provision in the period incurred. Discount rates using a pre-tax rate that reflect the time value of money are used to calculate the net present value. The restoration asset will be depreciated on the same basis as other assets.

The increase in the restoration provision due to the passage of time is recognized as interest expense.

The costs of restoration projects that were included in the provision are recorded against the provision as incurred. The costs to prevent and control environmental impacts at specific properties are capitalized in accordance with the Company's accounting policy for exploration and evaluation assets. For the period presented, the Company did not have any restoration provisions.

d) Exploration and evaluation expenditures

Exploration and evaluation expenditures include the costs of acquiring licenses, costs associated with exploration and evaluation activity, and the fair value (at acquisition date) of exploration and evaluation assets acquired in a business combination. Exploration and evaluation expenditures are capitalized. Costs incurred before the Company has obtained the legal rights to explore an area are recognized in profit or loss.

Government tax credits are recorded as a reduction to the cumulative costs incurred and capitalized on the related property in the period it is received.

Exploration and evaluation assets are assessed for impairment if (i) sufficient data exists to determine technical feasibility and commercial viability, and (ii) facts and circumstances suggest that the carrying amount exceeds the recoverable amount.

Once the technical feasibility and commercial viability of the extraction of resources in an area of interest are demonstrable, exploration and evaluation assets attributable to that area of interest are first tested for impairment and then reclassified to mining property and development assets within property, plant and equipment.

Recoverability of the carrying amount of any exploration and evaluation assets is dependent on successful development and commercial exploitation, or alternatively, sale of the respective areas of interest.

e) Equipment

Equipment is stated at cost less accumulated depreciation. Depreciation of equipment is calculated on a straight-line basis of 36 months.

f) Leases

At the inception of a lease contract, the Company assesses whether the contract is or contains a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Company assess whether: (i) the contract involves the use of an identified asset; (ii) the Company has the right to obtain substantially all the economic benefits from the use of the asset throughout the period, and; (iii) the Company has the right to direct the use of the asset.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term plus expected renewal options which are available to the Company. The estimated useful life of right-of-use assets is determined based on the lease term.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Company's incremental borrowing rate. Generally, the Company uses the rate implicit in the lease as the discount rate for leases.

Lease payments included in the measurement of the lease liability comprise of: (i) fixed payments; (ii) amounts expected to be payable under a residual value guarantee; (iii) the exercise price under purchase option that the Company is reasonably certain to exercise; (iv) lease payments in an optional renewal period if the Company is reasonably certain to exercise an extension option; and (v) penalties for early termination of a lease unless the Company is reasonably certain not to terminate early.

The lease liability is measured at amortized cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in index or rate, if there is a change in the Company's estimate of the amount expected to be payable under a residual value guarantee, or if the Company changes its assessment of whether it will exercise a purchase extension or termination option. When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

The Company recognizes depreciation for right-of-use assets and interest expense on lease liabilities in the consolidated statements of loss and comprehensive loss.

In the statement of cash flows, the Company includes repayments of the principal portion of the lease liabilities under financing activities. Lease payments for short-term leases, lease payment for leases of low-value assets that are not included in the measurement of the lease liability are classified as cash flows from operating activities.

g) Share capital

Common shares

Common shares issued are classified as share capital, a component of shareholders' equity. Transaction costs directly attributable to the issuance of common shares are recognized as a deduction from share capital.

Equity units

Proceeds received on the issuance of units, comprised of common shares and warrants, are allocated using the residual value method. Under the residual value method, proceeds are allocated to the common shares up to their fair value, determined by reference to the quoted market price of the common shares on the issuance date, and the remaining balance, if any, to the reserve for warrants.

h) Share options and warrants

All share options and warrants are included in reserves, a component of shareholders' equity, until exercised. Upon exercise, the consideration received plus the amounts in reserves attributable to the options and/or warrants being exercised are credited to share capital. When share options and warrants expire unexercised or are cancelled, other than cancellations resulting from forfeitures when vesting conditions are not satisfied, the amounts recognized in reserves are reclassified to accumulated deficit.

Stock-based compensation to employees and consultants are measured at the fair value of the instruments granted. Stock-based compensation is measured at the fair value of the goods or services received or the fair value of the equity instruments issued as calculated using the Black-Scholes option pricing model. The offset to the recorded expense is to reserves. The fair value of awards is calculated using the Black-Scholes option pricing model which considers the following factors: exercise price; current market price of the underlying shares; expected life of the award; risk-free interest rate; forfeiture rate; and expected volatility.

i) Flow-through shares

The Company will from time to time, issue flow-through common shares to finance a significant portion of its exploration program. Pursuant to the terms of the flow-through share agreements, these shares transfer the tax deductibility of qualifying resource expenditures to investors. On issuance, the Company bifurcates the flow-through share into (i) a flow-through share premium, equal to the estimated premium, if any; investors pay for the flow-through feature, which is recognized as a liability, and (ii) share capital. Upon expenditures being incurred, the Company derecognizes the liability and recognizes a deferred tax liability for the amount of tax reduction renounced to the shareholders. The premium is recognized as other income and the related deferred tax is recognized as a tax provision.

Proceeds received from the issuance of flow-through shares are restricted to be used only for Canadian resource property exploration expenditures within a two-year period. The portion of the proceeds received but not yet expended at the end of the Company's reporting year is disclosed separately as flow-through share proceeds in note 12. The Company may also be subject to a Part XII.6 tax on flow-through proceeds renounced under the Look- back Rule, in accordance with Government of Canada flow-through regulations. When applicable, this tax is accrued as a financial expense until paid.

j) Income taxes

Income tax on profit or loss comprises current and deferred tax. Income tax is recognized in profit or loss, except to the extent that it relates to items recognized directly in equity, in which case it is recognized in equity. Current tax expense is the expected tax payable on taxable income for the period.

Deferred tax is provided for using the asset and liability method of accounting, whereby deferred tax assets and liabilities are recognized for the future tax effects of differences between the carrying amounts of assets and liabilities in the statement of financial position and the tax bases of the assets and liabilities (temporary differences), unused tax losses and other income tax deductions. Temporary differences on the initial recognition of assets or liabilities that affect neither accounting nor taxable profit or loss are not provided for. Deferred tax assets and liabilities are measured based on the expected manner of realization or settlement of the carrying amounts of the related assets and liabilities, using tax rates enacted or substantively enacted at the statement of financial position date. Deferred tax assets are recognized for deductible temporary differences, unused tax losses and other income tax deductions only to the extent that it is probable that future taxable profits will be available against which those deductible temporary differences, unused tax losses and other income tax deductions can be utilized.

Income tax on profit or loss comprises current and deferred tax. Income tax is recognized in profit or loss, except deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Company intends to settle its current tax assets and liabilities on a net basis.

k) Loss per share

Loss per share is calculated by dividing loss attributable to common shareholders of the Company by the weighted average number of shares outstanding during the period. Diluted loss per share is determined by adjusting loss attributable to common shareholders and the weighted average number of common shares outstanding for the effects of all dilutive potential common shares. The calculation of diluted loss per share excludes the effects of various conversions and exercises of options and warrants that would be anti-dilutive.

l) Impairment of non-financial assets

Impairment tests on non-financial assets, including exploration and evaluation assets are undertaken 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.

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. The recoverable amount is the higher of the asset's fair value less costs to sell and value in use.

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.

An impairment loss is charged to profit or loss. Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but to an amount that does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset in prior years. A reversal of an impairment loss is recognized immediately in profit or loss.

4. SIGNIFICANT ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

Significant accounting judgments

The critical judgments, apart from those involving estimations, that management has made in the process of applying the Company's accounting policies and that have the most significant effect on the amounts recognized in the financial statements are as follows:

Going concern

The assessment of the Company's ability to continue as a going concern and to raise sufficient funds to pay for its ongoing operating expenditures and meet its liabilities for the ensuing year involves significant judgment based on historical experience and other factors, including expectation of future events that are believed to be reasonable under the circumstances.

Impairment of long-lived assets

The carrying value and the recoverability of long-lived assets, including exploration and evaluation assets, are evaluated at each reporting date. Management assesses for indicators of impairment, which includes assessing whether facts or circumstances exist that suggest the carrying amount exceeds the recoverable amount.

Key sources of estimation uncertainty

The key assumptions management has made about the future and other major sources of estimation uncertainty at the date of the statement of financial position that have significant risk of resulting in a material adjustment to the carrying amounts of assets and liabilities within the next financial year are as follows:

Economic recoverability and probability of future benefits of exploration and evaluation costs

Management has determined that exploration, evaluation and related costs incurred which were capitalized may have future economic benefits and may be economically recoverable. Management uses several criteria in its assessments of economic recoverability and probability of future economic benefits including geologic and other technical information, history of conversion of mineral deposits with similar characteristics to its own properties to proven and probable mineral reserves, the quality and capacity of existing infrastructure facilities, evaluation of permitting and environmental issues and local support for the project.

(in Canadian Dollars)

Valuation of stock-based compensation and compensation options

The Company uses the Black-Scholes option pricing model for the valuation of stock-based compensation and compensation options. Option pricing models require the input of subjective assumptions including expected price volatility, interest rate, forfeiture rate, risk-free market interest rate, expected volatility in the price of the underlying stock and expected life of the instruments. Changes in the input assumptions can materially affect the fair value estimate and the Company's earnings and equity reserves.

Income taxes

The Company recognizes deferred tax assets for deductible temporary differences, unused tax losses and other income tax deductions only to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, unused tax losses and other income tax deductions can be utilized. In assessing the probability of realizing the income tax benefits of deductible temporary differences, unused tax losses and other income tax deductions, management makes estimates related to expectations of future taxable income, applicable tax planning opportunities, expected timing of reversals of existing temporary differences and the likelihood that tax positions taken will be sustained upon examination by applicable tax authorities. The likelihood that tax positions taken will be sustained upon examination by applicable tax authorities is assessed based on individual facts and circumstances of the relevant tax position evaluated in light of all available evidence.

As at March 31, 2022, the Company has not recognized any deferred tax assets for deductible temporary differences. Changes in any of the above-mentioned estimates can materially affect the amount of income tax assets recognized. In addition, where applicable tax laws and regulations are either unclear or subject to varying interpretations, changes in these estimates can occur that materially affect the amounts of income tax assets recognized. The Company reassesses unrecognized income tax assets at the end of each reporting period.

Flow-Through Premium Liability

Pursuant to the terms of the flow-through share agreements, flow-through shares transfer the tax deductibility of qualifying resources expenditures to investors. On Issuance, the Company bifurcates the flow-through shares into i) a flow-through share premium, equal to the estimated premium, if any, investors pay for the flow-through feature, which is recognized as a liability, and ii) share capital. Upon expenses being incurred, the Company derecognizes the liability on a pro-rata basis and recognizes a deferred tax recovery for the amount of tax reduction renounced to the shareholders.

5. CASH AND CASH EQUIVALENTS

At March 31, 2022 and 2021, the Company's cash and cash equivalents composed of the following:

		March 31, 2022		March 31, 2021
Cash held in bank accounts	**$**	**6,603,649**	$	2,225,896
Cash equivalents		**5,502,110**		-
Total	**$**	**12,105,759**	$	2,225,896

Cash equivalents are held in cashable guaranteed investment certificates with an interest rate of 1% and investment savings accounts.

6. AMOUNTS RECEIVABLE

The Company's amounts receivable is comprised of the following:

		March 31, 2022		March 31, 2021
GST receivable	**$**	**778,234**	$	23,205
Other receivables		**59,618**		-
Total	**$**	**837,852**	$	23,205

(in Canadian Dollars)

7. REVERSE TAKEOVER ("RTO") TRANSACTION

On May 31, 2021, the Company closed the reverse takeover transaction contemplated in the amalgamation agreement dated January 25, 2021, amended and restated on February 16, 2021 (the "Amalgamation") (Note 1). Pursuant to the Amalgamation, all Former Goldshore common shares were exchanged for common shares of the Company on a one-for-one basis and Former Goldshore amalgamated with a subsidiary of Sierra Madre, with the resulting entity to continue as a wholly owned subsidiary of the Company (the "Resulting Issuer").

As a result of the Amalgamation, the shareholders of Former Goldshore acquired control of the Company, thereby constituting a reverse acquisition of the Company. The Amalgamation is considered a purchase of the Company's net assets by the shareholders of Former Goldshore. The Amalgamation will be accounted for in accordance with guidance provided in IFRS 2, Share-based payments, and IFRS 3, Business combinations. As the Company did not qualify as a business according to the definition in IFRS 3, this Amalgamation does not constitute a business combination; rather, it is treated as an issuance of shares by Former Goldshore for the net assets of the Company and the listing of the Former Goldshore's shares.

The purchase price is allocated as follows:

		Amount
Fair value of the Company's shares	$	2,390,455
(3,677,623 post-consolidation common shares at $0.65 per share)		
Fair value of replacement options (Note 15)		302,456
Consideration		2,692,911
Net assets acquired		
Cash and restricted cash		10,320,318
Receivables		22,152
Deferred financing costs		881,876
Accounts payable		(400,423)
Subscriptions received		(10,000,000)
Net assets		823,923
Listing expense	**$**	**1,868,988**

The Amalgamation was measured at the fair value of the shares that Former Goldshore would have had to issue to the shareholders of the Company, being 3,677,623 common shares, to give the shareholders of the Company the same percentage equity interest in the combined entity that results from the Amalgamation had it taken the legal form if Former Goldshore acquired the Company.

8. EXPLORATION AND EVALUATION ("E&E") ASSETS

Moss Lake Gold Project

On January 25, 2021, the Company entered into a purchase agreement (the "Moss Lake Agreement") with Moss Lake Gold Mines Ltd. and Wesdome Gold Mines Ltd. ("Wesdome") to acquire a 100% interest in the Moss Lake gold project located in Ontario, Canada (the "Transaction").

In exchange for 100% interest in the project, the Company will:

- Pay $12,500,000 cash to Wesdome upon closing (paid);
- Issue common shares with a fair value equal to the greater of a) $19,500,000 and b) 30% of the issued and outstanding common shares of the Company to Wesdome at closing (issued 30,085,000 common shares);
- Issue $20,000,000 in common shares to Wesdome in the form of milestone payments consisting of:
    - $5,000,000 within 12 months of closing (issued subsequent to March 31, 2022; see Note 20);
    - $7,500,000 upon the earlier of (i) the Company completing an updated Preliminary Economic Assessment ("PEA") or pre-feasibility study; and (ii) 30 months from closing; and
    - $7,500,000 upon the earlier of (i) the Company completing a feasibility study, (ii) the date on which the Company makes a development decision on Moss Lake, and (iii) 48 months from closing.
- Grant to Wesdome a 1.00% net smelter royalty ("NSR") on all metal production from Moss Lake. The Company shall have the right to repurchase the NSR for (i) $5,000,000 within 30 months of closing or (ii) $7,500,000 between 30 and 48 months after closing. The NSR buyback shall expire if not exercised within 48 months of closing.
- Grant Wesdome representation on the Company's Board of Directors with two appointees (completed).

(in Canadian Dollars)

The Company paid Wesdome a refundable deposit of $1,000,000 concurrent with executing the Moss Lake Agreement. The deposit was applied to the cash payment due on closing. The future milestone payments totaling $20,000,000 were recorded as an obligation to issue shares on the consolidated statement of financial position as at March 31, 2022.

The Moss Lake project carries an underlying advanced royalty commitment amounting to $6,250 due quarterly until the project enters production, which was inherited from Wesdome at the time of acquisition, presented as other costs in the table below.

Acquisition and exploration costs incurred to date on Moss Lake are as follows:

	March 31, 2022	March 31, 2021
Property acquisition costs		
Balance, beginning	$ -	$ -
Additions	52,055,250	-
Balance, ending	$ 52,055,250	$ -
Exploration and evaluation costs		
Balance, beginning	$ -	$ -
Camp costs	726,492	-
Consulting and salaries	3,060,044	-
Database management	204,083	-
Drilling	3,038,962	-
Environmental	184,208	-
Geochemistry	1,011,952	-
Other costs	989,425	-
Balance, ending	$ 9,215,166	$ -
Total	**$ 61,270,416**	$ -

9. RIGHT-OF-USE ASSETS AND EQUIPMENT

Cost	Right-of-use assets (vehicles)	Equipment	Total
Balance, October 23, 2020	$ -	$ -	$ -
Additions	22,868	-	22,868
Balance, March 31, 2021	$ 22,868	$ -	$ 22,868
Additions	364,856	33,256	398,112
Balance, March 31, 2022	**$ 387,724**	**$ 33,256**	**$ 420,980**
Accumulated amortization			
Balance, October 23, 2020	$ -	$ -	$ -
Additions	953	-	953
Balance, March 31, 2021	$ 953	$ -	$ 953
Additions	61,301	6,004	67,305
Balance, March 31, 2022	**$ 62,254**	**$ 6,004**	**$ 68,258**
Net book value			
Balance, March 31, 2021	$ 21,915	$ -	$ 21,915
Balance, March 31, 2022	**$ 325,470**	**$ 27,252**	**$ 352,722**

(in Canadian Dollars)

10. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

The Company's accounts payable and accrued liabilities are comprised of the following:

		March 31, 2022		March 31, 2021
Accounts payable	**$**	**1,924,700**	$	166,104
Accrued liabilities		**544,885**		5,849
Total	**$**	**2,469,585**	$	171,953

11. LEASES

The Company leases vehicles. The leased assets and liabilities were measured at the present value of the lease payments plus the anticipated exercise of renewal options, discounted using the rate implicit in the leases, which was determined to be 7% on a weighted average basis.

The Company's lease liabilities are as follows:

		March 31, 2022		March 31, 2021
Current portion of lease obligations	**$**	**102,431**	$	17,783
Non-current portion of lease obligations		**230,617**		4,491
	$	**333,048**	$	22,274

The lease liability interest expense recognized in profit and loss and lease payments recognized in the financing component of statement of cash flows is as follows:

Balance, October 23, 2020	$	-
New leases		22,868
Interest expense		888
Payments		(1,482)
Balance, March 31, 2021	$	22,274
New leases		364,856
Interest expense		20,976
Payments		(75,058)
Balance, March 31, 2022	**$**	**333,048**

As at March 31, 2022, the Company is committed to minimum lease payments as follows:

		March 31, 2022
Less than one year	**$**	**102,432**
One to five years		**237,120**
More than five years		**29,964**
Total undiscounted lease liabilities	**$**	**369,516**

During the year ended March 31, 2022, the Company designated no leases as short-term and no leases as low-value under IFRS 16 (period ended March 31, 2021 – one office lease with a present value of $7,700 and none, respectively).

(in Canadian Dollars)

12. FLOW-THROUGH PREMIUM LIABILITY

The following is a continuity of the Company's flow-through premium liability:

	Flow-through premium liability
Balance, March 31, 2021 and October 23, 2020	-
Additions (Note 14)	2,058,096
Recovery of flow-through premium	(1,055,896)
Balance, March 31, 2022	**1,002,200**

During the year ended March 31, 2022, the Company recorded a recovery of the flow-through premium of $1,055,896, based on eligible flow-through exploration expenditures incurred.

As at March 31, 2022, the Company has a remaining obligation to spend $12,080,787 on eligible exploration expenditures by December 31, 2022.

13. INTEREST AND OTHER INCOME

The Company's Interest and other income are comprised of the following:

	March 31, 2022	March 31, 2021
Interest income	**$ 2,110**	$ -
Dividend income	**1,112**	-
Total	**$ 3,222**	$ -

14. SHARE CAPITAL AND RESERVES

Authorized share capital

Unlimited number of common shares without par value.

Issued share capital

At March 31, 2022, there were 115,458,038 issued and fully paid common shares (March 31, 2021 – 30,122,381). At March 31, 2022, there were 31,300,501 (2021 – Nil) shares held in escrow, subject to the following escrow release conditions: 10% released on June 4, 2021, 15% released December 4, 2021, 15% released June 4, 2022, 15% released December 4, 2022, 15% released June 4, 2023, 15% released December 4, 2023, and 15% released on June 4, 2024.

On October 23, 2020, Former Goldshore issued 1 common share for proceeds of $0.01 in conjunction with the incorporation of the Company.

On December 31, 2020, Former Goldshore closed a non-brokered private placement by issuing 6,850,000 common shares at a price of $0.05 per common share for gross proceeds of $342,500.

On December 31, 2020, Former Goldshore closed a non-brokered private placement by issuing 5,150,000 Subscription Receipts at a price of $0.05 per Subscription Receipt for gross proceeds of $257,500.

On January 6, 2021, Former Goldshore closed a non-brokered private placement by issuing 7,700,000 Subscription Receipts at a price of $0.10 per Subscription Receipt for gross proceeds of $770,000.

On January 11, 2021, Former Goldshore closed a non-brokered private placement by issuing 7,000,000 Subscription Receipts at a price of $0.20 per Subscription Receipt for gross proceeds of $1,400,000.

On January 13, 2021, Former Goldshore closed a non-brokered private placement by issuing 3,422,380 Subscription Receipts at a price of $0.36 per Subscription Receipt for gross proceeds of $1,232,057.

On February 26, 2021, the Company and Former Goldshore closed brokered private placements by issuing 13,333,335 Flow-Through Subscription Receipts and 23,076,924 Subscription Receipts at a price of $0.75 per Flow-Through Subscription Receipt and $0.65 per Subscription Receipt for total gross proceeds of $25,000,002. The subscriptions received in advance were held in escrow (the "Escrowed Funds"), including $14,359,805 as restricted cash as at March 31, 2021, pending satisfaction of certain conditions ("Escrow Release Conditions"), including the closing of the Amalgamation and receiving conditional approval for the resulting issuer's shares being listed on the TSX-V. On June 1, 2021, the Escrowed Funds were released from escrow concurrent with the completion of the Amalgamation and commencement of trading on the TSX-V (Note 7). The Escrowed Funds were held in escrow by a subscription receipt agent and were released to the Resulting Issuer upon the satisfaction of the Escrow Release Conditions (the "Escrow Release Date"). Based on the difference in price between the flow-through and non-flow-through financings, management accounted for the premium paid on the Flow-Through Subscription Receipts on a residual basis as a flow-through premium liability of $1,333,334 (Note 12).

In connection with the closing of the private placements, the Company incurred cash share issuance costs and commissions totalling $2,166,144, including $1,068,717 which were recorded as deferred financing costs as at March 31, 2021. Additionally, the Company and Former Goldshore issued a total of 2,036,484 non-transferrable compensation options ("Compensation Options") to agents. Upon completion of the reverse take over transaction, each Compensation Option was exchanged for one compensation option of the Resulting Issuer, of which 772,560 and 1,263,924 are exercisable for one Resulting Issuer common share at a price of $0.75 and $0.65, respectively, for 24 months after the Escrow Release Date. The total fair value of the Compensation Options was determined to be $730,978 using the Black-Scholes Option Pricing Model using the following assumptions: risk-free rate of 0.30%, expected life of 2 years, volatility factor of 100% and dividend yield of Nil. Of the total fair value of the compensation options, $428,522 was recorded at March 31, 2021 and was included in deferred financing costs and an additional $302,456 was recorded during the year ended March 31, 2022 (Note 7).

On May 31, 2021, the Company issued 30,122,381 common shares to shareholders of Former Goldshore in connection with the Amalgamation (Note 7).

On November 23, 2021, the Company closed its previously announced private placement for aggregate gross proceeds of $10,000,000 by issuing 10,810,692 flow-through common shares ("FT Shares") at a price of $0.65 for gross proceeds of $7,026,950 and 3,911,904 premium flow-through common shares ("Premium FT Shares") at a price of $0.76 per Premium FT Share for gross proceeds of $2,973,050 (the "Offering"). Based on the difference in price between the FT Shares/Premium FT Shares and the market price of the common shares, management accounted for the premium paid on the FT Shares/Premium FT Shares on a residual basis as a flow-through premium liability of $724,762 (Note 12).

In connection with the Offering, the Company paid agents a cash commission equal to 6% of the gross proceeds of the Offering, of which 3% was paid in cash totalling $299,025 and 3% was paid through the issuance of 440,179 common shares of the Company with a fair value of $277,313. In addition, the Company issued to the agents 880,355 compensation options of the Company exercisable for a period of 24 months at an exercise price of $0.65. The fair value of the compensation options was determined to be $287,586 using the Black-Scholes Option Pricing Model using the following assumptions: risk-free rate of 1.05%, expected life of 2 years, volatility factor of 100% and dividend yield of Nil. The Company also incurred additional cash share issuance costs of $476,175 in connection with the closing of the Offering.

Stock options

The Company has adopted a 10% rolling Stock Option Plan (the "Plan"). Under the Plan, the Company may grant stock options to directors, officers, employees and consultants of the Company at an exercise of not less than the market value ("Market Value") of the common shares of the Company as of the grant date. Market Value will be the closing trading price of the common shares on the day immediately preceding the grant date, and may be less than this price if it is within the discounts permitted by the applicable regulatory authorities including the TSX Venture Exchange. The expiry date of an option shall be determined by the Compensation Committee of the Company and shall be no later than the tenth anniversary of the grant date of such option. The vesting terms and conditions of the options are determined by the Board of Directors. As at March 31, 2022, the Company had 8,787,500 stock options outstanding (March 31, 2021 – Nil) with a weighted average exercise price and remaining life of $0.65 per stock option and 4.24 years, respectively.

On June 4, 2021, the Company granted 7,700,000 stock options to management, directors, advisors, employees and consultants. Each stock option is exercisable into one common share of the Company at a price of $0.65 per common share for five years, with 1/3 vesting one year from the grant date, 1/3 vesting two years from the grant date and the final 1/3 vesting three years from the grant date. The fair value of the stock options was determined to be $5,426,778 using the Black-Scholes Option Pricing Model using the following assumptions: risk-free rate of 0.97%, expected life of 5 years, volatility factor of 100% and dividend yield of Nil.

(in Canadian Dollars)

On July 15, 2021, the Company granted 50,000 stock options to an employee of the Company. Each stock option is exercisable into one common share of the Company at a price of $0.69 per common share for five years, with 1/3 vesting one year from the grant date, 1/3 vesting two years from the grant date and the final 1/3 vesting three years from the grant date. The fair value of the stock options was determined to be $25,583 using the Black-Scholes Option Pricing Model using the following assumptions: risk-free rate of 0.78%, expected life of 5 years, volatility factor of 100% and dividend yield of Nil.

On November 24, 2021, the Company granted 1,037,500 stock options to management, directors, employees and consultants. Each stock option is exercisable into one common share of the Company at a price of $0.65 per common share for five years, with 1/3 vesting one year from the grant date, 1/3 vesting two years from the grant date and the final 1/3 vesting three years from the grant date. The fair value of the stock options was determined to be $485,335 using the Black-Scholes Option Pricing Model using the following assumptions: risk-free rate of 1.56%, expected life of 5 years, volatility factor of 100% and dividend yield of Nil.

During the year ended March 31, 2022, the Company recognized $2,840,413 (2021 – Nil) in stock-based compensation expense. As at March 31, 2022, there were no stock options exercisable.

Compensation options

The following is a continuity of the Company's compensation options outstanding for the year ended March 31, 2022:

	Exercise price	Number of options
Opening balance, March 31, 2021	$ -	-
Granted	0.68	2,916,839
Closing balance, March 31, 2022	**$ 0.68**	**2,916,839**

As at March 31, 2022, the weighted average price and remaining life of the compensation options outstanding were $0.68 per compensation option and 1.31 years, respectively.

15. RELATED PARTIES

Key management personnel include those persons having authority and responsibility for planning, directing and controlling the activities of the Company as a whole. The Company has determined the key management personnel consist of members of the Company's Board of Directors and corporate officers. For the year ended March 31, 2022 and 2021, the Company incurred the following compensation transactions with key management personnel:

	Year ended March 31, 2022	**Year ended March 31, 2021**
Consulting services	$ 641,000	$ -
Stock-based compensation	1,746,377	-
Total	$ 2,387,377	$ -

At March 31, 2022, the Company owed a total of $701,582 (March 31, 2021 - $Nil) to related parties in respect of services provided to and payments made on behalf of the Company. These amounts are unsecured, non-interest-bearing and have no specific terms of repayment.

The Company also incurred general and administrative costs of $57,000 (2021 - $Nil) to a company controlled by a close family member of the CFO.

(in Canadian Dollars)

16. FINANCIAL INSTRUMENTS

a) Categories of financial instruments and fair value measurements

The Company's financial assets and liabilities are classified as follows:

		March 31, 2022		March 31, 2021
Financial assets:				
Fair value through profit or loss				
Cash and cash equivalents	$	12,105,759	$	2,225,896
Restricted cash		-		14,359,805
Financial liabilities:				
Amortized cost				
Accounts payable and accrued liabilities	$	2,469,585	$	171,953

Accounts payable and accrued liabilities includes amounts due to related parties (Note 15).

The fair values of the Company's cash and restricted cash are carried at fair value in accordance with level 1 of the fair value hierarchy. The Company's accounts payable and accrued liabilities approximate their carrying amounts due to the short-term nature of these instruments.

b) Management of financial risks

The Company's risk exposures arising from financial instruments and the impact on the Company's financial statements are summarized below:

Credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. As at March 31, 2022, the Company was exposed to credit risk on its cash and cash equivalents and other receivable. The Company's cash and cash equivalents are held with high credit quality financial institutions in Canada and as at March 31, 2022, management considers its exposure to credit risk to be low. The Company's maximum exposure to credit risk is equal to the carrying amount of its cash and cash equivalents and other receivable.

Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting obligations associated with its financial liabilities. The Company manages liquidity risk by maintaining adequate cash and managing its capital and expenditures.

At March 31, 2022, the Company had cash and cash equivalents of $12,105,759 and accounts payable and accrued liabilities of $2,469,585 with contractual maturities of less than one year. The Company had sufficient cash to meet its current liabilities as at March 31, 2022. The Company assessed its liquidity risk as low as at March 31, 2022.

Market risk

The risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: currency risk, interest rate risk and other price risk. The Company is not exposed to significant currency, interest or other price risk.

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in market interest rates.

The Company's financial assets and financial liabilities are not exposed to interest rate risk due to their short-term nature and maturity. The Company is not exposed to interest rate risk at March 31, 2022.

Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in foreign exchange rates. The Company is exposed to foreign currency risk to the extent that it has monetary assets and liabilities denominated in foreign currencies. As at March 31, 2022, the Company was not exposed to foreign currency risk.

(in Canadian Dollars)

Other price risk

Other price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer or by factors affecting all similar financial instruments traded in the market. The Company is not exposed to other price risk as at March 31, 2022.

17. CAPITAL MANAGEMENT

The Company considers its capital structure to consist of shareholders' equity. The Company manages its capital structure and makes adjustments to it, based on the funds available to the Company, in order to support the acquisition, exploration and development of mineral properties. The Board of Directors does not establish quantitative return on capital criteria for management, but rather relies on the expertise of the Company's management to sustain future development of the business.

The Company will continue to assess new properties and seek to acquire an interest in additional properties if it feels there is sufficient geologic or economic potential and if it has adequate financial resources to do so.

Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Company, is reasonable. The Company is not subject to any externally imposed capital requirements.

There were no changes to the Company's approach to capital management during the year ended March 31, 2022.

18. SEGMENT DISCLOSURES

The Company operates in a single operating segment in the geographic location of Canada, the exploration for and evaluation of mineral property interests. All of the Company's long-term assets are located in Canada.

19. INCOME TAXES

The tax effect (computed by applying the Canadian federal and provincial statutory rate) of the significant temporary differences, which comprise deferred income tax assets and liabilities, are as follows:

	March 31, 2022 $	March 31, 2021 $
Net loss for the period	(6,649,472)	(750,570)
Canadian statutory income tax rate	27%	27%
Income tax recovery at statutory rate	(1,795,000)	(203,000)
Tax effect of:		
Change in statutory, foreign tax, foreign exchange rates and other	5,220,000	-
Permanent differences	990,000	-
Impact of flow through shares	1,641,000	-
Share issue costs	(610,000)	(38,000)
Adjustment to prior years provision versus statutory tax returns and expiry of non-capital losses	(173,000)	(38,000)
Change in unrecognized deferred income tax assets	1,553,000	241,000
Income tax provision	6,826,000	–
Current income tax	-	-
Deferred income tax	6,826,000	-

(in Canadian Dollars)

The significant components of the Company's deferred income tax assets and liabilities as at March 31, 2022 are as follows:

Deferred income tax assets (liabilities)	
Exploration and evaluation assets	(7,312,000)
Right of use assets	(56,000)
Lease liability	56,000
Non-capital losses	486,000
Net deferred income tax liability	(6,826,000)

The significant components of the Company's temporary differences, unused tax credits, and unused tax losses that have not been included on the consolidated statement of financial position are as follows:

	March 31, 2022		March 31, 2021	
	$	Expiry date range	$	Expiry date range
Exploration and evaluation assets	153,000	No expiry	-	No expiry
Property and equipment	7,000	No expiry	-	No expiry
Share issue costs	2,752,000	2043 to 2046	115,000	2042 to 2046
Flow through premium liability	1,002,000	No expiry	-	No expiry
Lease liability	125,000	No expiry	-	No expiry
Non-capital losses available for future periods	2,604,000	2039 to 2042	777,000	2041

Tax attributes are subject to review, and potential adjustment, by tax authorities.

20. SUBSEQUENT EVENTS

On April 6, 2022, the Company closed a private placement for aggregate gross proceeds of $10,000,000 by issuing 9,616,095 flow-through units at a price of $0.60 for gross proceeds of $5,769,657, 6,460,686 non-flow-through units at a price of $0.50 per non-flow-through units for gross proceeds of $3,230,343, and 1,408,451 charity-flow-through units at a price of $0.71 per charity flow-through unit for gross proceeds of $1,000,000 (the "April 2022 Offering"). Each Flow-Through Unit consists of one flow-through common share and one-half of one common share purchase warrant, each Non-Flow-Through Unit consists of one common share and one-half of one common share purchase warrant, and each Charity Flow-Through Unit consists of one common share and one-half of one common share purchase warrant. Each warrant entitles the holder to purchase one common share at a price of $0.75, until the date which is 24 months following the Closing Date. In connection with the April 2022 Offering, the Company paid to the agents a cash commission equal to 6% of the gross proceeds of the April 2022 Offering. In addition, the Company issued to the agents 1,003,815 compensation warrants of the Company exercisable for a period of 24 months at exercise prices of $0.50, $0.71 and $0.60.

On May 18, 2022, the Company closed a private placement for gross proceeds of $500,000 by issuing 1,000,000 Units at a price of $0.50. Each unit consists of one common share and one-half common share purchase warrant, exercisable at a price of $0.75.

On June 6, 2022, the Company issued 8,333,333 common shares to Wesdome, as the first milestone payment, in connection to the Moss Lake purchase agreement (Note 8). These shares were issued at a value of $0.60 per share, for a total value of $5,000,000 (Note 8).

On July 7, 2022, the Company executed an option agreement with White Metal Resource Corp. ("White Metal") to earn in to certain mining claims held by White Metal in the Shebandowan greenstone belt known as the Iris Lake and Vanguard properties (the "Property" or "Properties"). Key terms of the option agreement are as follows:

1. Total cash payments (CAD$) of an aggregate of $110,000 to White Metal over 3 years, to be paid as follows:
    a. $10,000 within five days of July 6, 2022 (the "Effective Date");
    b. an additional $20,000 on or before the 12-month anniversary of the Effective Date;
    c. an additional $30,000 on or before the 24-month anniversary of the Effective Date; and
    d. an additional $50,000 on or before the 36-month anniversary of the Effective Date.

2. Total share issuance of an aggregate of 1,500,000 common shares of the Company (each, a "Share") (such Shares to be subject to resale restrictions) as follows:
    a. 300,000 Shares within five days of the Effective Date;
    b. an additional 300,000 Shares on or before the 12-month anniversary of the Effective Date;
    c. an additional 400,000 Shares on or before the 24-month anniversary of the Effective date; and
    d. an additional 500,000 Shares on or before the 36-month anniversary of the Effective Date.

3. Total incurred expenditures on the Property of not less than $1,650,000 over 3 years as follows:
    a. $100,000 on or before the six-month anniversary of the Effective Date;
    b. an additional $200,000 on or before the 12-month anniversary of the Effective Date;
    c. an additional $600,000 on or before the 24-month anniversary of the Effective Date; and
    d. an additional $750,000 on or before the 36-month anniversary of the Effective Date.

4. Other non-material administrative and technical matters guiding the earn in relationship between the Company and White Metal.