

LAKE WINN RESOURCES CORP.

FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2021 AND 2020

Mao & Ying LLP

CHARTERED PROFESSIONAL ACCOUNTANTS

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of **Lake Winn Resources Inc.**

Opinion

We have audited the financial statements of **Lake Winn Resources Inc.** (the "Company"), which comprise the statement of financial position as at December 31, 2021, and the statements of loss and comprehensive loss, changes in shareholders' equity and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

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

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company in accordance with ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Material Uncertainty Related to Going Concern

We draw attention to Note 1 in the financial statements, which describes matters and conditions that indicate the existence of a material uncertainty that may cast significant doubt about the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Other information

Management is responsible for the other information. The other information comprises the Management's Discussion and Analysis. Our opinion on the 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 financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. 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 financial statements

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

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

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

Auditor's responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian 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 financial statements.

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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 Linda Zhu.

The financial statements of the Company for the year ended December 31, 2020 were audited by another auditor who expressed an unmodified opinion on these financial statements on April 5, 2022.

Vancouver, Canada,
May 31, 2022

Mao & Ying LLP

Chartered Professional Accountants

Lake Winn Resources Corp.
Statements of Financial Position
(Expressed in Canadian dollars)

	December 31, 2021	December 31, 2020
ASSETS		
Current		
Cash	\$ 86,146	\$ 882,953
Accounts receivable (Notes 5 and 10)	34,058	103,459
Prepays and deposits	-	76,875
Exploration advances	-	29,700
	<u>120,204</u>	<u>1,092,987</u>
Right-of-use asset (Note 7)	24,718	63,504
Exploration and evaluation assets (Note 6)	304,350	255,750
	<u>329,068</u>	<u>319,254</u>
Total assets	\$ 449,272	\$ 1,412,241
LIABILITIES		
Current		
Accounts payable	\$ 140,168	\$ 141,583
Accrued liabilities	106,000	65,193
Due to related parties (Note 10)	108,423	21,000
Lease liability – current (Note 8)	20,865	38,738
	<u>375,456</u>	<u>266,514</u>
Lease liability (Note 8)	-	20,865
Total liabilities	375,456	287,379
SHAREHOLDERS' EQUITY		
Share capital (Note 9)	12,541,227	12,521,227
Reserves (Note 9)	1,946,278	1,946,278
Deficit	(14,413,689)	(13,342,643)
Total shareholders' equity	73,816	1,124,862
Total liabilities and shareholders' equity	\$ 449,272	\$ 1,412,241

Going concern (Note 1)
Subsequent events (Note 13)

Approved on behalf of the Board on May 31, 2022 by:

"Patrick Power"
Signed

"Binny Jassal"
Signed

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

Lake Winn Resources Corp.
Statements of Loss and Comprehensive Loss
(Expressed in Canadian dollars)

Years Ended December 31,	2021	2020
Expenses		
Accounting and audit (Note 10)	\$ 81,000	\$ 141,122
Bank charges	175	953
Consulting fees	104,000	391,528
Depreciation (Note 7)	38,786	21,168
Exploration (Notes 6 and 10)	496,883	223,516
Filing fees	7,818	30,863
Interest expense (Note 8)	3,862	3,330
Investor relations	75,000	25,000
Legal	24,332	42,155
Management fees (Note 10)	125,000	298,000
Office	10,485	8,741
Rent (Notes 8 and 10)	-	8,608
Share-based compensation	-	568,550
Shareholders' information	102,122	131,882
Transfer agent fees	6,622	6,943
Travel, meals and entertainment	11,677	41,274
	<u>(1,087,762)</u>	<u>(1,943,632)</u>
Other Items		
Interest income	8	-
Loss on debt settlement	-	(245,186)
Rent recovery (Notes 8 and 10)	25,803	14,348
Write-off of accounts payable	-	12,725
Write-off of exploration and evaluation asset	-	(689,688)
Provision of accounts receivable provision	(9,095)	-
	<u>16,716</u>	<u>(907,801)</u>
Loss and comprehensive loss for the year	\$ (1,071,046)	\$ (2,851,433)
Loss per share – basic and diluted	\$ (0.03)	\$ (0.22)
Weighted average number of shares outstanding	38,150,472	12,764,857

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

Lake Winn Resources Corp.
Statements of Changes in Shareholders' Equity
(Expressed in Canadian dollars)

	Number of Shares	Share Capital	Reserves	Deficit	Shareholders' equity
Balance, December 31, 2019	9,415,084	9,579,300	1,244,264	(10,491,210)	332,354
Private placements – net of share issuance cost	26,108,335	2,407,519	-	-	2,407,519
Shares issued for debt	2,043,217	490,372	-	-	490,372
Fair value of broker warrants granted	-	(133,464)	133,464	-	-
Shares issued pursuant to property agreement	500,000	177,500	-	-	177,500
Fair value of stock options granted (Note 9)	-	-	568,550	-	568,550
Loss for the year	-	-	-	(2,851,433)	(2,851,433)
Balance, December 31, 2020	38,066,636	\$ 12,521,227	\$ 1,946,278	\$ (13,342,643)	\$ 1,124,862
Shares issued pursuant to property agreement	100,000	20,000	-	-	20,000
Loss for year	-	-	-	(1,071,046)	(1,071,046)
Balance, December 31, 2021	38,166,636	\$ 12,541,227	\$ 1,946,278	\$ (14,413,689)	\$ 73,816

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

Lake Winn Resources Corp.
Statements of Cash Flows
(Expressed in Canadian dollars)

Years Ended December 31,	2021	2020
Cash flows provided by (used in)		
Operating activities		
Loss for the year	\$ (1,071,046)	\$ (2,851,433)
Items not affecting cash:		
Depreciation	38,786	21,168
Interest expense	3,862	3,330
Loss on debt settlement	-	245,186
Write off of accounts payable	-	(12,725)
Write off of exploration and evaluation asset	-	689,688
Provision of accounts receivable	9,095	-
Share-based compensation	-	568,550
Changes in non-cash working capital items:		
Accounts receivable	60,306	(97,890)
Prepaid expenses and deposits	76,875	(76,875)
Exploration advances	29,700	(29,700)
Accounts payable	(1,415)	63,258
Accrued liabilities	40,807	52,893
Net cash used in operating activities	(813,030)	(1,424,550)
Investing activities		
Security deposit on right of use asset	-	(7,099)
Acquisition of exploration and evaluation assets	(28,600)	(78,250)
Net cash used in investing activities	(28,600)	(85,349)
Financing activities		
Due (Repayments) to related parties	87,423	(20,500)
Proceeds from shares issued	-	2,750,000
Payment of lease liability	(42,600)	(21,300)
Share issuance costs paid	-	(342,481)
Net cash provided by financing activities	44,823	2,365,719
Change in cash during the year	(796,807)	855,820
Cash, beginning of the year	882,953	27,133
Cash, end of the year	\$ 86,146	\$ 882,953

Supplemental cash flow information (Note 13)

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

Lake Winn Resources Corp.
Notes to the Financial Statements
For the years ended December 31, 2021 and 2020
(Expressed in Canadian dollars)

1. NATURE AND GOING CONCERN

Lake Winn Resources Corp. (formerly Equitorial Exploration Corp.) (the “Company” or “Lake Winn”) was incorporated on September 21, 2010 under the laws of the British Columbia Business Corporations Act. The Company is listed on TSX Venture Exchange (the “TSX-V”) and trades under the symbol LWR. The address of its registered head office is Suite 1100 -1111 Melville St., Vancouver, British Columbia, V6E 3V3 Canada.

On September 14, 2020, the Company changed its name to Lake Winn Resources Corp. and consolidated its outstanding common shares on a basis of 10 old shares for one new share. The share consolidation has been retroactively applied for all shares issued in these financial statements.

The Company is in the process of exploring its resource properties in Canada and has not determined whether these properties contain mineral reserves which are economically recoverable. The recoverability of amounts shown for exploration and evaluation expenditures is dependent upon the discovery of economically recoverable reserves, the ability of the Company to obtain necessary financing to complete the development and future profitable production from the property or proceeds from its disposition.

At December 31, 2021, the Company recorded a loss of \$1,071,046 (December 31, 2020 - \$2,851,433) and has working capital deficiency of \$(255,252) (December 31, 2020 – working capital of \$826,473). The Company has not yet achieved profitable operations, has a deficit of \$14,413,689 (December 31, 2020 - \$13,342,643) since its inception and expects to incur further losses in the development of its business. These circumstances comprise a material uncertainty which may cast significant doubt about the Company’s ability to continue as a going concern. The Company’s ability to continue as a going concern is dependent upon its ability to generate future profitable operations and/or to obtain the necessary financing to conduct its planned work program on its mineral properties, meet its on-going levels of corporate overhead, keep its property in good standing and discharge its liabilities as they come due. These financial statements have been prepared on a going concern basis which assumes that the Company will be able to realize its assets and discharge liabilities in the normal course of business. The Company is seeking financial resources to undertake its currently planned work programs and has been successful in the past in obtaining financing. However, there is no assurance that it will be able to obtain adequate financing in the future or that such financing will be on terms advantageous to the Company. Accordingly, it does not give effect to adjustments, if any, that would be necessary should the Company be unable to continue as a going concern and, therefore, be required to realize its assets and liquidate its liabilities in other than the normal course of business and at amounts which may differ from those shown in these financial statements.

In March 2020, the World Health Organization declared coronavirus (“COVID-19”) a global pandemic. The onset of COVID-19 has resulted in governments worldwide enacting emergency measures to combat the spread of the virus. These measures, which include the implementation of travel bans, self-imposed quarantine periods and physical distancing, have caused material disruption to businesses globally, resulting in an economic slowdown. Global equity markets have experienced significant volatility and weakness. The duration and impact of the COVID-19 outbreak is unknown at this time, as is the efficacy of the government and central bank interventions. As at December 31, 2020, the Company has not been significantly impacted by the spread of COVID-19. However, the duration and impact of the COVID-19 pandemic, as well as the effectiveness of government and central bank responses, remains unclear at this time and could have a material impact on the Company’s future financial position and results of operations and cash flows. The Company’s liquidity and ability to continue as a going concern may also be impacted.

Lake Winn Resources Corp.
Notes to the Financial Statements
For the years ended December 31, 2021 and 2020
(Expressed in Canadian dollars)

2. BASIS OF PRESENTATION

(a) Statement of compliance

These financial statements have been prepared in accordance with the International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board (“IASB”) and Interpretations issued by the International Financial Reporting Interpretations Committee (“IFRIC”).

(b) Basis of measurement

These financial statements have been prepared on a historical cost basis except for financial instruments, which are measured at fair value. All financial information in these financial statements is presented in Canadian dollars.

3. SIGNIFICANT ACCOUNTING POLICIES

(a) Cash and cash equivalents

Cash and cash equivalents comprises of cash at banks and on hand, and short-term deposits with an original maturity of three months or less and which are readily convertible into a known amount of cash. The Company’s cash and cash equivalents are invested with major financial institutions in business accounts. Cash may also be invested in guaranteed investment certificates that are available on demand by the Company for its program. The Company does not invest in any asset-backed deposits/investments. As at December 31, 2021 and 2020, the Company did not have any cash equivalents.

(b) Foreign exchange

The functional currency of the Company, as determined by management, is the Canadian dollar and this is also the currency in which it presents these financial statements. The Company recognizes transactions in currencies other than the Canadian dollar at the rates of exchange prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at the period end exchange rates. Non-monetary items are measured in terms of historical cost and are not retranslated. Revenues and expenses are translated at the exchange rates approximating those in effect on the date of the transactions. Exchange gains and losses arising on translation are included in profit or loss.

(c) Deferred income taxes

Income tax expense 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. Current tax expense is the expected tax payable on taxable income for the year, using tax rates enacted or substantively enacted at period end, adjusted for amendments to tax payable with regards to previous years.

Deferred tax is recorded using the liability method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Temporary differences are not provided for relating to goodwill not deductible for tax purposes, the initial recognition of assets or liabilities that affect neither accounting nor taxable loss and differences relating to investments in subsidiaries to the extent that they will probably not reverse in the foreseeable future. The amount of deferred tax provided is based on the expected manner of realization or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the end of the reporting period. A deferred tax asset is recognized only to the extent that it is probable that future taxable profits will be available against which the asset can be utilized.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

(d) Provision for decommissioning and restoration

The Company recognizes provisions for statutory, contractual, constructive or legal obligations associated with the reclamation of exploration and evaluation assets in the year in which it is probable that an outflow of resources will be required to settle the obligation and when a reliable estimate of the amount can be made. Initially, a provision for a decommissioning liability is recognized based on expected cash flows required to settle the obligation and discounted at a pre-tax rate specific to the liability. The capitalized amount is depreciated on the same basis as the related asset. Following the initial recognition of the decommissioning liability, the carrying amount of the liability is increased for the passage of time and adjusted for changes to the current market-based discount rate and the amount or timing of the underlying cash flows needed to settle the obligation. The increase in the provision due to passage of time is recognized as interest expense. Significant judgments and estimates are involved in forming expectations of the amounts and timing of future closure and reclamation cash flows. As at December 31, 2021 and 2020, the Company has no material restoration, rehabilitation or environmental liabilities related to its exploration and evaluation assets.

(e) Share based payments

The Company has adopted an employee stock option plan. Share based payments to employees are measured at the fair value of the instruments issued and amortized over the relevant vesting periods. Share based payments to non-employees are measured at the fair value of goods or services received or the fair value of the equity instruments issued if it is determined the fair value of the goods or services cannot be reliably measured, and are recorded at the date the goods or services are received. The fair value of options is determined using a Black-Scholes pricing model. The number of shares and options expected to vest is reviewed and adjusted at the end of each reporting period such that the amount recognized for services received as consideration for the equity instruments granted shall be based on the number of equity instruments that eventually vest. The fair value of awards are charged to the statement of loss and comprehensive loss and credited to reserves within shareholders' equity. Where the terms of an equity-settled award are modified, as a minimum an expense is recognized as if the terms had not been modified over the original vesting period. In addition, an expense is recognized for any modification which increases the total fair value of the share-based payment arrangement as measured at the date of modification, over the remainder of the vesting period.

(f) Earnings (loss) per share

Basic earnings (loss) per share are calculated by dividing the net income (loss) available to common shareholders by the weighted average number of shares outstanding during the period. Diluted earnings per share reflect the potential dilution of securities that could share in earnings of an entity. In a loss period, potentially dilutive common shares are excluded from the loss per share calculation as the effect would be anti-dilutive. For the period presented, dilutive loss per share is equal to basic loss per share.

(g) Exploration and evaluation assets

The Company charges to operations all exploration and evaluation expenses incurred prior to the determination of economically recoverable reserves. These costs would also include periodic fees such as license and maintenance fees.

The Company capitalizes direct exploration and evaluation asset acquisition costs and those expenditures incurred following the determination that the property has economically recoverable resources. Exploration and evaluation asset acquisition costs include cash consideration and the fair value of common shares issued for exploration and evaluation asset interests, pursuant to the terms of the relevant agreement. These costs are amortized over the estimated life of the property following commencement of commercial production, or

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

(g) Exploration and evaluation assets (continued)

written off if the property is sold, allowed to lapse or abandoned, or when impairment in value has been determined to have occurred. Exploration and evaluation assets are reviewed for impairment whenever events or changes in circumstances indicate that its carrying amount may not be recoverable. Although the Company has taken steps to verify the title to exploration and evaluation assets in which it has an interest, in accordance with industry practice for the current stage of exploration of such properties, these procedures do not guarantee the Company's title. Property title may be subject to unregistered prior agreements or transfers and title may be affected by undetected defects. As at December 31, 2021 and 2020, the Company had not determined economically recoverable resources.

(h) 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 flow-through share agreements, these shares transfer the tax deductibility of qualifying resource expenditures to investors. The increase to share capital when flow-through shares are issued is measured based on the current market price of common shares. The incremental proceeds or "premium" are recorded as a deferred credit. When expenditures are renounced, a deferred tax liability is recognized and the deferred credit is reversed. The net amount is recognized as a deferred income tax recovery.

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 Company may also be subjected to a Part XII.6 tax on flow-through proceeds renounced under the Lookback Rule, in accordance with Government of Canada flow-through regulations. When applicable, this tax is accrued as a financial expense until paid.

(i) Warrants issued in equity financing transactions

The Company engages in equity financing transactions to obtain the funds necessary to continue operations and explore and evaluate exploration and evaluation assets. These equity financing transactions may involve issuance of common shares or units. Each unit comprises a certain number of common shares and a certain number of share purchase warrants. Depending on the terms and conditions of each equity financing agreement, the warrants are exercisable into additional common shares at a price prior to expiry as stipulated by the agreement. Warrants that are part of units are assigned a value based on the residual value of the unit after deducting the fair value of the common shares. Warrants that are issued as payment for agency fees or other transactions costs are accounted for as share-based payments and are recorded at fair value using the Black-Scholes Option Pricing Model. The fair value of these warrants is charged to share issuance costs associated with the offering with the offsetting entry crediting reserves.

(j) Financial instruments

Financial instruments are measured on initial recognition at fair value, plus, in the case of financial instruments other than those classified at FVTPL, directly attributable transaction costs. Measurement of financial assets in subsequent periods depends on whether the financial instrument has been classified and measured at: (i) amortized cost; (ii) fair value through other comprehensive income ("FVOCI"); or (iii) fair value through profit or loss ("FVTPL). 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 Company has not elected to carry any of its financial assets at FVOCI.

Lake Winn Resources Corp.
Notes to the Financial Statements
For the years ended December 31, 2021 and 2020
(Expressed in Canadian dollars)

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

(j) Financial instruments (continued)

Measurement

Financial assets and liabilities at amortized cost are initially recognized at fair value plus or minus transaction costs, respectively, and subsequently carried at amortized cost less any impairment.

Financial assets and liabilities carried at FVTPL are initially recorded at fair value and transaction costs are expensed in the statements of loss and comprehensive loss. Realized and unrealized gains and losses arising from changes in the fair value of the financial assets and liabilities held at FVTPL are included in the statements of loss and comprehensive loss in the period in which they arise.

Financial assets/liabilities	Classification IFRS 9
Cash	FVTPL
Accounts receivable (excluding GST)	Amortized cost
Accounts payable	Amortized cost
Accrued liabilities	Amortized cost
Lease liability	Amortized cost
Due to related parties	Amortized cost

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 of 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 the twelve month expected credit losses. The Company shall recognize in the statements of 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.

Derecognition

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.

(k) Related party transactions

Parties are considered to be related if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions. Parties are also considered to be related if they are subject to common control. Related parties may be individuals or corporate entities. A transaction is considered to be a related party transaction when there is a transfer of resources or obligations between related parties.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

(l) Leases

At inception of a contract, the Company assesses whether a 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 over a period of time in exchange for consideration. The Company assesses whether the contract involves the use of an identified asset, whether it has the right to obtain substantially all of the economic benefits from the use of the asset during the term of the contract and it has the right to direct the use of the asset.

The right-of-use asset is subsequently depreciated from the commencement date to the earlier of the end of the lease term, or the end of the useful life of the asset. The right-of-use asset may be reduced due to impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

A lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date discounted by the interest rate implicit in the lease or, if that rate cannot be readily determined the incremental borrowing rate. The lease liability is subsequently measured at amortized cost using the effective interest method. Lease payments included in the measurement of the lease liability comprise fixed payments, variable lease payments, and amounts expected to be payable at the end of the lease term.

The Company does not recognize the right-of-use assets and lease liabilities for short-term leases that have a lease term of twelve months or less. The lease payments associated with these leases are charged directly to profit or loss on a straight-line basis over the lease term.

(m) Impairment of tangible assets

At the end of each reporting period, the Company's assets are reviewed to determine whether there is any indication that those assets may be impaired. If such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment, if any. The recoverable amount is the higher of fair value less costs to sell and value in use. Fair value is determined as the amount that would be obtained from the sale of the asset in an arm's length transaction between knowledgeable and willing parties. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount and the impairment loss is recognized in profit or loss for the period. For an asset that does not generate largely independent cash flows, the recoverable amount is determined for the cash generating unit to which the asset belongs.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) 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 (or cash-generating unit) in prior years. A reversal of an impairment loss is recognized immediately in profit or loss.

Lake Winn Resources Corp.
Notes to the Financial Statements
For the years ended December 31, 2021 and 2020
(Expressed in Canadian dollars)

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

(n) New accounting standards and interpretations issued but not yet adopted

A number of new standards, amendments to standards and interpretations are not yet effective for the year ended December 31, 2021 and have not been applied in preparing these financial statements. None of these pronouncements are expected to have material impact on the Company's financial statements.

(o) Significant accounting judgments and estimates

The preparation of financial statements in conformity with IFRS requires management to make certain estimates, judgments and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported revenues and expenses during the year. Although management uses historical experience and its best knowledge of the amount, events or actions to form the basis for judgments and estimates, actual results may differ from these estimates.

Significant judgments, estimates and assumptions that have the most significant effect on the amounts recognized in the financial statements are described below.

Judgments

Title to mineral property interest

Although the Company has taken steps to verify title to mineral properties in which it has an interest, these procedures do not guarantee the Company's title. Such properties may be subject to prior agreements or transfers and title may be affected by undetected defects.

Going concern

The implications COVID-19 will have on the Company and its operations and the assumption that the Company is a going concern and will continue in operation for the foreseeable future and at least one year.

Recoverability of exploration and evaluation assets

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 an expenditure is capitalized, information becomes available suggesting that the recovery of the expenditure is unlikely, the amount capitalized is written off in the profit or loss in the period the new information becomes available.

Recognition of deferred income tax assets

Judgment is required in determining whether deferred tax assets are recognized in the statement of financial position. Deferred tax assets, including those arising from unutilized tax losses, require management to assess the likelihood that the Company will generate taxable earnings in future periods, in order to utilize recognized deferred tax assets. Estimates of future taxable income are based on forecast cash flows from operations and the application of existing tax laws in each jurisdiction. To the extent that future cash flows and taxable income differ significantly from estimates, the ability of the Company to realize the net deferred tax assets recorded at the date of the statement of financial position could be impacted.

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3. SIGNIFICANT ACCOUNTING POLICIES (continued)

(p) Significant accounting judgments and estimates

Estimates

Valuation of flow-through share liability

The Company issues flow-through share units by way of private placements. Where the units issued contain common shares and share purchase warrants, management applies estimates when determining the value associated with the warrants and the flow through share component of the flow-through share unit.

Valuation of 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.

Discount rate used to measure the present value of leases

Management is required to estimate the Company's incremental borrowing rate. This rate is used to discount the future lease cash flows to determine the carrying value of the lease liability. Management estimates its incremental borrowing rate based on the risk-free rate and a credit risk premium for a period commensurate with the term of the lease.

4. FINANCIAL INSTRUMENTS, RISK MANAGEMENT AND CAPITAL DISCLOSURES

(a) Fair value of financial instruments

The Company's financial instruments at December 31, 2021 and 2020 consist of cash, accounts receivable (excluding GST), accounts payable, accrued liabilities and due to related parties. Cash is carried at fair value using a level 1 fair value measurement. The carrying values of accounts receivable, accounts payable, accrued liabilities, and due to related parties approximate their fair values because of their nature and respective maturity dates or durations.

The fair value of the Company's financial instruments has been classified within the fair value hierarchy as at December 31, 2021 as follows:

	Level 1		Level 2		Level 3		Total
Financial Assets							
Cash	\$	86,146	\$	-	\$	-	\$ 86,146
	\$	86,146	\$	-	\$	-	86,146

The fair value of the Company's financial instruments has been classified within the fair value hierarchy as at December 31, 2020 as follows:

	Level 1		Level 2		Level 3		Total
Financial Assets							
Cash	\$	882,953	\$	-	\$	-	\$ 882,953
	\$	882,953	\$	-	\$	-	882,953

4. FINANCIAL INSTRUMENTS, RISK MANAGEMENT AND CAPITAL DISCLOSURES (continued)

(b) Risk management

Credit Risk

Credit risk is the risk of loss associated with a counterparty's inability to fulfil its payment obligations. The Company's credit risk is primarily attributable to cash and accounts receivable. The Company has no significant concentration of credit risk arising from operations. Cash is held with a reputable Canadian financial institution, from which management believes the risk of loss to be minimal. The Company has not experienced any significant credit losses and believes it is not exposed to any significant credit risk.

Interest Rate Risk

The Company is not exposed to significant interest rate risk due to the short-term maturity of its monetary assets and liabilities.

Liquidity Risk

During the year ended, the Company ensured that there was sufficient capital in order to meet annual business requirements, after taking into account administrative, property holding and exploration budgets, and cash and cash equivalent holdings. As the Company does not have operating cash flow, the Company has relied primarily on equity financings to meet its capital requirements.

Foreign currency risk

The Company's functional currency is the Canadian dollar and it transacts major purchases in Canadian dollars. Management believes the foreign exchange risk derived from currency conversions is minimal and therefore does not hedge its foreign exchange risk.

Commodity price risk

The ability of the Company to explore its mineral properties and the future profitability of the Company are directly related to the market price of precious metals. The Company monitors precious metals prices to determine the appropriate course of action to be taken by the Company.

(c) Capital management

The Company's objectives when managing capital are to safeguard its ability to continue as a going concern to pursue the development of its exploration and evaluation assets and to maintain a flexible capital structure which optimises the cost of capital within a framework of acceptable risk. In the management of capital, the Company includes cash, debt and the components of shareholders' equity. 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 manages the capital structure and adjusts to it in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust its capital structure, the Company may issue new shares, issue new debt, and acquire or dispose of assets. The Company is dependent on the capital markets as its sole source of operating capital. The Company's capital resources are largely determined by the strength of the junior resource markets, by the status of the Company's projects in relation to those markets and by its ability to compete for investor support of its projects. The Company is not subject to any externally imposed capital requirements. However, it is subject to any regulations and rules imposed by the TSX-V in issuing and/or maintaining debt or equity financings. In order to facilitate the management of its capital requirements, the Company prepares expenditure budgets that are updated as necessary depending on various factors, including successful capital deployment and general industry conditions. Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Company, is reasonable.

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5. ACCOUNTS RECEIVABLE

	December 31, 2021	December 31, 2020
GST receivable	\$ 4,969	\$ 64,461
Due from a related party (Note 10(e))	29,089	29,903
Other receivables	-	9,095
	\$ 34,058	\$ 103,459

6. EXPLORATION AND EVALUATION ASSETS

(a) Li Property

On July 25, 2016 the Company purchased from Strategic Metals Ltd. (“Strategic”) a 100% interest in the Li Property, which is located in the North West Territories.

As consideration of the purchase and sale, the Company has issued to Strategic 500,000 common shares (pre-consolidation: 5,000,000) of the Company on the closing date; and paid \$100,000 towards expenditures required for the 2016 work program on the property and granted a 2% net smelter returns (“NSR”) royalty to Strategic. The Company will have the right to purchase one half of the NSR royalty (equal to 1%) in consideration for \$2,000,000. Within one year of the closing date, the Company issued to Strategic 250,000 common shares (pre-consolidation: 2,500,000) of the Company and 250,000 common share purchase warrants (pre-consolidation: 2,500,000) of the Company; with each warrant entitling Strategic to purchase one common share of the Company at a price of \$1.00 per share (pre-consolidation: \$0.10) for a period of 24 months from the date of issue of the warrants. The Company has also issued 50,000 shares (pre-consolidation: 500,000) as finder’s fee.

During the year ended December 31, 2020, the Company recorded a write-off of \$689,688 due to uncertainty in future exploration expenditures on this property.

(b) Cloud Property

On September 16, 2020, the Company entered into an option agreement with W.S. Ferreira Ltd. (the “Vendor”) to acquire the Cloud Project in Manitoba, consisting of eight mining claims as well as an area of interest (the “Cloud Property”).

As consideration for the Cloud Property, the Company is required to issue a total of 2,000,000 common shares, make cash payments of \$265,000, and complete a work commitment of \$50,000. The breakdown of payments and issuance of common shares are follows:

- Pay \$65,000 on or before September 28, 2020 (paid);
- Issue 500,000 common shares on or before September 28, 2020 (issued with a fair value of \$177,500 (Note 9));
- Complete the \$50,000 work commitment on or before April 1, 2021 (incurred);
- Pay \$100,000 and issue 500,000 common shares on or before September 28, 2021 (extended see below); and
- Pay \$100,000 and issue 1,000,000 common shares on or before September 28, 2022.

On September 30, 2021, the option agreement was amended to extend the timeline to complete the second cash payment of \$100,000 and the second issuance 500,000 commons to or before December 31, 2022.

The Vendor will retain a 2% NSR in the Property. The Company has the option to purchase 1% of the NSR for \$1,000,000. The Company paid a cash finders’ fee of \$13,250 in connection with the agreement.

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6. EXPLORATION AND EVALUATION ASSETS (continued)

(c) Quartz Property

On January 6, 2021, the Company signed a purchase agreement with W.S. Ferreira Ltd. (the “Vendor”) to acquire a 100% interest in 2 claims near the southern shores in Reed Lake, Manitoba (the “Quartz Property”).

As consideration for the Quartz Property, the Company is required pay the Vendor \$50,000 in cash (not paid yet) and issuance of 100,000 shares (issued) for the Quartz claims, named Quartz 1 and Quartz 2, along with granting a 2% Gross overriding Royalty (“GOR”) of which 1% may be purchased for \$1 million. During the year ended December 31, 2021, the Company also spent \$28,600 staking cost around the Quartz Claims.

On March 1, 2021, The Company has received an extension from the Vendor to pay \$50,000 until December 31, 2022.

During the year ended December 31, 2021, the Company incurred property acquisition costs as follows:

	Cloud Property \$	Li Property \$	Quartz Property \$	Total \$
Exploration and evaluation assets				
Balance, December 31, 2019	-	689,688	-	689,688
Acquisition costs – cash	78,250	-	-	78,250
Acquisition costs – shares	177,500	-	-	177,500
Write-off of exploration and evaluation asset	-	(689,688)	-	(689,688)
Balance, December 31, 2020	255,750	-	-	255,750
Acquisition costs – cash	-	-	28,600	28,600
Acquisition costs – shares	-	-	20,000	20,000
Write-off of exploration and evaluation asset	-	-	-	-
Balance, December 31, 2021	255,750	-	48,600	304,350

During the year ended December 31, 2021, the Company incurred exploration expenditures on the properties as follows:

	Cloud Property \$	Quartz Property \$	Total \$
Exploration expenditures			
Consulting	50,900	9,600	60,500
Travel	9,645	-	9,645
Drilling	226,993	-	226,993
Field	433	-	433
Freight	852	-	852
Others	891	-	891
Samples	38,730	-	38,730
Survey	-	158,839	158,839
Total exploration expenditures	328,444	168,439	496,883

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6. EXPLORATION AND EVALUATION ASSETS (continued)

During the year ended December 31, 2020, the Company incurred exploration expenditures on the properties as follows:

	Cloud Property \$	Li Property \$	Cat Property \$	Total \$
Exploration expenditures				
Drilling	92,716	-	-	92,716
Travel	9,577	-	-	9,577
Field and Camp	3,675	-	-	3,675
Consulting	77,050	1,640	-	78,690
Freight	368	-	-	368
Others	38,490	-	-	38,490
Total exploration expenditures	221,876	1,640	-	223,516

7. RIGHT-OF-USE ASSET

Cost	ROU Asset \$
Balance at December 31, 2019	-
Additions	84,672
Balance at December 31, 2020	84,672
Addition	-
Balance at December 31, 2021	84,672

Accumulated depreciation	ROU Asset \$
Balance at December 31, 2019	-
Additions	21,168
Balance at December 31, 2020	21,168
Additions	38,786
Balance at December 31, 2021	59,954

Carrying amount at December 31, 2019	-
Carrying amount at December 31, 2020	63,504
Carrying amount at December 31, 2021	24,718

The right-of use asset is initially measured at the present value of lease payments not paid, plus a security deposit of \$7,099.

8. LEASE LIABILITY

On July 1, 2020, the Company entered into a sublease for its corporate office space. The lease has a non-cancellable term of 2 years and expires on June 30, 2022. The Company has recognized a ROU asset in respect of this lease, which is included in right-of-use asset on the statements of financial position (Note 7).

The Company has also recognized a lease liability for this lease, which was initially measured at the present value of the future lease payments, discounted using the Company's incremental borrowing rate of 10%.

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8. LEASE LIABILITY (continued)

Lease liability	\$
Balance at December 31, 2019	-
Additions	77,573
Interest expense	3,330
Payments	(21,300)
Balance at December 31, 2020	59,603
Interest expense	3,862
Payments	(42,600)
Balance at December 31, 2021	20,865
Less: non-current portion of lease liability	-
Current portion of lease liability	20,865

The Company did not incur any variable lease payments and there were no leases with residual value guarantees or leases not yet commenced to which the Company is committed. During December 31, 2021, the expense relating to the short-term lease amounted to \$nil (December 31, 2020 - \$8,607) and the Company recorded rent recoveries of \$25,803 (December 31, 2020 - \$8,662) for sharing its office space with a related party (Note 10).

9. SHARE CAPITAL

(a) Authorized

The Company is authorized to issue an unlimited number of common shares without par value.

(b) Issued and outstanding:

For the year ended December 31, 2021

- i) On March 1, 2021, the Company issued 100,000 common shares with a fair value of \$20,000 pursuant to the Quartz property agreement (Note 6 (c)).

For the year ended December 31, 2020

- i) On November 19, 2020, the Company completed a private placement of 6,650,000 units at a price of \$0.10 per unit for gross proceeds of \$665,000. Each unit will be comprised of one common share and one common share purchase warrant, with each whole warrant exercisable into one common share at a price of \$0.20 for a period of two years from closing. The Company paid cash finder's fees of \$29,520 and legal fees of \$4,363. The Company also issued 295,200 warrants with an exercise price of \$0.20 for a period of two years from closing. The warrants had a fair value of \$52,108 calculated using the Black-Scholes option pricing model with an average risk-free interest rate of 0.43%, expected life of 2 years, volatility of 149.13% and a dividend yield of 0%.
- ii) On November 19, 2020, the Company completed a private placement of 6,958,335 units at a price of \$0.12 per unit for gross proceeds of \$835,000. Each unit will be comprised of one common share and one common share purchase warrant, with each whole warrant exercisable into one common share at a price of \$0.16 for a period of three years from closing. The Company paid cash finder's fees of \$5,998 and legal fees of \$4,713. The Company also issued 49,980 warrants with an exercise price of \$0.16 for a period of three years from closing. The warrants had a fair value of \$9,491 calculated using the Black-Scholes option pricing model with an average risk-free interest rate of 0.43%, expected life of 3 years, volatility of 130.10% and a dividend yield of 0%.

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(b) Issued and outstanding (continued)

- iii) On November 19, 2020, the Company completed a private placement of 12,500,000 flow through units at a price of \$0.10 per unit for gross proceeds of \$1,250,000. Each unit will be comprised of one flow through common share and one-half common share purchase warrant, with each whole warrant exercisable into one common share at a price of \$0.30 for a period of two years from closing. The Company paid cash finder's fees of \$44,310 and legal fees of \$8,378. The Company also issued 442,800 warrants with an exercise price of \$0.30 for a period of two years from closing. The warrants had a fair value of \$71,865 calculated using the Black-Scholes option pricing model with an average risk-free interest rate of 0.43%, expected life of 2 years, volatility of 149.13% and a dividend yield of 0%. An additional \$245,200 in share issuance costs was paid to four arm's length parties for introducing subscribers to the private placements.
- iv) On November 19, 2020, the Company issued 2,043,217 common shares with a fair value of \$490,372 to settle certain accounts payable with directors, officers and consultants in the amount of \$245,186. The Company recorded a loss on settlement in the amount of \$245,186 (Note 10 and 13).
- v) On December 1, 2020, the Company issued 500,000 common shares with a fair value of \$177,500 pursuant to the Cloud property agreement (Note 6 (b)).

(c) Stock options

As at December 31, 2021, the Company had 2,065,000 stock options outstanding (December 31, 2020 – 3,645,000).

The Company has a stock option plan (the "Plan") for directors, senior officers, employees, consultants, and management. The Plan provides for the issuance of stock options to acquire up to a maximum of 10% of the issued and outstanding common shares of the Company. The Plan limits the number of incentive stock options which may be granted to any one individual to not more than 5% of the total issued shares of the Company in any 12-month period. The number of incentive stock options granted to any one consultant or a person employed to provide investor relations activities in any 12-month period must not exceed 2% of the total issued shares of the Company. Options granted to consultants performing investor relations activities vest over a period of time.

No options were granted during the year ended December 31, 2021

The following options were granted during the year ended December 31, 2020

The Company granted 2,900,000 options to consultants and directors with an exercise price of \$0.23 per option expiring on November 24, 2025. The options vested immediately on the grant date. As at December 31, 2020, the options were valued at \$568,550 using the Black-Scholes option pricing model with an average risk-free interest rate of 0.45%, expected life of 5 years, volatility of 129.49% and a dividend yield of 0%.

- (i) As at December 31, 2021, the Company had the following stock options outstanding and exercisable:

Number	Exercise Price	Expiry Date
80,000	\$0.55	January 27, 2022
20,000	\$0.80	April 26, 2023
20,000	\$1.20	May 24, 2023
295,000	\$0.50	August 1, 2024
1,650,000	\$0.23	November 24, 2025
2,065,000		

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9. SHARE CAPITAL (continued)

(c) Stock options (continued)

(ii) A summary of the status of the Company's stock options as at December 31, 2021 and 2020 and changes during those years are presented below:

	Options Outstanding	Weighted Average Exercise Price	Weighted Average Remaining Contractual Life Years
Balance, December 31, 2019	805,000	\$0.64	3.49
Granted	2,900,000	0.23	-
Expired/Cancelled	(60,000)	(0.90)	-
Balance, December 31, 2020	3,645,000	\$0.30	4.45
Granted	-	-	-
Expired/Cancelled	(1,580,000)	(0.33)	-
Balance, December 31, 2021	2,065,000	\$0.30	3.52

(d) Share purchase warrants

(i) As at December 31, 2021, the Company had warrants outstanding enabling holders to acquire the following:

Number	Exercise Price	Expiry Date
6,692,800	\$0.30	November 19, 2022
6,945,200	\$0.20	November 19, 2022
7,008,315	\$0.16	November 19, 2023
20,646,315		

(ii) A summary of the Company's issued and outstanding share purchase warrants as at December 31, 2021 and 2020 and changes during those years are presented below:

	Options Outstanding	Weighted Average Exercise Price	Weighted Average Remaining Contractual Life - Years
Balance, December 31, 2019	2,343,737	\$0.93	1.06
Granted	20,646,315	\$0.22	-
Expired	(1,003,937)	\$1.49	-
Balance, December 31, 2020	21,986,115	\$0.24	2.12
Granted	-	-	-
Expired	(1,339,800)	\$0.50	-
Balance, December 31, 2021	20,646,315	\$0.22	1.25

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10. RELATED PARTY TRANSACTIONS

Related party transactions have been measured at the exchange amount of consideration agreed between the related parties. Related party transactions not disclosed elsewhere in these financial statements are listed below.

The value of transactions relating to key management personal were as follows:

- (a) During the year ended December 31, 2021, the Company incurred management fees of \$125,000 (2020 - \$298,000) to companies controlled by directors of the Company.
- (b) During the year ended December 31, 2021, the Company recorded rent expense recovery of \$25,803 (2020 - \$8,662 from a company under the common control pertaining to rent paid by the Company for shared office premises. During the year ended December 31, 2020, the Company also paid a rent of \$8,492 to a company related by a common officer for shared office premises.
- (c) During the year ended December 31, 2021, the Company incurred accounting fees of \$66,000 (2020 - \$116,000) to a company controlled by the CFO who is also a director of the Company.
- (d) During the year ended December 31, 2021, the Company incurred exploration consulting fees of \$25,600 (2020 - \$28,000) to a company controlled by a director of the Company.
- (e) During the year ended December 31, 2021, the Company did not grant any stock options to its officers and director. During the year ended December 31, 2020, the Company granted 1,200,000 stock options to its officers and directors with the estimated fair market value of \$235,261.
- (d) As at December 31, 2021, accounts receivable and advances included \$29,089 (December 31, 2020 - \$29,903) pertaining to rent due from a company related by a common officer for shared office premises.
- (f) As at December 31, 2021, included in the accounts payable and accrued liabilities, the amounts due to related parties were \$108,423 (December 31, 2020 - \$21,000).

The amounts due from or to the related parties are unsecured and without interest or stated terms of repayment. All related party transactions are in the normal course of operations and have been measured at the agreed to amounts, which is the amount of consideration established and agreed to by the related parties.

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Company, directly or indirectly. Key management personnel include the Company's executive officers and Board of Director members and compensations to the key managements are disclosed above. Key management personnel were not paid post-employment benefit, termination fees or other long-term benefits during the years ended December 31, 2021 and 2020.

11. SEGMENTED INFORMATION

The Company primarily operates in one reportable operating segment, being the acquisition and development of exploration and evaluation assets in Canada.

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12. INCOME TAX

A reconciliation of income taxes at the statutory rate with the reported taxes follows:

	2021	2020
Loss for the year	\$ 1,071,046	\$ (2,851,433)
Expected income tax recovery at statutory rate of 27%	(289,000)	(770,000)
Permanent differences	-	160,000
Share issuance costs	-	(92,000)
Renunciation of flow-through expenditures	-	337,000
Others	(43,000)	-
Changes in unrecognized deductible temporary differences	332,000	365,000
	\$ -	\$ -

The significant components of the Company's deferred tax assets are as follows:

	December 31, 2021	December 31, 2020
<u>Deferred tax assets</u>		
Tax losses available for future years	\$ 2,037,000	\$ 2,096,000
Exploration and evaluation assets	815,000	403,000)
Share issuance costs and other	61,000	82,000
	2,913,000	2,581,000
Unrecognized deferred tax assets	(2,913,000)	(2,581,000)
Net deferred tax assets	\$ -	\$ -

Deferred tax assets are recognized to the extent that it is probable that taxable income will be available against which the deductible temporary differences and the carry forward of unused tax credits and unused tax losses can be utilized.

As at December 31, 2021, the Company has non-capital losses of approximately \$7,546,000 available to offset with the future taxable income in Canada expiring in various dates from 2030 to 2041.

13. SUPPLEMENTAL CASH FLOW INFORMATION

The following significant non-cash transactions have been excluded from the statements of cash flows:

During the year ended December 31, 2021

In connection to the property acquisition dated January 6, 2021, the Company issued 100,000 common shares with a fair value of \$20,000.

During the year ended December 31, 2020

In connection to the private placement dated November 19, 2020, the Company issued 787,980 finder's warrants, which were valued at \$133,464 using the Black-Scholes option pricing model.

In connection to the property acquisition dated September 16, 2020, the Company issued 500,000 common shares with a fair value of \$177,500.

In connection with debt settlement, the Company issued 2,043,217 common shares with a fair value of \$490,372 to settle accounts payable of \$166,061 and due to related parties of \$79,125. The Company recorded a loss on settlement in the amount of \$245,186.

In connection with the new lease arrangement for office space, the Company recorded a ROU asset of \$84,672 and a lease liability of \$77,573.