

Gitennes Exploration Inc.

CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2021 AND 2020



INDEPENDENT AUDITOR'S REPORT

To the shareholders of Gitennes Exploration Inc.

Opinion

We have audited the consolidated financial statements of Gitennes Exploration Inc. (the Company), which comprise the consolidated balance sheets as at December 31, 2021, and the consolidated statements of loss and comprehensive loss, consolidated statements of changes in shareholders' equity and consolidated statements of cash flows for the year then ended, and notes to consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated 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 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 is sufficient and appropriate to provide a basis for our opinion.

Material Uncertainty Related to Going Concern

We draw attention to Note 1 of the consolidated 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.

Key Audit Matters

We have determined that there are no key audit matters to communicate in our report.

Other Matter

The consolidated financial statements of Gitennes Exploration Inc. for the year ended December 31, 2020, were audited by another independent auditor who expressed an unmodified opinion on those consolidated statements on April 30, 2021.

Other Information

Management is responsible for the other information. The other information comprises the Management discussion and analysis but does not include the consolidated financial statements and our auditor's report thereon.

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. 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 IFRSs, 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.

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 Rhéal Brunet, CPA auditor, CA.

Brunet Roy Dubé, CPA S.E.N.C.R.L.¹

Montreal,
April 26, 2022

¹CPA auditor, CA, public accountancy permit No. A108047

Management's Responsibility for Financial Reporting

The consolidated financial statements of Gitennes Exploration Inc. have been prepared by, and are the responsibility of, the Company's management. The consolidated financial statements are prepared in accordance with International Financial Reporting Standards and reflect management's best estimates and judgement based on information currently available.

Management has developed and is maintaining a system of internal controls to obtain reasonable assurance that the Company's assets are safeguarded, transactions are authorized, and financial information is reliable.

The Board of Directors is responsible for ensuring that management fulfills its responsibilities. The Audit Committee reviews the results of the annual audit and the annual consolidated financial statements prior to their submission to the Board of Directors for approval.

The consolidated financial statements have been audited by Brunet Roy Dubé, CPA S.E.N.C.R.L. and their report outlines the scope of their examination and gives their opinion on the consolidated financial statements.

"Ken Booth"

Ken Booth
President

April 26, 2022

Gitennes Exploration Inc.

Consolidated Balance Sheets

As at December 31

Canadian Funds

ASSETS	2021	2020
Current		
Cash	\$ 659,964	\$ 1,462,861
Accounts receivable	192,432	44,358
Prepaid expenses	8,763	40,950
Reclamation Bonds	25,500	-
	<u>886,659</u>	<u>1,548,169</u>
Reclamation Bonds	-	31,500
Equipment	<u>1,995</u>	<u>2,493</u>
	<u>\$ 888,654</u>	<u>\$ 1,582,162</u>
LIABILITIES		
Current		
Accounts payable and accrued liabilities (Notes 7 and 8)	\$ 188,352	\$ 597,285
Derivative liability (Notes 6 and 8)	-	75,000
Deferred flow-through premium liability (Note 5a)	107,298	38,417
	<u>295,650</u>	<u>710,702</u>
SHAREHOLDERS' EQUITY		
Share Capital (Note 5a)	37,137,271	35,833,981
Contributed Surplus	2,391,512	2,247,098
Deficit	<u>(38,935,779)</u>	<u>(37,209,619)</u>
	<u>593,004</u>	<u>871,460</u>
	<u>\$ 888,654</u>	<u>\$ 1,582,162</u>

Nature of Operations and Going Concern (Note 1)

Subsequent Event (Note 14)

ON BEHALF OF THE BOARD:

“Ken Booth”, Director
Ken Booth

“Robert Matthews”, Director
Robert Matthews

- the accompanying notes are an integral part of these consolidated financial statements -

Gitennes Exploration Inc.

Consolidated Statements of Changes in Shareholders' Equity

For the Years Ended December 31, 2021 and 2020

Canadian Funds

	Share Capital (Note 5a)	Contributed Surplus	Deficit	Total
Balance – December 31, 2019	\$ 33,967,305	\$ 1,869,922	\$ (36,008,757)	\$ (171,530)
Private placement - units	751,000	-	-	751,000
Private placement - flow-through units	644,600	-	-	644,600
Private placement - units	300,000	-	-	300,000
Private placement - flow-through units	292,417	25,083	-	317,500
Share issuance costs	(209,277)	-	-	(209,277)
Flow-through premium	(38,417)	-	-	(38,417)
Finders' warrants issued	(100,797)	100,797	-	-
Shares issued in settlement of finder's fee payable (Note 8)	2,450	-	-	2,450
Shares issued for properties	224,700	-	-	224,700
Share-based compensation (Note 5c)	-	251,296	-	251,296
Comprehensive loss for the year	-	-	(1,200,862)	(1,200,862)
Balance – December 31, 2020	35,833,981	2,247,098	(37,209,619)	871,460
Private placement – units	168,300	9,900	-	178,200
Private placement - flow-through units	566,105	26,449	-	592,554
Private placement – units	147,500	-	-	147,500
Private placement - flow-through shares	262,200	-	-	262,200
Private placement – units	84,000	21,000	-	105,000
Private placement - flow-through shares	201,500	-	-	201,500
Share issuance costs	(134,405)	-	-	(134,405)
Flow-through premium	(217,839)	-	-	(217,839)
Finders' warrants issued	(20,821)	20,821	-	-
Shares issued for properties	26,000	-	-	26,000
Shares issued in settlement of accounts payable (Note 8)	145,750	-	-	145,750
Shares issued in settlement of derivative liability (Note 8)	75,000	-	-	75,000
Share-based compensation (Note 5c)	-	66,244	-	66,244
Comprehensive loss for the year	-	-	(1,726,160)	(1,726,160)
Balance – December 31, 2021	\$ 37,137,271	\$ 2,391,512	\$ (38,935,779)	\$ 593,004

- the accompanying notes are an integral part of these financial consolidated statements -

Gitennes Exploration Inc.

Consolidated Statements of loss and Comprehensive Loss

For the Years Ended December 31

Canadian Funds

	2021	2020
Expenses		
Accounting and audit (Note 7)	\$ 87,456	\$ 66,526
Consulting	72,123	46,650
Depreciation	498	624
Exploration and evaluation (Note 6)	1,318,529	564,066
General exploration	3,129	1,766
Interest income	-	(1,561)
Interest on long-term debt (Note 7)	-	2,552
Legal	33,888	36,969
Management fees (Note 7)	120,000	77,000
Office and miscellaneous	20,907	14,007
Promotion and public relations	96,125	123,579
Share-based compensation (Note 5c)	66,244	251,296
Shareholder information	15,002	10,432
Stock exchange and filing fees	14,179	21,874
Transfer agent	8,989	10,745
Travel	4,799	11,734
Loss before Other Items	1,861,868	1,238,259
Gain on change in fair value of derivative liability (Note 8)	-	(30,000)
Loss (gain) on settlement of accounts payable (Note 8)	13,250	(4,725)
Loss before Income Taxes	1,875,118	1,203,534
Deferred income tax recovery (Notes 5a and 11)	(148,958)	(2,672)
Loss and Comprehensive Loss for the Year	\$ 1,726,160	\$ 1,200,862
Loss per Share – Basic and Diluted	\$ 0.04	\$ 0.07
Weighted-Average Number of Shares		
Outstanding – Basic and Diluted	40,217,774	18,067,551

- the accompanying notes are an integral part of these consolidated financial statements -

Gitennes Exploration Inc.

Consolidated Statements of Cash Flows

For the Years Ended December 31

Canadian Funds

	2021	2020
Cash Flows from Operating Activities		
Loss for the year	\$ (1,726,160)	\$ (1,200,862)
Items not involving cash		
Loss (gain) on settlement of accounts payable	13,250	(4,725)
Gain on change in fair value of derivative liability	-	(30,000)
Deferred income tax recovery	(148,958)	(2,672)
Shares issued for properties	26,000	224,700
Share-based compensation	66,244	251,296
Depreciation	498	624
Changes in non-cash working capital items		
Accounts receivable	(148,074)	(21,030)
Prepaid expenses	32,187	31,105
Accounts payable and accrued liabilities	(276,433)	344,925
Derivative liability	-	105,000
	<u>(2,161,446)</u>	<u>(301,639)</u>
Cash Flows from Investing Activity		
Reclamation bond	6,000	-
Cash Flows from Financing Activities		
Share capital issued for cash	1,486,954	2,013,100
Share issuance costs	(134,405)	(209,277)
Repayment of long-term debt – related parties	-	(42,500)
	<u>1,352,549</u>	<u>1,761,323</u>
Change in Cash Position	<u>(802,897)</u>	<u>1,459,684</u>
Cash Position - Beginning of Year	<u>1,462,861</u>	<u>3,177</u>
Cash Position - End of Year	<u>\$ 659,964</u>	<u>\$ 1,462,861</u>
Supplemental Schedule of Non-Cash Investing and Financing Transactions		
Finders' warrants issued	\$ 20,821	\$ 100,797
Flow-through premium liability	\$ 217,839	\$ 38,417
Residual value assigned to warrants	\$ 57,349	\$ 25,083
Shares issued in settlement of derivative liability	\$ 75,000	\$ -
Shares issued in settlement of accounts payable	\$ 132,500	\$ 2,450
Supplemental Cash Flow Information		
Interest paid	\$ -	\$ 2,552
Income taxes paid	\$ -	\$ -

- the accompanying notes are an integral part of these consolidated financial statements -

Gitennes Exploration Inc.

Notes to Consolidated Financial Statements

December 31, 2021 and 2020

Canadian Funds

1. Nature of Operations and Going Concern

Gitennes Exploration Inc. (“the Company”) is incorporated in the province of British Columbia with its principal office located at 410 – 325 Howe Street, Vancouver, British Columbia. The Company is currently exploring one property in northern British Columbia, four properties in northern Quebec, and has a royalty interest in a property located in Peru. All of these properties are in the exploration stage and it has not yet been determined whether they contain mineral reserves.

These consolidated financial statements have been prepared on a going concern basis, which assumes that the Company will be able to realize its assets and discharge its liabilities in the normal course of business for at least the next twelve months. Several adverse conditions and material uncertainties cast significant doubt upon the going concern assumption. The business of mining and exploration involves a high degree of risk and there can be no assurance that future exploration and development of its properties will result in profitable mining operations or royalty payments to the Company. The Company has no ongoing source of revenue and will require cash to maintain its mineral interests and to meet its administrative overhead. As at December 31, 2021, the Company had working capital of \$565,509 (2020 - \$837,467) and an accumulated deficit of \$38,935,779 (2020 - \$37,209,619). For the year ended December 31, 2021, cash used for operating activities was \$2,161,446 (2020 - \$301,639).

The ability of the Company to continue as a going concern is dependent upon its ability to realize on its assets or raise additional financing to complete the development of its mineral properties and to fund future corporate and administrative expenses. While the Company has been successful in the past at raising funds, there can be no assurance that it will be able to do so in the future. In addition, the out-break of the COVID-19 pandemic has introduced significant uncertainty in the capital markets, which may affect the ability of junior exploration companies to raise equity to fund exploration activities.

These consolidated financial statements do not reflect adjustments in the carrying values of the assets and liabilities, the reported expenses, and the balance sheet classifications used, that would be necessary if the Company were unable to realize its assets and settle its liabilities as a going concern in the normal course of operations. Such adjustments could be material.

2. Significant Accounting Policies

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”). The Company’s board of directors approved these consolidated financial statements for issue on April 26, 2022.

Gitennes Exploration Inc.

Notes to Consolidated Financial Statements

December 31, 2021 and 2020

Canadian Funds

2. Significant Accounting Policies (continued)

Principles of consolidation

These consolidated financial statements include the accounts of the Company and, until September 30, 2020, the accounts of its wholly-owned subsidiary, Castle Keep Ltd. ("Castle"). On October 1, 2020, the Company relinquished control of Castle for no proceeds; upon loss of control and deconsolidation, Castle had no assets and no liabilities.

The Company controls a subsidiary when it is exposed, or has rights, to variable returns from its involvement with the subsidiary and has the ability to affect those returns through its power over its subsidiary. Subsidiaries are fully consolidated from the date on which control is obtained until the date on which control ceases. All significant intercompany balances and transactions are eliminated upon consolidation.

Basis of measurement

These consolidated financial statements have been prepared under the historical cost convention except in respect of items measured at fair value.

Foreign currency translation

The Company considers its functional currency to be the Canadian dollar. Transactions in currencies other than the functional currency are recorded at rates approximating those in effect at the time of the transactions. Monetary items are translated at the exchange rate in effect at the balance sheet date and non-monetary items are translated at historical exchange rates. Translation gains and losses are reflected in income (loss) for the year.

Adoption of new and revised standards and interpretations

New and revised standards that are effective

The Company considers that there is no information on new standards, interpretations and new amendments that are likely to be relevant to the financial statements.

Future changes in accounting policies

At the date of authorization of these annual financial statements, new standards and interpretations of existing standards and new amendments have been issued, but are not yet effective, and the Company has not adopted them early. Management expects that all pronouncements, not yet effective, will be adopted in the Company's accounting policies during the first financial year beginning after the effective date of each pronouncement. New standards and interpretations have been published, but are not expected to have a material impact on the financial statements of the Company.

Annual Improvements to IFRS Standards 2018-2020

The standard IFRS 9 Financial Instrument have been revised to incorporate amendments issued by the IASB in May 2020. The amendment clarifies the fees an entity includes when assessing whether the terms of a new or modified financial liability are substantially different from the terms of the original financial liability. The amendment is effective for annual reporting periods beginning on or after January 1, 2022. Earlier application is permitted.

Notes to Consolidated Financial Statements

December 31, 2021 and 2020

Canadian Funds

2. Significant Accounting Policies (continued)

IAS 1 – Presentation of Financial Statements

This standard has been revised to incorporate amendments issued by the International Accounting Standards Board (IASB) in January 2020. The amendments clarify the criterion for classifying a liability as non-current relating to the right to defer settlement of the liability for at least 12 months after the reporting period. The amendments are effective for annual reporting periods beginning on or after January 1, 2023. Earlier application is permitted.

Cash

Cash comprises cash balances held in current operating bank accounts that are subject to an insignificant risk of change in nominal value.

Fund to be spent on exploration under tax restrictions through flow-through placements are included on cash. Cash for exploration of \$449,786 (2020 - \$705,734) represents unspent funds from flow-through placements.

Exploration and evaluation

The Company is currently in the exploration stage. Exploration and evaluation expenditures include the cost of acquiring licenses, option payments, and expenditures incurred to explore and evaluate properties and such costs are expensed in the period incurred. Property acquisition costs are capitalized only to the extent that such costs can be directly attributed to an area of interest where it is considered likely to be recoverable by future exploitation or sale, except for those costs associated with the acquisition of exploration and evaluation assets through a business combination. Development costs relating to specific properties are capitalized once management has made a development decision.

From time to time, the Company may acquire or dispose of properties pursuant to the terms of option agreements. Due to options being exercisable entirely at the discretion of the optionee, the amounts payable or receivable are not accrued. Option payments are recorded as exploration and evaluation expenses or recoveries when the payments are made or received.

Government assistance that is based on incurring eligible mineral exploration expenditures is recorded in profit and loss in the period that reasonable assurance of the receipt of such assistance is received.

Equipment

Equipment is recorded at cost less accumulated depreciation, which is calculated on a declining balance basis using an annual rate of 20%. Equipment is reviewed for impairment if there is an indication that the carrying amount may not be recoverable.

Notes to Consolidated Financial Statements

December 31, 2021 and 2020

Canadian Funds

2. Significant Accounting Policies (continued)

Share-based compensation

The Company uses the fair value method whereby it recognizes share-based compensation costs over the vesting periods for all stock option grants and direct awards of stock. Any consideration paid by the option holders to purchase shares is credited to capital stock. The Company uses the Black-Scholes Option-Pricing Model to estimate the fair value of its share-based compensation. The fair value of each grant is measured at the grant date and where vesting is not immediate, each tranche is recognized on a graded-vesting basis over the vesting period. It recognized as an expense, with a corresponding increase in contributed surplus.

Share capital

The proceeds from the exercise of stock options or warrants together with fair value amounts previously recorded on the grant date or issue date are recorded as share capital. Share capital issued for non-monetary consideration is recorded at the fair value of the non-monetary consideration received, or at the fair value of the shares issued if the fair value of the non-monetary consideration cannot be measured reliably, on the date of issue. The Company uses the residual value approach in respect of unit offerings, whereby the amount assigned to the warrant is the excess of the unit price over the trading price of the Company's shares at the date of issuance.

Costs related issuing shares or unit offerings are reported as a deduction of the proceeds from the issue.

Flow-through shares

The Company will from time to time issue flow-through common shares to finance a portion of its Canadian 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 completing the qualifying expenditures, the Company derecognizes the liability to the extent the qualifying resource expenditures have been made as of that date and recognizes a deferred tax recovery for the amount of the tax reduction that will be renounced to the shareholders. The Company uses the residual value approach in respect of the flow-through shares issuance, whereby the amount assigned to the flow-through share premium is the excess of the share price over the trading price of the Company's share at the date of issuance. Almost, when a flow-through unit (flow-through share and warrant) are issued the Company uses the residual value approach. This residual amount assigned is then allocated between the warrant and the deferred flow-through premium liability using the relative fair value method. The Company uses the Black-Scholes Option-Pricing Model to calculate the fair value of the warrant issued and to calculate the fair value of the deferred flow-through premium liability the Company takes the issuance price for a flow-through unit and multiply it by the Company statutory tax rate.

Income taxes

Current tax expense is calculated using income tax rates that have been enacted or substantively enacted at the balance sheet date. Deferred tax is accounted for using the liability method, which recognizes differences between the carrying amounts of assets and liabilities in the financial statements and the amounts used for tax purposes. Deferred tax liabilities are generally recognized for all taxable temporary differences, and deferred tax assets are generally recognized for all deductible temporary differences to the extent that it is probable that future taxable profits will be available against which those deductible temporary differences can be utilized. To the extent that the Company does not consider it probable that a deferred tax asset will be recovered, the deferred tax asset is not recorded.

Notes to Consolidated Financial Statements

December 31, 2021 and 2020

Canadian Funds

2. Significant Accounting Policies (continued)

Income taxes (continued)

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability will be settled or the asset realized, based on income tax rates and income tax laws that have been enacted or substantively enacted by the balance sheet date. The effect on deferred tax assets and liabilities due to a change in tax rates is recognized in the period that the substantive enactment occurs. 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 balance sheet date.

Loss per share

Loss per share is computed using the weighted-average number of common shares outstanding during the year. The Company uses the treasury stock method to calculate diluted earnings per share, which assumes the conversion, exercise or contingent issuance of securities only when such conversion, exercise or issuance would have a dilutive effect on earnings per share. The effect on loss per share of outstanding convertible securities is anti-dilutive.

Financial instruments

The Company classifies its financial instruments in accordance with IFRS 9 – *Financial Instruments*, based on the Company's business model for managing its financial instruments, which includes the purpose for which the financial instruments were acquired as well as their contractual cash flow characteristics. Financial instruments are classified under three primary measurement categories: amortized cost, fair value through other comprehensive income ("FVTOCI") and fair value through profit or loss ("FVTPL").

Determination of the classification of financial instruments is made at initial recognition and reclassifications are made only upon the Company changing its business model for managing its financial instruments. Financial assets are derecognized when they mature or are sold, and substantially all of the risks and rewards of ownership have been transferred. Equity instruments that are held for trading are classified as FVTPL. Other equity instruments are carried at FVTPL unless upon initial recognition the Company makes an irrevocable election to designate them as FVTOCI.

Financial assets

FVTPL

Financial assets classified as FVTPL are initially recognized at fair value with transaction costs being expensed in the period incurred. Realized gains and losses recognized upon derecognition and unrealized gains and losses arising from changes in the fair value of the financial assets are included in profit or loss in the period in which they arise.

FVTOCI

Investments in equity instruments classified as FVTOCI are initially recognized at fair value plus transaction costs. Unrealized gains and losses arising from changes in fair value are recognized in other comprehensive income with no subsequent reclassification to profit or loss upon derecognition. Realized gains and losses recognized upon derecognition remain within accumulated other comprehensive income.

Notes to Consolidated Financial Statements

December 31, 2021 and 2020

Canadian Funds

2. Significant Accounting Policies (continued)

Financial instruments (continued)

Amortized cost

A financial asset is measured at amortized cost if the objective of the Company's business model is to hold the instrument for the collection of contractual cash flows, which are comprised solely of payments of principal and interest. Financial assets at amortized cost are initially recognized at fair value and subsequently carried at amortized cost less any impairment. Impairment losses are included in profit or loss in the period the impairment is recognized.

Financial liabilities

Financial liabilities are initially recorded at fair value and subsequently measured at amortized cost, unless they are required to be measured at FVTPL.

Derecognition

Financial assets

The Company derecognizes a financial asset when the contractual rights to the cash flows from the financial asset expire or when the Company transfers contractual rights to receive the cash flows of the financial asset in a transaction where substantially all the risks and rewards of ownership of the financial asset have been transferred or in a transaction where the Company neither transfers nor retains substantially all the risks and rewards of ownership of the financial asset but does not retain control of the asset. Any rights and obligations created or retained in the transfer by the Company are recognized as separate assets or liabilities.

Financial liabilities

The Company derecognizes a financial liability when the obligation specified in the contract is discharged or cancelled or expires. The Company also derecognizes a financial liability when there is a substantial modification of the terms of an existing financial liability or a part of it. In this situation, a new financial liability under the new terms is recognized at fair value, and the difference between the carrying amount of the financial liability or a part of the financial liability extinguished and the new financial liability under the new terms is recognized in profit or loss.

Derivative financial instruments

An embedded derivative is separated from the host contract and recognized separately if the economic characteristics and risks of the embedded derivative are not closely related to those of the host, if a separate instrument with the same terms as the embedded derivative would meet the definition of a derivative, and if the combined instrument is not measured at fair value, with changes in fair value recognized in profit or loss.

Derivatives are initially recognized at fair value. Related transaction costs are recognized in profit or loss as incurred. After initial recognition, derivatives are measured at fair value, and changes in fair value are recognized in profit or loss.

Notes to Consolidated Financial Statements

December 31, 2021 and 2020

Canadian Funds

2. Significant Accounting Policies (continued)

Financial instruments (continued)

Impairment

Financial assets are reviewed at the end of each reporting period for objective evidence indicating that changes in the market, economic, or legal environment has had a negative effect on the estimated future cash flows of the asset or group of assets. The Company assesses all information available, including on a forward-looking basis, the expected credit losses associated with its assets carried at amortized cost. The impairment methodology applied depends on whether there has been a significant increase in credit risk. To assess whether there is a significant increase in credit risk, the Company compares the risk of a default occurring on the asset as the reporting date, with the risk of default as at the date of initial recognition, based on all information available, and reasonable and supportive forward-looking information.

3. Main sources of estimation uncertainty and critical judgments by management

The preparation of financial statements in accordance with IFRSs requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the carrying amount of assets and liabilities, and disclosures of contingent assets and liabilities as at the date of the consolidated financial statements, and the carrying amount of revenues and expenses for the reporting period. These estimates are changed periodically, and as adjustments become necessary, they are reported in profit or loss in the period in which they become known.

Valuation of warrants and share-based compensation

The Company uses the Black-Scholes Option-Pricing Model for valuation of warrants and share-based compensation. 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.

4. Financial Instruments and Risk Management

The Company's financial instruments include cash, accounts receivable, reclamation bonds, and accounts payable, all of which are measured at amortized cost. The carrying values approximate their fair values due to the short-term nature of these instruments.

In addition, the Company had a financial liability that required settlement through the issuance of a variable number of shares in September 2021. This derivative liability was carried at fair value through profit or loss until its retirement.

The Company is exposed to various financial risks in respect of its financial instruments as detailed below. The Company's policies and processes of managing all risks associated with its financial instruments have not changed during the current year.

Gitennes Exploration Inc.

Notes to Consolidated Financial Statements

December 31, 2021 and 2020

Canadian Funds

4. Financial Instruments and Risk Management (continued)

Credit Risk

Credit risk is the risk of an unexpected loss if a customer or third party to a financial instrument fails to meet its contractual obligations. The Company's primary credit risk is associated with its cash, accounts receivable, and reclamation bonds.

The Company's cash is held in accounts at a major Canadian financial institution with an investment grade rating. Accounts receivable consist of GST and QST recoverable from the governments of Canada and Quebec. The Company has lodged a reclamation bond with the government of British Columbia in respect of its Snowbird project. This bond is repayable upon the Company meeting the terms and conditions of its permit including any reclamation requirements resulting from exploration programmes. Management considers the credit risk associated with this balance to be low.

The carrying value (totalling \$881,646; 2020 - \$1,538,719) of the financial assets recorded in these financial statements represents the Company's maximum exposure to credit risk as at December 31, 2021.

Interest Rate Risk

Interest rate risk relates to the effect on the Company's financial instruments due to changes in market rates of interest. The Company's cash and reclamation bonds currently earn no interest and are therefore exposed to interest rate risk given the volatility of interest rates over time. Due to the value and nature of the Company's financial instruments and prevailing market rates, it is management's opinion that the Company is not exposed to significant interest rate risk in respect of these financial instruments.

Liquidity Risk

The Company is subject to liquidity risk such that it may not be able to meet its obligations under its financial instruments as they fall due (*Note 1*). The Company manages this risk by maintaining cash balances to ensure that it is able to meet its short and long-term obligations as and when they fall due. Cash projections are regularly updated to reflect the dynamic nature of the business.

Notes to Consolidated Financial Statements

December 31, 2021 and 2020

Canadian Funds

5. Share Capital

The authorized share capital of the company consists of an unlimited number of common shares without par value.

Effective July 15, 2020, the Company consolidated its outstanding common shares on the basis of one post-consolidation share for every ten pre-consolidation shares. All information and per-share amounts in respect of issued and outstanding shares, incentive stock options, share purchase warrants, and loss per share have been retrospectively adjusted to reflect the consolidation.

a) Issued and outstanding

	Shares	Amount
Balance – December 31, 2019	10,599,434	\$ 33,967,305
Private placement – units	9,387,500	751,000
Private placement – flow-through units	5,860,000	644,600
Private placement – units	2,500,000	300,000
Private placement – flow-through units	3,175,000	292,417
Share issuance costs	-	(209,277)
Flow-through premium	-	(38,417)
Finders' warrants issued	-	(100,797)
Shares issued for Snowbird property (Note 6)	200,000	28,000
Shares issued for Snowbird property finder's fee (Note 6)	17,500	2,450
Shares issued for JMW property (Note 6)	1,000,000	140,000
Shares issued for JMW property finder's fee (Note 6)	87,500	12,250
Shares issued for RAL property (Note 6)	150,000	21,000
Shares issued for New Mosher property (Note 6)	150,000	21,000
Shares issued in settlement of accounts payable (Note 8)	17,500	2,450
Balance – December 31, 2020	33,144,434	35,833,981
Private placement – units	1,980,000	168,300
Private placement – flow-through units	5,386,855	566,105
Private placement – units	2,950,000	147,500
Private placement – flow-through shares	4,370,000	262,200
Private placement – units	2,100,000	84,000
Private placement – flow-through shares	3,358,333	201,500
Share issuance costs	-	(134,405)
Flow-through premium	-	(217,839)
Finders' warrants issued	-	(20,821)
Shares issued for New Mosher property (Note 6)	150,000	7,500
Shares issued for Gaspé properties (Note 6)	250,000	12,500
Shares issued for JMW property finder's fee (Note 6)	75,000	6,000
Shares issued in settlement of derivative liability (Note 8)	937,500	75,000
Shares issued in settlement of accounts payable (Note 8)	1,325,000	145,750
Balance – December 31, 2021	56,027,122	\$ 37,137,271

Notes to Consolidated Financial Statements

December 31, 2021 and 2020

Canadian Funds

5. Share Capital (continued)

a) Issued and outstanding (continued)

In August 2020, the Company completed a private placement by issuing 9,387,500 units at a price of \$0.08 per unit for gross proceeds of \$751,000 and 5,860,000 flow-through units at a price of \$0.11 per flow-through unit for gross proceeds of \$644,600. Each unit consisted of one common share and one share purchase warrant entitling the holder to purchase one additional common share at a price of \$0.15 per share for a period of two years. Each flow-through unit consisted of one common flow-through share and one-half of one non-flow-through share purchase warrant entitling the holder to purchase one additional common share at a price of \$0.20 per share for a period of two years. The Company paid finders' fees of \$79,808, a \$2,000 corporate finance fee, and \$55,617 in legal and filing fees in respect of the placement. The Company also issued 851,800 finders' warrants with each warrant entitling the holder to purchase one common share at prices of \$0.15 and \$0.20 per share for a period of two years. The fair value of the finders' warrants was estimated at \$94,673 using the Black-Scholes Option-Pricing Model with the following weighted-average assumptions: risk-free interest rate of 0.26%, expected dividend yield of 0.00%, estimated stock price volatility of 112%, and expected option life of 2.00 years.

The unit price of this offering was less than the trading price of the shares on the date of issuance, therefore, no flow-through premium was recorded and no residual value was assigned to the warrants.

In September 2020, the Company completed a private placement by issuing 2,500,000 units at a price of \$0.12 per unit for gross proceeds of \$300,000. Each unit consisted of one common share and one share purchase warrant entitling the holder to purchase one additional common share at a price of \$0.18 per share for a period of three years. The Company paid \$20,840 in legal and filing fees in respect of the placement. The unit price of this offering was less than the trading price of the shares on the date of issuance, therefore, no residual value was assigned to the warrants.

In December 2020, the Company completed a private placement by issuing 3,175,000 flow-through units at a price of \$0.10 per unit for gross proceeds of \$317,500. Each unit consisted of one common flow-through share and one-half of one non-flow-through share purchase warrant with each whole warrant entitling the holder to purchase one additional common share at a price of \$0.15 per share for a period of two years. The Company paid finders' fees of \$23,200 and paid \$27,812 in legal and filing fees in respect of the placement. The Company also issued 232,000 finders' warrants with each warrant entitling the holder to purchase one common share at prices of \$0.10 and \$0.15 per share for periods of one and two years. The fair value of the finders' warrants was estimated at \$6,124 using the Black-Scholes Option-Pricing Model with the following weighted-average assumptions: risk-free interest rate of 0.22%, expected dividend yield of 0.00%, estimated stock price volatility of 92%, and expected option life of 1.66 years.

The unit price of this offering exceeded the trading price of the shares on the date of issuance, therefore, \$25,083 of the unit proceeds, being the estimated residual value, has been assigned to the warrants and classified as contributed surplus.

The value of the flow-through feature of the flow-through shares was estimated and resulted in a flow-through premium liability of \$38,417. During 2021, the Company incurred the required qualifying exploration expenditures and, accordingly, derecognized the flow-through premium liability and recorded a deferred income tax recovery of \$38,417.

Notes to Consolidated Financial Statements

December 31, 2021 and 2020

Canadian Funds

5. Share Capital (continued)

a) Issued and outstanding (continued)

In June 2021, the Company completed a private placement by issuing 1,980,000 units at a price of \$0.09 per unit for gross proceeds of \$178,200 and 5,386,855 flow-through units at a price of \$0.11 per unit for gross proceeds of \$592,554. Each unit consisted of one common share and one share purchase warrant entitling the holder to purchase one additional common share at a price of \$0.15 per share for a period of two years. Each flow-through unit consisted of one common flow-through share and one-half of one non-flow-through share purchase warrant with each whole warrant entitling the holder to purchase one additional common share at a price of \$0.20 per share for a period of one year. The Company paid finders' fees of \$46,050, a corporate finance fee of \$10,000, and \$39,706 in legal and filing fees in respect of the placement. The Company also issued 440,654 finders' warrants with each warrant entitling the holder to purchase one common share at a price of \$0.15 per share for a period of two years. The fair value of the finders' warrants was estimated at \$15,868 using the Black-Scholes Option-Pricing Model with the following weighted-average assumptions: risk-free interest rate of 0.32%, expected dividend yield of 0.00%, estimated stock price volatility of 107%, and expected option life of two years. The unit price of this offering exceeded the trading price of the shares on the date of issuance, therefore, \$36,349 of the unit proceeds, being the estimated residual value, has been assigned to the warrants and classified as contributed surplus.

The value of the flow-through feature of the flow-through shares was estimated at \$108,222 resulting in a flow-through premium liability. During 2021, the Company incurred the required qualifying exploration expenditures and, accordingly, derecognized the flow-through premium liability and recorded a deferred income tax recovery of \$108,222.

In November 2021, the Company completed a private placement by issuing 2,950,000 units at a price of \$0.05 per unit for gross proceeds of \$147,500 and 4,370,000 flow-through shares at a price of \$0.06 per share for gross proceeds of \$262,200. Each unit consisted of one common share and one share purchase warrant entitling the holder to purchase one additional common share at a price of \$0.10 per share for a period of two years. The Company paid finders' fees of \$18,316 and \$3,050 in filing fees in respect of the placement. The Company also issued 318,600 two-year finders' warrants with 222,600 warrants entitling the holder to purchase one common share at a price of \$0.10 per share and 96,000 warrants entitling the holder to purchase one common share at a price of \$0.06 per share. The fair value of the finders' warrants was estimated at \$3,622 using the Black-Scholes Option-Pricing Model with the following weighted-average assumptions: risk-free interest rate of 1.06%, expected dividend yield of 0.00%, estimated stock price volatility of 69%, and expected option life of two years.

The unit price of this offering was less than the trading price of the shares on the date of issuance, therefore, no value was assigned to the warrants.

The value of the flow-through feature of the flow-through shares was estimated at \$43,700 resulting in a flow-through premium liability, which, upon incurring the required qualifying exploration expenditures, will be derecognized and a deferred income tax recovery recorded. During the year, the Company derecognized \$2,319 of the flow-through premium liability and recorded the corresponding deferred income tax recovery.

Notes to Consolidated Financial Statements

December 31, 2021 and 2020

Canadian Funds

5. Share Capital (continued)

a) Issued and outstanding (continued)

In December 2021, the Company completed the first and second tranches of a private placement by issuing 2,100,000 units at a price of \$0.05 per unit for gross proceeds of \$105,000 and 3,358,333 flow-through shares at a price of \$0.06 per share for gross proceeds of \$201,500. Each unit consisted of one common share and one share purchase warrant entitling the holder to purchase one additional common share at a price of \$0.10 per share for a period of two years. The Company paid finders' fees of \$14,800 and \$2,483 in filing fees in respect of the placement. The Company also issued 251,666 two-year finders' warrants with 88,000 warrants entitling the holder to purchase one common share at a price of \$0.10 per share and 163,666 warrants entitling the holder to purchase one common share at a price of \$0.06 per share. The fair value of the finders' warrants was estimated at \$1,331 using the Black-Scholes Option-Pricing Model with the following weighted-average assumptions: risk-free interest rate of 0.96%, expected dividend yield of 0.00%, estimated stock price volatility of 53%, and expected option life of two years.

The unit price of this offering exceeded the trading price of the shares on the date of issuance, therefore, \$21,000 of the unit proceeds, being the estimated residual value, has been assigned to the warrants and classified as contributed surplus.

The value of the flow-through feature of the flow-through shares was estimated at \$65,917 resulting in a flow-through premium liability, which, upon incurring the required qualifying exploration expenditures, will be derecognized and a deferred income tax recovery recorded.

The volatility assumption is based on an analysis of historical volatility over a period equivalent to the life of the warrants.

Deferred flow-through premium liability

	2021	2020
Balance, beginning of year	\$ 38,417	\$ 2,672
Premium value of flow-through shares issuance	217,839	38,417
Fulfillment of the commitment related to flow-through placements, derecognized in deferred income tax recovery	(148,958)	(2,672)
Balance, end of year	\$ 107,298	\$ 38,417

Notes to Consolidated Financial Statements

December 31, 2021 and 2020

Canadian Funds

5. Share Capital (continued)

b) Stock options

The Company has a rolling stock option plan under which the Company may grant options to its directors, employees, and other service providers for up to 10% of the outstanding common shares. The board of directors determines the exercise price per share and the vesting period under the plan, subject to TSX Venture Exchange policy. Details of stock option activities are as follows:

	Number	Weighted Average Exercise Price
Balance – December 31, 2019	635,000	\$ 0.54
Granted	1,875,000	\$ 0.17
Balance – December 31, 2020	2,510,000	\$ 0.26
Granted	1,710,000	\$ 0.05
Expired	(440,000)	\$ 0.35
Balance – December 31, 2021	3,780,000	\$ 0.16

As at December 31, 2021, the Company had stock options outstanding entitling the holders to purchase common shares of the Company as follows:

Number	Exercise Price	Expiry Date
150,000	\$ 0.50	February 15, 2022 (expired February 15, 2022)
60,000	\$ 0.50	June 22, 2022
40,000	\$ 1.20	October 25, 2022
145,000	\$ 0.50	August 21, 2023
1,675,000	\$ 0.165	October 14, 2025
100,000	\$ 0.115	March 4, 2026
210,000	\$ 0.05	December 16, 2023
<u>1,400,000</u>	\$ 0.05	December 16, 2026
<u>3,780,000</u>		

As at December 31, 2021, the outstanding options had a weighted-average remaining life of 3.82 years; 3,755,000 outstanding options with a weighed-average exercise price of \$0.16 had vested and were exercisable.

Gitennes Exploration Inc.

Notes to Consolidated Financial Statements

December 31, 2021 and 2020

Canadian Funds

5. Share Capital (continued)

c) Share-based compensation

During the year, the Company granted stock options to its directors, officers, employees, and service providers and estimated related share-based compensation as follows:

	2021	2020
Total options granted	1,710,000	1,875,000
Weighted-average exercise price	\$ 0.05	\$ 0.165
Estimated fair value of compensation	\$ 63,077	\$ 254,879
Estimated fair value per option	\$ 0.04	\$ 0.14

The fair value of the related share-based compensation recognized in the accounts has been estimated using the Black-Scholes Option-Pricing Model with the following weighted-average assumptions:

	2021	2020
Risk-free interest rate	1.13%	0.33%
Expected dividend yield	0.00%	0.00%
Expected stock price volatility	110%	148%
Expected forfeiture rate	0.00%	0.00%
Expected option life in years	4.63	4.57

The volatility assumption is based on an analysis of historical volatility over a period equivalent to the life of stock options.

During 2021, 1,835,000 (2020 - 1,725,000) options vested and the Company recognized \$66,244 (2020 - \$251,296) in share-based compensation.

Notes to Consolidated Financial Statements

December 31, 2021 and 2020

Canadian Funds

5. Share Capital (continued)

d) Warrants

Details of share purchase warrant activities are as follows:

	Number	Weighted average exercise price
Balance – December 31, 2019	2,510,431	\$ 0.64
Issued	17,488,800	\$ 0.16
Expired	(808,863)	\$ 0.92
Balance – December 31, 2020	19,190,368	\$ 0.20
Issued	10,734,348	\$ 0.14
Expired	(1,204,176)	\$ 0.56
Balance – December 31, 2021	28,720,540	\$ 0.16

As at December 31, 2021, the Company had share purchase warrants outstanding entitling the holders to purchase common shares of the Company as follows:

Number	Exercise Price	Expiry
2,693,428	\$ 0.20	June 2022
10,216,100	\$ 0.15	August 2022
2,953,200	\$ 0.20	August 2022
577,392	\$ 0.50	September 2022
1,739,500	\$ 0.15	December 2022
2,420,654	\$ 0.15	June 2023
2,500,000	\$ 0.18	September 2023
2,522,600	\$ 0.10	October 2023
96,000	\$ 0.06	November 2023
650,000	\$ 0.10	November 2023
163,666	\$ 0.06	December 2023
2,188,000	\$ 0.10	December 2023
<u>28,720,540</u>		

As at December 31, 2021, the outstanding warrants had a weighted-average remaining life of 1.03 years.

Notes to Consolidated Financial Statements

December 31, 2021 and 2020

Canadian Funds

6. Exploration and Evaluation

Details of the Company's mineral interests are as follows:

Snowbird, Canada

In February 2017, the Company entered into an option agreement granting it the right to earn a 100% interest in the Snowbird property located near Fort St. James, British Columbia. The Company earned its interest by issuing shares to the optionor and completing minimum exploration expenditures as follows:

	Shares	Expenditures
Upon regulatory approval	600,000	\$ -
On or before September 30, 2018	200,000	500,000
On or before September 30, 2019	200,000	-
On or before December 31, 2019	-	500,000
On or before September 30, 2020	200,000	-
On or before September 30, 2021 (i)	-	500,000
	1,200,000	\$ 1,500,000

(i) A portion of these expenditures were completed by a third party optionee as detailed below.

During 2020, the Company issued 200,000 shares with a fair value of \$28,000 to the optionors and 17,500 shares with a fair value of \$2,450 to the finders in respect of the 2020 finder's fee payable; the Company also issued 17,500 shares with a fair value of \$2,450 in respect of the 2019 finder's fee payable (Note 7). The option agreement provides for a 2% net smelter returns royalty ("NSR") that, upon payment of royalty payments totalling \$1,300,000, reverts to an uncapped 1% NSR.

In February 2021, the Company signed an option agreement on the Snowbird project providing the optionee with the right to acquire a 100% interest in the Company's underlying option agreement with the original owners of the Snowbird property. The optionee is a private company and is currently seeking a listing on a Canadian stock exchange. Upon signing the agreement, the optionee paid the Company \$25,000 and issued special warrants entitling the Company to receive that number of shares in the optionee with a value of \$2.2 million, based on a 10-day volume-weighted average trading price of the optionee's shares. Since the optionee did not obtain a listing of its shares by February 4, 2022, the Company will receive 22 million shares of the optionee. In addition, the optionee must incur \$500,000 in exploration expenditures on the property by June 30, 2021 (incurred) and a total of \$1,500,000 in expenditures by June 30, 2022. Upon earning its interest in the project, the optionee will own a 100% interest, subject to the NSR due to the original owners, and the Company will cease to have any direct interest in the Snowbird project.

Maroon, Canada

In May 2018, the Company entered into an option agreement to acquire a 100% interest in the Maroon gold property located 35 kilometres north of Terrace, British Columbia. The Company returned the property to the optionor in May 2020. During 2021, the Company received a refund of its reclamation bond of \$6,000.

Notes to Consolidated Financial Statements

December 31, 2021 and 2020

Canadian Funds

6. Exploration and Evaluation (continued)

Urumalqui, Peru

In December 2014, AndeanGold Ltd. earned a 100% interest in the Company's Urumalqui project situated in north-central Peru. The Company retained an uncapped NSR of 1.5% on all metals produced at Urumalqui, with no buy-out or other provisions attached. The Company also holds 663,000 common shares of Andean with a fair value of \$ nil, which are carried at nominal value.

Rivière-à-l'Aigle ("RAL"), Quebec, Canada

In June 2020, the Company entered into an option agreement granting it the right to earn up to an 85% interest in the RAL property located in the Lac Windfall region of northern Quebec. The Company could earn a 70% interest by issuing 1,500,000 shares and incurring \$1,500,000 in exploration expenditures over four years.

During 2020, the Company issued 150,000 shares with a fair value of \$21,000 to the optionor. During the period of the option, the Company incurred approximately \$179,000 on the property and in September 2021, abandoned the project and returned the property to the optionor.

New Mosher, Quebec, Canada

In June 2020, the Company entered into an option agreement granting it the right to earn up to an 85% interest in the New Mosher property located in the James Bay region of northern Quebec. To earn a 70% interest, the Company, at its option, must issue shares and incur exploration expenditures as follows:

	Shares	Expenditures
Upon regulatory approval (<i>issued</i>)	150,000	\$ -
On or before September 30, 2021 (<i>issued/incurred</i>)	150,000	150,000
On or before September 30, 2022 (<i>i</i>)	150,000	250,000
On or before September 30, 2023 (<i>i</i>)	150,000	300,000
On or before September 30, 2024 (<i>i</i>)	400,000	300,000
	1,000,000	\$ 1,000,000

(i) Expenditures have been incurred; shares have not been issued.

During 2021, the Company issued 150,000 shares (2020 - 150,000 shares) with a fair value of \$7,500 (2020 - \$21,000) to the optionor. As at December 31, 2021, the Company had incurred approximately \$1,090,000 in exploration expenditures on the project.

Upon earning a 70% interest, the Company can elect to increase its interest in the property to 85% either by producing an inferred resource or completing a preliminary economic assessment ("PEA") within 12 months of making such election. The Company will pay the optionor \$250,000 in cash or shares, at the Company's option, upon producing an inferred resource or \$750,000 in cash upon delivering a PEA. The property is subject to a 1.5% NSR, which can be reduced to 0.5% upon payment of \$1,000,000 to the optionor. Upon earning either a 70% or 85% interest, the Company and the optionor will form a joint venture to further develop the property.

Notes to Consolidated Financial Statements

December 31, 2021 and 2020

Canadian Funds

6. Exploration and Evaluation (continued)

JMW, Quebec, Canada

In June 2020, the Company entered into an agreement to purchase a 100% interest in the JMW property located in northern Quebec and a ten-claim property located in the Val-d'Or region of Quebec. In September 2020, the Company paid \$25,000 and issued 1,000,000 shares with a fair value of \$140,000 to the vendors of the properties. In 2021, the Company issued 75,000 shares (2020 - 87,500 shares) with a fair value of \$6,000 (2020 - \$12,250) as a finder's fee.

The Company agreed to issue a further 750,000 shares to the vendors after twelve months, subject to an adjustment in the shares issuable to provide a minimum fair value of \$75,000 to the vendors. This derivative liability was initially measured at \$105,000 and was carried at fair value through profit or loss. The fair value of this instrument as at December 31, 2020 was \$75,000 resulting in a gain on change in fair value of \$30,000 during 2020. In September 2021, the Company issued 937,500 shares with a fair value of \$75,000 to settle this obligation (*Note 8*).

The properties are subject to an NSR of 2%, one-half of which can be purchased for \$1,000,000. The Company has granted the vendors of the properties a further 1.5% NSR, which can be reduced to 0.5% upon payment of \$1,000,000 to the vendors.

Maxwell, Quebec, Canada

In December 2020, the Company has staked the Maxwell property located in northern Quebec. The property is approximately 18 kilometres northeast of the JMW property and comprises 169 claims totalling 9,112 hectares.

Gaspe, Quebec, Canada

In August 2021, the Company acquired a 100% interest in two gold properties and one copper property in the Gaspé Region of Quebec by issuing 250,000 shares with a fair value of \$12,500 to the seller.

Title

Ownership of mineral interests involves certain inherent risks due to the difficulties of determining and obtaining clear title to the claims as well as the potential for problems arising from the frequently ambiguous conveyancing history characteristic of many mineral interests. The Company has investigated ownership of its mineral properties and its NSR on the Urumalqui property and, to the best of its knowledge, ownership of these interests is in good standing.

Gitennes Exploration Inc.

Notes to Consolidated Financial Statements

December 31, 2021 and 2020

Canadian Funds

6. Exploration and Evaluation (continued)

Expenditures

The Company expenses exploration and evaluation costs relating to its mineral property interests in the period incurred. Expenditures for the year and cumulative expenditures as at December 31, 2021 are as follows:

Canada	Expenditures 2021	Expenditures 2020	Cumulative 2021
Snowbird, British Columbia			
Option payments, finder's fees, and staking	\$ -	\$ 30,450	\$ 553,010
Assays	-	-	68,773
Camp and general	3,700	-	29,578
Consulting	-	-	20,598
Drilling	-	-	505,716
Geological	-	7,930	237,801
Geophysical	-	-	26,966
Mapping and survey	-	935	22,467
Transportation	-	-	118,886
Option payments received	(25,000)	-	(25,000)
Expense recoveries	-	(89,543)	(138,795)
	<u>(21,300)</u>	<u>(50,228)</u>	<u>1,420,000</u>
Maroon, British Columbia			
Option payments and finder's fees	-	-	45,969
Assays	-	-	744
Camp and general	-	-	193
Geological	-	-	2,500
Mapping and survey	-	-	1,773
Transportation	-	-	6,460
Expense recoveries	-	(6,951)	(6,951)
	<u>-</u>	<u>(6,951)</u>	<u>50,688</u>
JMW, Quebec			
Acquisition payments and finder's fee	6,000	283,152	289,152
Administration	287	1,328	1,615
Assays	-	7,766	7,766
Camp and general	-	320	320
Field supplies	338	3,120	3,458
Geological	15,250	59,002	74,252
Geophysical	222,223	-	222,223
Mapping and survey	560	2,593	3,153
Transportation	-	6,865	6,865
	<u>244,658</u>	<u>364,146</u>	<u>608,804</u>
RAL, Quebec			
Option payments	-	21,000	21,000
Administration	4,981	9,072	14,053
Camp and general	-	3,334	3,334
Field supplies	-	619	619
Geological	4,173	16,761	20,934
Geophysical	46,639	70,000	116,639
Transportation	-	2,753	2,753
	<u>55,793</u>	<u>123,539</u>	<u>179,332</u>
Balances carried forward	\$ 279,151	\$ 430,506	\$ 2,258,824

Gitennes Exploration Inc.

Notes to Consolidated Financial Statements

December 31, 2021 and 2020

Canadian Funds

6. Exploration and Evaluation (continued)

Expenditures - continued

Canada	Expenditures 2021	Expenditures 2020	Cumulative 2021
Balances brought forward	\$ 279,151	\$ 430,506	\$ 2,258,824
New Mosher, Quebec			
Option payments	7,500	21,000	28,500
Administration	77,402	8,516	85,918
Assays	39,790	7,846	47,636
Camp and general	56,979	5,359	62,338
Drilling	376,345	-	376,345
Environmental and permitting	5,466	-	5,466
Field supplies	33,628	1,049	34,677
Geological	193,460	35,431	228,891
Geophysical	106,386	35,825	142,211
Mapping and survey	2,750	-	2,750
Transportation	69,008	3,900	72,908
	968,714	118,926	1,087,640
Maxwell, Quebec			
Staking	-	7,884	7,884
Geological	17,000	6,750	23,750
Mapping and survey	560	-	560
Transportation	5,890	-	5,890
	23,450	14,634	38,084
Gaspe, Quebec			
Acquisition payments	17,827	-	17,827
Geological	21,750	-	21,750
Mapping and survey	840	-	840
Transportation	6,797	-	6,797
	47,214	-	47,214
	\$ 1,318,529	\$ 564,066	\$ 3,431,762

Notes to Consolidated Financial Statements

December 31, 2021 and 2020

Canadian Funds

7. Related Party Transactions and Key Management Compensation

The Company had transactions with related persons or corporations, which were undertaken in the normal course of operations and were measured at the amounts agreed to by the parties. Key management personnel include executive and non-executive directors and executive officers. The compensation paid or payable to key management is as follows:

	2021	2020
Management fees	\$ 120,000	\$ 77,000
Accounting fees	66,000	50,000
Exploration and evaluation fees	3,129	3,000
	<u>\$ 189,129</u>	<u>\$ 130,000</u>

In addition, the Company recorded share-based compensation of \$43,394 (2020 - \$166,627), which relates to incentive stock options granted to directors and officers. Share-based compensation is a non-cash item calculated using the Black-Scholes Option-Pricing Model with the assumptions detailed in Note 5c.

Accounts payable includes \$95,400 (2020 - \$264,150) in accrued management, exploration and evaluation fees and accounting fees due to the chief executive officer and the chief financial officer (Note 8).

During 2020, the Company repaid \$42,500 in accrued management and accounting fees due to the chief executive officer and the chief financial officer. This balance had been classified as long-term debt bearing interest at 8% per annum. Interest totalling \$2,552 was paid on these amounts during 2020.

8. Accounts Payable and Derivative Liability

During the year, the Company agreed to issue 1,325,000 common shares in settlement of outstanding accounts payable of \$132,500 due to the chief executive officer and the chief financial officer (Note 7). In March 2021, at the time the shares were issued, the fair value of the shares was \$145,750 resulting in the recognition of a loss on settlement of accounts payable of \$13,250.

Pursuant to its September 2020 purchase of the JMW property (Note 6), the Company agreed to issue 750,000 shares to the vendors in September 2021, subject to an adjustment in the shares issuable to provide a minimum fair value of \$75,000 to the vendors. This derivative liability was carried at fair value through profit or loss. Upon closing of the transaction, the fair value of the future consideration payable was \$ 105,000; as at December 31, 2020, the fair value of the future consideration payable was \$ 75,000 resulting in a gain on change in fair value of \$ 30,000. In August 2021, the Company issued 937,500 shares with a fair value of \$75,000 to settle this obligation.

During 2020, the Company settled an amount accrued in 2019 in respect of a finder's fee payable on the Snowbird project (Note 6) by issuing 17,500 shares with a fair value of \$2,450 resulting in a gain of \$3,675. In addition, the Company settled \$1,050 for \$nil resulting in a gain on settlement of debt of \$1,050. The totaling gain on settlement represented \$ 4,725.

Notes to Consolidated Financial Statements

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Canadian Funds

9. Capital Risk Management

The Company is in the business of mineral exploration and has no source of operating revenue. The Company manages its capital structure, being its shareholders' equity and makes adjustments to it based on the funds available to the Company in order to support future business opportunities. The Company typically finances its operations through the issuance of capital stock. Capital raised is held in cash until it is required to pay operating expenses or exploration and evaluation expenditures. Its objectives in managing its capital are to safeguard its cash and its ability to continue as a going concern (*Note 1*), and to utilize as much of its available capital as possible for exploration activities. The Company's objectives have not changed during the year.

10. Segmented Information

The Company currently operates in only one operating segment, that being the mineral exploration industry. The Company currently has one exploration project in British Columbia, Canada, four projects in Quebec, Canada, and a royalty interest in a property located in Peru.

11. Income Taxes

Until December 31, 2020, the Company operated in two tax jurisdictions and was subject to varying rates of taxation. The Company has various non-capital tax losses and deferred exploration expenditures that are available for carry forward to reduce taxable income of future years. Details of income tax expense for the years ended December 31 are as follows:

	2021	2020
Loss before income taxes for accounting purposes	\$ (1,875,118)	\$ (1,203,534)
Statutory tax rate	27.00%	27.00%
Expected tax recovery for the year	(506,282)	(324,954)
Non-deductible and other items	18,731	41,785
Foreign income at different tax rates	-	18
Unrecognized deferred tax assets	487,551	283,151
Income tax for the year	-	-
Derecognized flow-through premium liability	(148,958)	(2,672)
Deferred income tax recovery	\$ (148,958)	\$ (2,672)

Notes to Consolidated Financial Statements

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Canadian Funds

11. Income Taxes (continued)

Deferred income taxes reflect the net effects of temporary differences between the carrying amount of assets and liabilities for financial reporting purposes and the amounts used for income tax purposes. The significant components of the Company's deferred income tax assets as at December 31 are as follows:

	2021	2020
Non-capital losses	\$ 456,000	301,000
Mineral property expenditures	2,239,000	2,168,000
Equipment	28,000	28,000
Other	74,000	58,000
Unrecognized deferred income tax assets	\$ 2,797,000	2,555,000

The components of the Company's unrecognized deferred tax assets expire as follows:

	2021	2020
Share issuance costs – deductible 2022-2025	\$ 252,000	\$ 206,000
Non-capital losses – expire 2037 to 2041	1,690,000	1,116,000
Capital losses – no expiry	21,000	10,000
Equipment – no expiry	102,000	102,000
Mineral property expenditures – no expiry	8,291,000	8,029,000
	\$ 10,356,000	\$ 9,463,000

12. Commitments

During the reporting year, the Company received an amount of \$ 1,056,254 (2020 - \$ 962,100) following flow-through placements for which the Company renounced tax deductions to the investors. As at December 31, 2021, the Company has a balance of \$ 449,786 (2020 - \$ 705,734) of eligible exploration expenses and management is required to fulfill its commitments within the stipulated deadline. However, there is no guarantee that the funds expended by the Company will qualify as Canadian exploration expenses, even if the Company is committed to take all necessary measures to that effect.

Royalties will be paid in the event that a commercial operation starts on Company mineral interests, see detail in Note 6.

13. Restoration provisions

The Company recognizes liabilities for legal or constructive obligations associated with the reclamation or rehabilitation of mineral properties that the Company is required to settle. The Company recognizes the present value of liabilities for such obligations in the period in which they occur or in the period in which a reasonable estimate of such costs can be made. The obligation is recorded as a liability with a corresponding charge to operations. The Company has determined that it had no restoration obligations as at December 31, 2021 and 2020.

14. Subsequent Event

In February 2022, the Company granted 500,000 stock options to an officer at an exercise price of \$ 0.05 expiring five years from the granting date.