

**WALKER RIVER RESOURCES CORP.**  
**CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED NOVEMBER 30, 2021**  
**(Expressed in Canadian Dollars)**



DALE MATHESON CARR-HILTON LABONTE LLP  
CHARTERED PROFESSIONAL ACCOUNTANTS

## INDEPENDENT AUDITOR'S REPORT

To the Shareholders of Walker River Resources Corp.

### Opinion

We have audited the consolidated financial statements of Walker River Resources Corp. (the "Company"), which comprise the consolidated statements of financial position as at November 30, 2021 and 2020, and the consolidated statements of comprehensive loss, changes in equity and cash flows for the years then ended, and notes to the financial statements, including a summary of significant accounting policies (collectively referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at November 30, 2021 and 2020, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards.

### 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 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 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 2 to the financial statements, which describes events or conditions that indicate that a material uncertainty exists that may cast significant doubt on 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 information included in 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.

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

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

Management is responsible for the preparation and fair presentation of the 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 David Goertz.

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**DALE MATHESON CARR-HILTON LABONTE LLP**  
**CHARTERED PROFESSIONAL ACCOUNTANTS**  
Vancouver, BC

March 30, 2022



An independent firm  
associated with Moore  
Global Network Limited

**WALKER RIVER RESOURCES CORP.**  
**CONSOLIDATED STATEMENTS OF FINANCIAL POSITION**  
**(EXPRESSED IN CANADIAN DOLLARS)**

| AS AT                                    | Note | November 30, 2021   | November 30, 2020   |
|--|------|---------------------|---------------------|
| <b>ASSETS</b>                            |      |                     |                     |
| Current                                  |      |                     |                     |
| Cash                                     |      | \$ 1,455,336        | \$ 3,166,693        |
| Sales tax receivable                     |      | 31,901              | 55,873              |
| Prepaid expenses                         |      | 14,499              | 99,458              |
|  |      | 1,501,736           | 3,322,024           |
| Non-current assets                       |      |                     |                     |
| Loan receivable                          |      | 1,407               | 1,426               |
| Reclamation bond                         | 3    | 53,392              | 39,233              |
| Equipment                                | 4    | 64,745              | 92,493              |
| Exploration and evaluation assets        | 5    | 7,614,104           | 6,472,992           |
| <b>Total assets</b>                      |      | <b>\$ 9,235,384</b> | <b>\$ 9,928,168</b> |
| <b>LIABILITIES</b>                       |      |                     |                     |
| Current                                  |      |                     |                     |
| Accounts payable and accrued liabilities | 6    | \$ 568,810          | \$ 881,400          |
| Amounts due to related parties           | 10   | 37,703              | 51,103              |
| Flow-through share premium liability     | 11   | –                   | 139,059             |
| <b>Total liabilities</b>                 |      | 606,513             | 1,071,562           |
| <b>EQUITY</b>                            |      |                     |                     |
| Share capital                            | 7    | 13,439,364          | 13,044,364          |
| Reserves                                 |      | 3,718,632           | 3,718,632           |
| Deficit                                  |      | (8,529,125)         | (7,906,390)         |
| <b>Total equity</b>                      |      | 8,628,871           | 8,856,606           |
| <b>Total liabilities and equity</b>      |      | <b>\$ 9,235,384</b> | <b>\$ 9,928,168</b> |

COMMITMENTS (NOTE 11)

Authorized for issuance on behalf of the board on March 30, 2022:

“Michel David” Director

“Eric Falardeau” Director

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

**WALKER RIVER RESOURCES CORP.**  
**CONSOLIDATED STATEMENTS OF COMPREHENSIVE LOSS**  
**FOR THE YEARS ENDED NOVEMBER 30, 2021 AND 2020**  
**(EXPRESSED IN CANADIAN DOLLARS)**

|   | <b>2021</b>         | <b>2020</b>          |
|---|---------------------|----------------------|
| <b>EXPENSES</b>   |                     |                      |
| Administration  | \$ 50,410           | \$ 60,168            |
| Advertising and promotion   | 196,519             | 84,131               |
| Audit and accounting  | 29,168              | 22,775               |
| Consulting  | 566,164             | 531,733              |
| Legal   | 6,852               | 161                  |
| Management fees (Note 10)   | 189,000             | 162,095              |
| Office and miscellaneous  | 41,969              | 59,959               |
| Transfer agent and filing fees  | 15,709              | 38,282               |
| Rent  | 14,374              | 19,795               |
| Travel  | 23,680              | 16,101               |
|   | <b>(1,133,845)</b>  | <b>(995,200)</b>     |
| <b>OTHER ITEMS</b>  |                     |                      |
| Interest income   | –                   | 291                  |
| Flow through share interest (Note 11)   | (13,022)            | (11,776)             |
| Gain on Flow through share liability reversal (Note 6, 11)                      | 524,132             | –                    |
| <b>Net loss and comprehensive loss</b>  | <b>\$ (622,735)</b> | <b>\$(1,006,685)</b> |
| <b>Loss per share (basic and diluted)</b>                                       | <b>\$ (0.00)</b>    | <b>\$ (0.01)</b>     |
| <b>Weighted average number of common shares outstanding (basic and diluted)</b> | <b>198,458,536</b>  | <b>160,609,607</b>   |

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

**WALKER RIVER RESOURCES CORP.**  
**CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY**  
**(EXPRESSED IN CANADIAN DOLLARS)**

|   | Number of shares   | Amount               | Reserves            | Deficit               | Total               |
|---|--------------------|----------------------|---------------------|-----------------------|---------------------|
| <b>Balance, November 30, 2019</b>             | <b>138,429,866</b> | <b>\$ 9,052,276</b>  | <b>\$ 3,474,665</b> | <b>\$ (6,899,705)</b> | <b>\$ 5,627,236</b> |
| Shares issued on exercise of warrants         | 15,550,000         | 549,000              | –                   | –                     | 549,000             |
| Units issued for cash                         | 40,715,656         | 3,900,096            | –                   | –                     | 3,900,096           |
| Share issuance costs                          | –                  | (487,008)            | 243,967             | –                     | (243,041)           |
| Shares issued for cash on exercise of options | 250,000            | 30,000               | –                   | –                     | 30,000              |
| Comprehensive loss                            | –                  | –                    | –                   | (1,006,685)           | (1,006,685)         |
| <b>Balance, November 30, 2020</b>             | <b>194,945,522</b> | <b>\$ 13,044,364</b> | <b>\$ 3,718,632</b> | <b>\$ (7,906,390)</b> | <b>\$ 8,856,606</b> |
| <b>Balance, November 30, 2020</b>             | <b>194,945,522</b> | <b>13,044,364</b>    | <b>\$ 3,718,632</b> | <b>\$ (7,906,390)</b> | <b>\$ 8,856,606</b> |
| Shares issued on exercise of warrants         | 3,950,000          | 395,000              | –                   | –                     | 395,000             |
| Comprehensive loss                            | –                  | –                    | –                   | (622,735)             | (622,735)           |
| <b>Balance, November 30, 2021</b>             | <b>198,895,522</b> | <b>\$ 13,439,364</b> | <b>\$ 3,718,632</b> | <b>\$ (8,529,125)</b> | <b>\$ 8,628,871</b> |

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

**WALKER RIVER RESOURCES CORP.**  
**CONSOLIDATED STATEMENTS OF CASH FLOWS**  
**FOR THE YEARS ENDED NOVEMBER 30, 2021 AND 2020**  
**(EXPRESSED IN CANADIAN DOLLARS)**

|  | 2021                | 2020                |
|--|---------------------|---------------------|
| <b>CASH USED IN OPERATING ACTIVITIES</b>       |                     |                     |
| Net loss                                       | \$ (622,735)        | \$ (1,006,685)      |
| Items not affecting cash:                      |                     |                     |
| Foreign exchange adjustment on loan receivable | 38                  | 36                  |
| Gain on flow through liability reversal        | (524,132)           | –                   |
| Changes in non-cash working capital balances:  |                     |                     |
| Other receivables                              | 23,972              | 8,009               |
| Prepaid expenses                               | 84,959              | (92,480)            |
| Accounts payable accrued liabilities           | (125,960)           | (34,956)            |
| Due to related party                           | (13,400)            | (50,974)            |
| <b>Cash used in operating activities</b>       | <b>(1,177,258)</b>  | <b>(1,177,050)</b>  |
| <b>INVESTING ACTIVITY</b>                      |                     |                     |
| Exploration and evaluation assets              | (914,921)           | (388,282)           |
| Equipment                                      | –                   | (90,992)            |
| Reclamation bond                               | (14,159)            | (5,141)             |
| Loan   | (19)                | –                   |
| <b>Cash used in investing activities</b>       | <b>(929,099)</b>    | <b>(484,415)</b>    |
| <b>FINANCING ACTIVITIES</b>                    |                     |                     |
| Issuance of shares, net of issuance cost       | –                   | 3,657,056           |
| Options exercised for shares                   | –                   | 30,000              |
| Warrants exercised for shares                  | 395,000             | 549,000             |
| <b>Cash provided by financing activities</b>   | <b>395,000</b>      | <b>4,236,056</b>    |
| <b>INCREASE (DECREASE) IN CASH</b>             | <b>(1,711,357)</b>  | <b>2,574,591</b>    |
| <b>CASH, BEGINNING</b>                         | <b>3,166,693</b>    | <b>592,102</b>      |
| <b>CASH, ENDING</b>                            | <b>\$ 1,455,336</b> | <b>\$ 3,166,693</b> |

**SUPPLEMENTAL CASH FLOW INFORMATION**  
**AND NON CASH TRANSACTION**

|   |            |           |
|---|------------|-----------|
| Exploration and evaluation assets included in accounts payable to related parties | \$ –       | \$ 1,844  |
| Exploration and evaluation assets included in accounts payable                    | \$ 198,443 | \$ 8,001  |
| Depreciation capitalized  | \$ 27,748  | \$ 20,141 |

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

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**WALKER RIVER RESOURCES CORP.**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE YEARS ENDED NOVEMBER 30, 2021 AND 2020**  
**(EXPRESSED IN CANADIAN DOLLARS)**

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**1. NATURE OF OPERATIONS**

Walker River Resources Corp. (the “Company”) was incorporated pursuant to the British Columbia Business Corporations Act on December 16, 2010. The principal business of the Company is the identification, exploration and evaluation, as well as exploration of mineral properties once acquired. The Company’s shares are listed for trading on the TSX Venture Exchange (the “Exchange”) under the symbol WRR.

The address of the Company’s corporate office and its principal place of business is 820 – 1130 West Pender Street, Vancouver, British Columbia, Canada. The Company has a November 30 fiscal year-end.

On March 11, 2020, the World Health Organization declared COVID-19 a global pandemic. This contagious disease outbreak and any related adverse public health developments, has adversely affected workforces, economies, and financial markets globally, leading to an economic downturn. The impact on the Company is not currently determinable, but management continues to monitor the situation.

**2. BASIS OF PREPARATION**

a) Statement of compliance

The financial statements are prepared in accordance with accounting policies consistent with the International Financial Reporting Standards (“IFRS”) issued by the International Accounting Standards Board (“IASB”) and Interpretations of the International Financial Reporting Interpretations Committee (“IFRIC”).

These consolidated financial statements include the accounts of the Company and its wholly owned subsidiary Walker River Resources LLC, incorporated in the state of Nevada.

b) Going concern

These consolidated financial statements are prepared on a going concern basis, which assumes that the Company will continue its operations for a reasonable period of time. To date, the Company has incurred losses and is unable to generate cash from operations. The Company’s ability to continue its operations and to realize its assets at their carrying values is dependent upon obtaining additional financing or maintaining continued support from its shareholders and creditors, and generating profitable operations in the future. This indicates the existence of a material uncertainty that may cast significant doubt about the Company’s ability to continue as a going concern. These consolidated financial statements do not include any adjustments to the amounts and classification of assets and liabilities that might be necessary should the Company be unable to continue in business.

c) Functional currency

The functional and presentation currency of the Company is the Canadian dollar.

The functional currency of the subsidiary is the US dollar.

**3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

a) Measurement basis

The consolidated financial statements have been prepared on a historical cost basis except for certain financial instruments which are measured at fair value. In addition, these consolidated financial statements have been prepared using the accrual basis of accounting, except for cash flow information.

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**WALKER RIVER RESOURCES CORP.**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE YEARS ENDED NOVEMBER 30, 2021 AND 2020**  
**(EXPRESSED IN CANADIAN DOLLARS)**

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**3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

b) Significant accounting estimates and judgments

The preparation of these consolidated financial statements requires management to make judgments and estimates and form assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amount of revenues and expenses during the reporting period. Actual results could differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in future periods affected.

Critical accounting estimates

Significant assumptions about the future and other sources of estimation uncertainty that management has made at the end of the reporting year, that could result in a material adjustment to the carrying amounts of assets and liabilities, in the event that actual results differ from assumptions made, relate to, but are not limited to, the following:

- i. the carrying value and the recoverability of the exploration and evaluation assets included in the consolidated statements of financial position;
- ii. the provision for the income tax expense which is included in profit or loss and the measurement of deferred income tax liabilities included in the consolidated statements of financial position; and
- iii. the inputs used in accounting for share-based payments in profit or loss.

Critical accounting judgments

- i. the determination of categories of financial assets and financial liabilities identified as financial instruments, which involves judgments or assessments made by management;
- ii. the determination of whether it is likely that future economic benefits associated with the exploration and evaluation expenditures capitalized will flow to the Company, which may be based on assumptions about future events or circumstances; and
- iii. the determination of whether it is likely that future taxable profits will be available to utilize against any deferred tax assets.

c) Deferred finance costs

Professional, consulting and regulatory fees as well as other costs directly attributable to financing transactions are reported as deferred financing costs until the transactions are completed, if the completion of the transaction is considered to be more likely than not. Share issue costs are charged to share capital when the related shares are issued. Costs relating to financing transactions that are not completed, or for which successful completion is considered unlikely, are charged to operations.

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**WALKER RIVER RESOURCES CORP.**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE YEARS ENDED NOVEMBER 30, 2021 AND 2020**  
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**3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

d) Equipment

Equipment is recorded at cost less accumulated depreciation and accumulated impairment losses. The cost of an item of equipment consists of the purchase price, any costs directly attributable to bringing the asset into operation and an initial estimate of any rehabilitation obligation. Depreciation of the equipment is calculated using the declining balance method at a rate of 30% per year.

Equipment is derecognized upon disposal, when held for sale or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on disposal of the asset, determined as the difference between the net disposal proceeds and the carrying amount of the asset, is recognized in the statement of comprehensive loss.

e) Exploration and evaluation assets

All expenditures related to the cost of exploration and evaluation of mineral resources including acquisition costs for interests in mineral claims are capitalized as exploration and evaluation assets. General exploration costs not related to specific mineral properties are expensed as incurred. Costs incurred before the Company has obtained the legal rights to explore an area are recognized in profit or loss.

Once the technical feasibility and commercial viability of the extraction of mineral resources in an area of interest are demonstrable, capitalized costs of the related property are reclassified as mining assets and upon commencement of commercial production, are amortized using the units of production method over estimated recoverable reserves. Impairment is assessed at the level of cash-generating units. Management regularly assesses carrying values of non-producing properties and properties for which events and circumstances may indicate possible impairment. Impairment of a property is generally considered to have occurred if one of the following factors are present:

- the rights to explore have expired or are near to expiry with no expectation of renewal,
- no further substantive expenditures are planned or budgeted,
- exploration and evaluation work is discontinued in an area for which commercially viable quantities have not been discovered,
- an indication that the carrying amount is unlikely to be recovered in full by development or sale.

The recoverability of mineral properties and capitalized exploration and development costs is dependent on the existence of economically recoverable reserves, the ability to obtain the necessary financing to complete the development of the reserves, and the profitability of future operations. The Company has not yet determined whether or not any of its future mineral properties contain economically recoverable reserves. Amounts capitalized to exploration and evaluation assets may not necessarily reflect present or future values.

Exploration costs renounced due to flow-through share subscription agreements remain capitalized, however, for corporate income tax purposes, the Company has no right to claim these costs as tax deductible expenses.

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**WALKER RIVER RESOURCES CORP.**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE YEARS ENDED NOVEMBER 30, 2021 AND 2020**  
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**3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

e) Exploration and evaluation assets (continued)

The recorded costs of exploration and evaluation assets are subject to measurement uncertainty and it is reasonably possible, based on existing knowledge, that change in future conditions could require a material change in the recognized amount. Payments on mineral property option agreements are made at the discretion of the Company and, accordingly, are recorded on a cash basis.

f) Impairment

Financial assets

Financial assets are assessed at each reporting date to determine whether there is objective evidence that they are impaired. A financial asset is impaired if objective evidence indicates that a loss event has occurred after the initial recognition of the asset, and that the loss event had a negative effect on the estimated future cash flows of that asset that can be estimated reliably.

An impairment loss in respect of a financial asset measured at amortized cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. Losses are recognized in profit or loss and reflected in an allowance account against the asset impaired. When a subsequent event causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through profit or loss.

Non-financial assets

Exploration and evaluation assets are regularly reviewed for impairment or whenever events or changes in circumstances indicate that the carrying amount of reserve properties may exceed its recoverable amount. When an impairment review is undertaken, the recoverable amount is assessed by reference to the higher of the value in use and fair value less costs to sell. 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 discounted rate that reflects current market assessments of the time value of money and the risks specific to the asset. If the carrying amount of an asset exceeds the recoverable amount an impairment charge is recognized by the amount by which the carrying amount of the asset exceeds the fair value of the asset. When an impairment subsequently reverses, the carrying amount of the asset is increased to the revised estimate and its recoverable amount, but to an amount that does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset in prior years. A reversal of an impairment loss is recognized immediately in profit or loss.

g) Provisions

Provisions are recorded when a present legal or constructive obligation exists as a result of past events where it is probably that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate of the amount can be made. If the effect of time value of money is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognized as a finance cost. When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, the receivable is recognized as an asset if it is virtually certain that reimbursement will be received and the amount receivable can be measured reliably.

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**WALKER RIVER RESOURCES CORP.**  
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**3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

g) Provisions (continued)

As at November 30, 2021, the Company has not incurred any decommissioning costs related to the exploration and evaluation of its mineral properties. However, the US federal Bureau of Land Management (BLM) required the company to post a bond of US\$23,070 (\$30,405 CDN) on its Lapon Gold Project to cover future decommissioning costs and a bond of US\$17,353 (\$22,988 CDN) on its Rattlesnake Project to cover future decommissioning costs.

h) Government assistance

Quebec mining exploration tax credits for certain exploration expenditures incurred in Quebec are treated as a reduction of the exploration and development costs of the respective mineral property.

i) Share capital – flow-through shares

The Company finances some exploration expenditures through the issuance of flow-through shares. In accordance with IAS 12, Income Taxes, a deferred tax liability is recognized, with certain specific exceptions, for the taxable temporary difference that arises from the difference between the carrying amount of eligible expenditures capitalized as an asset in the statement of financial position and its tax base. At the time flow-through shares are issued, there is a potential premium paid on the flow-through shares calculated based on the share issuance price and the market price at the time of closing. In the absence of a market price, the Company uses the fair value as determined by the price per share in recent non flow-through share financings or other techniques as considered necessary. This premium is recorded as liabilities reducing share capital and is drawn down proportionately as the flow-through exploration spending occurs and recorded as other income. In instances where the Company has sufficient deductible temporary differences available to offset the deferred income tax liability created from renouncing qualifying expenditures, the realization of the deductible temporary differences will be shown as a recovery in operations in the period of renunciation.

j) Share-based payments

The Company has an equity-settled share-based compensation plan. Equity-settled share-based payments to employees and others providing similar services are measured at the fair value of the equity instruments at the grant date. The fair value is measured at grant date, using the Black-Scholes Option Pricing Model, and each tranche is recognized on a graded-vesting basis over the period in which options vest. At the end of each reporting period, the Company revises its estimate of the number of equity instruments expected to vest. The impact of the revision of the original estimates, if any, is recognized in profit or loss such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to contributed surplus.

Equity-settled share-based payment transactions with parties other than employees are measured at the fair value of the goods or services received, except where that fair value cannot be estimated reliably, in which case they are measured at the fair value of the equity instruments granted, measured at the date the entity obtains the goods or the counterparty renders the service.

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**WALKER RIVER RESOURCES CORP.**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE YEARS ENDED NOVEMBER 30, 2021 AND 2020**  
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**3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

k) Loss per share

The Company presents basic and diluted loss per share data for its common shares, calculated by dividing the loss attributable to common shareholders of the Company by the weighted average number of common shares outstanding during the period. Diluted loss per share does not adjust the loss attributable to common shareholders or the weighted average number of common shares outstanding when the effect is anti-dilutive.

l) Income taxes

Income tax on profit or loss comprises current and deferred tax. Income tax is recognized in profit or loss except to the extent that it relates to items recognized directly in equity, in which case it is recognized in equity.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the financial position date, and includes any adjustments to tax payable or receivable in respect of previous years.

Deferred income taxes are recorded using the liability method whereby deferred tax is recognized in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the balance sheet date. Deferred tax is not recognized for temporary differences which arise on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting, nor taxable profit or loss.

A deferred tax asset is recognized for unused tax losses, tax credits and deductible temporary differences, to the extent that it is probable that future taxable profits will be available against which they can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

m) Amounts receivable

Amounts receivable include amounts due from Revenue Canada and Revenue Quebec for sales input tax credits.

n) Valuation of equity units issued in private placements

The Company has adopted a residual value method with respect to the measurement of shares and warrants issued as private placement units. The residual value method first allocates value to the more easily measurable component based on fair value and then the residual value, if any, to the less easily measurable component. The fair value of common shares issued in private placements was determined to be the more easily measurable component and are valued at their fair value, as determined by the closing quoted bid price on the announcement date. The balance, if any, is allocated to attached warrants. Any fair value attributed to warrants is recorded to reserves.

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**3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

o) Financial instruments

(i) Classification

The Company classifies its financial instruments in the following categories: at fair value through profit and loss (“FVTPL”), at fair value through other comprehensive income (loss) (“FVTOCI”) or at amortized cost. The Company determines the classification of financial assets at initial recognition. The classification of debt instruments is driven by the Company’s business model for managing the financial assets and their contractual cash flow characteristics. Equity instruments that are held for trading are classified as FVTPL. For other equity instruments, on the day of acquisition the Company can make an irrevocable election (on an instrument-by-instrument basis) to designate them as at FVTOCI. Financial liabilities are measured at amortized cost, unless they are required to be measured at FVTPL (such as instruments held for trading or derivatives) or if the Company has opted to measure them at FVTPL.

The Following table shows the classification of the Company’s financial instruments:

| <u>Financial assets/liabilities</u>      | <u>Classification</u> |
|--|-----------------------|
| Cash                                     | FVTPL                 |
| Sales tax receivable                     | Amortized cost        |
| Accounts payable and accrued liabilities | Amortized cost        |
| Due to related parties                   | Amortized cost        |
| Loan receivable                          | Amortized cost        |

(ii) Measurement

Financial assets and liabilities at amortized cost

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 at FVTPL

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 statement of comprehensive loss in the period in which they arise.

Debt investments at FVTOCI

These assets are subsequently measured at fair value. Interest income calculated using the effective interest method, foreign exchange gains and losses and impairment are recognised in profit or loss. Other net gains and losses are recognised in OCI. On derecognition, gains and losses accumulated in OCI are reclassified to profit or loss.

Equity investments at FVTOCI

These assets are subsequently measured at fair value. Dividends are recognised as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognised in OCI and are never reclassified to profit or loss.

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**3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

o) Financial instruments (continued)

(iii) Impairment of financial assets at amortized cost

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

(iv) Derecognition

Financial assets

The Company derecognizes financial assets only when the contractual rights to cash flows from the financial assets expire, or when it transfers the financial assets and substantially all of the associated risks and rewards of ownership to another entity.

Financial liabilities

The Company derecognizes a financial liability when its contractual obligations are discharged or cancelled, or expire. The Company also derecognizes a financial liability when the terms of the liability are modified such that the terms and / or cash flows of the modified instrument are substantially different, in which case a new financial liability based on the modified terms is recognized at fair value.

Gains and losses on derecognition are generally recognized in profit or loss.

**4. EQUIPMENT**

|                                     | <b>Vehicle</b>    | <b>Equipment</b> | <b>Total</b>      |
|-------------------------------------|-------------------|------------------|-------------------|
| <b>Cost</b>                         |                   |                  |                   |
| Balance at November 30, 2019        | \$ 24,309         | \$ 33,318        | \$ 57,627         |
| Additions                           | 76,163            | 14,829           | 90,992            |
| Balance at November 30, 2020        | 100,472           | 48,147           | 148,619           |
| Additions                           | —                 | —                | —                 |
| <b>Balance at November 30, 2021</b> | <b>\$ 100,472</b> | <b>\$ 48,147</b> | <b>\$ 148,619</b> |

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**4. EQUIPMENT (continued)**

**Accumulated Depreciation**

|                                     |                  |                  |                  |
|-------------------------------------|------------------|------------------|------------------|
| Balance at November 30, 2019        | \$ 21,614        | \$ 14,369        | \$ 35,983        |
| Depreciation                        | 12,233           | 7,910            | 20,143           |
| <b>Balance at November 30, 2020</b> | <b>\$ 33,847</b> | <b>\$ 22,279</b> | <b>\$ 56,126</b> |
| Depreciation                        | 19,988           | 7,760            | 27,748           |
| <b>Balance at November 30, 2021</b> | <b>\$ 53,835</b> | <b>\$ 30,039</b> | <b>\$ 83,874</b> |

**Net Carrying Amounts**

|                                   |                  |                  |                  |
|-----------------------------------|------------------|------------------|------------------|
| <b>Balance, November 30, 2020</b> | <b>\$ 66,625</b> | <b>\$ 25,868</b> | <b>\$ 92,493</b> |
| <b>Balance, November 30, 2021</b> | <b>\$ 48,637</b> | <b>\$ 18,108</b> | <b>\$ 64,745</b> |

**5. EXPLORATION AND EVALUATION ASSETS**

Total costs incurred on exploration and evaluation assets are summarized as:

Year ended November 30, 2021:

|                                    | <b>Lapon Gold<br/>Project</b> | <b>Garfield<br/>Project</b> | <b>Total</b>        |
|------------------------------------|-------------------------------|-----------------------------|---------------------|
| Acquisition costs:                 |                               |                             |                     |
| Balance, beginning of year         | \$ 3,828,847                  | \$ 144,724                  | \$ 3,973,571        |
| Additions                          | –                             | 12,142                      | 12,142              |
| <b>Balance, November 30, 2021</b>  | <b>3,828,847</b>              | <b>156,866</b>              | <b>3,985,713</b>    |
| Deferred exploration expenditures: |                               |                             |                     |
| Balance, beginning of year         | 2,494,321                     | 5,100                       | 2,499,421           |
| Geologist fees and assays          | 1,086,824                     | –                           | 1,086,824           |
| Other fees                         | –                             | 14,398                      | 14,398              |
| Depreciation                       | 27,748                        | –                           | 27,748              |
| <b>Balance, November 30, 2021</b>  | <b>3,608,893</b>              | <b>19,498</b>               | <b>3,628,391</b>    |
|                                    | <b>\$ 7,437,740</b>           | <b>\$ 176,364</b>           | <b>\$ 7,614,104</b> |

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**5. EXPLORATION AND EVALUATION ASSETS (continued)**

Year ended November 30, 2020:

|                                    | <b>Lapon Gold<br/>Project</b> | <b>Garfield<br/>Project</b> | <b>Total</b>        |
|------------------------------------|-------------------------------|-----------------------------|---------------------|
| Acquisition costs:                 |                               |                             |                     |
| Balance, beginning of the year     | \$ 3,825,283                  | \$ 115,447                  | \$ 3,940,730        |
| Additions                          | 3,564                         | 29,277                      | 32,841              |
| <b>Balance, November 30, 2020</b>  | <b>3,828,847</b>              | <b>144,724</b>              | <b>3,973,571</b>    |
| Deferred exploration expenditures: |                               |                             |                     |
| Balance, beginning of the year     | 2,095,737                     | 5,100                       | 2,100,837           |
| Geologist fees and assays          | 378,443                       | –                           | 378,443             |
| Depreciation                       | 20,141                        | –                           | 20,141              |
| <b>Balance, November 30, 2020</b>  | <b>2,494,321</b>              | <b>5,100</b>                | <b>2,499,421</b>    |
|                                    | <b>\$ 6,323,168</b>           | <b>\$ 149,824</b>           | <b>\$ 6,472,992</b> |

Lapon Gold Project, Nevada

The Lapon Gold Project consists of three areas: Lapon Canyon Project, Rattlesnake Project and Pikes Peak Project.

The Company owns 100% of the Lapon Gold Project, which is comprised of 147 claims. The previous owner of the Lapon Canyon portion of the Lapon Gold Project retains a 1% Net Smelter Return (“NSR”). The Company has an option to buy the NSR for \$300,000.

Garfield Flats Project, Nevada

On July 11, 2018, the Company entered into an Option Agreement (“Option”) with Nevada Canyon Gold Corp. (“Nevada Canyon”) on the Garfield Flats Project, located in Mineral County, Nevada, that gives the Company the exclusive option and right to acquire 100% ownership of the Garfield Flats Project which consists of 59 unpatented mining claims.

The Option commenced on June 7, 2017 and continues for 10 years, subject to the right to extend the Option for two additional terms of 10 years each, and subject to an option to purchase the Property.

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**5. EXPLORATION AND EVALUATION ASSETS (continued)**

Garfield Flats Project, Nevada (continued)

Full consideration of the agreement consists of the following:

- \$15,000 US (paid) initial cash payment upon the execution of the agreement on June 7, 2017,
  - \$15,000 US (paid) on the first anniversary of the agreement,
  - \$20,000 US (paid by Smooth Rock in accordance with the exploration agreement) on the second anniversary of the agreement,
  - \$10,000 US (paid) on the third anniversary of the agreement, \*
  - \$10,000 US (paid) on the fourth anniversary of the agreement, \*
  - \$25,000 US to be paid on the fifth anniversary of the agreement,
  - \$40,000 US to be paid on the sixth and any succeeding anniversary of the agreement.
- \*On May 12, 2020, the Company renegotiated the third and fourth payments to \$10,000 with the property vendor.

The Company has the option to purchase the Option for US\$300,000.

On June 7, 2019, the Company signed an exploration agreement with an option to form a joint venture on the Garfield Flats property with Smooth Rock Ventures Corp (“Smooth Rock”). On May 25, 2020, the agreement was renegotiated to extend the funding requirements to within 2 years and 3 years respectively.

Smooth Rock can earn an undivided 50% interest in the Option by financing \$600,000 in exploration expenditures as follows:

- (a) for an initial 25% interest of the Garfield Flats project, \$300,000 in exploration expenditures within a 2 year period,
- (b) for an additional 25% interest, \$300,000 in exploration expenditures on or before the third anniversary, and
- (c) upon earning a 50% interest, a 50/50 joint venture will be formed between the Company and Smooth Rock.

Smooth Rock may accelerate any of the above earn-in periods at its option. The Company shall be the operator of the exploration during the earn-in period.

**6. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES**

|                     | <b>November 30,<br/>2021</b> | <b>November 30,<br/>2020</b> |
|---------------------|------------------------------|------------------------------|
| Accounts payable    | \$ 411,810                   | \$ 357,349                   |
| Accrued liabilities | 157,000                      | 524,051                      |
|                     | <b>\$ 568,810</b>            | <b>\$ 881,400</b>            |

The Company reversed \$385,073 in accrued interest on flow through premium liability as it no longer expect to be paid.

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**7. SHARE CAPITAL**

Authorized

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

Issued

During the Year ended November 30, 2021:

- i) On December 22, 2020, 1,350,000 warrants were exercised at \$0.10 per warrant for 1,350,000 shares for gross proceeds of \$135,000.
- ii) On January 21, 2021, 2,600,000 warrants were exercised at \$0.10 per warrant for 2,600,000 shares for gross proceeds of \$260,000.

During the year ended November 30, 2020:

- i) On January 10, 2020, 10,000,000 warrants were exercised at \$0.00 per warrant for 10,000,000 shares, no proceeds were due or received.
- ii) On February 14, 2020, 500,000 warrants were exercised at \$0.10 per warrant for 500,000 shares for gross proceeds of \$50,000.
- iii) On February 14, 2020, 250,000 options were exercised at \$0.12 per option for 250,000 shares for gross proceeds of \$30,000.
- iv) On March 3, 2020, 1,050,000 warrants were exercised at \$0.10 per warrant for 1,050,000 shares for gross proceeds of \$105,000.
- v) On March 27, 2020, 300,000 warrants were exercised at \$0.10 per warrant for 300,000 shares for gross proceeds of \$30,000.
- vi) On April 15, 2020, the Company issued 5,715,656 units for proceeds of \$400,096. Each unit consisted of one common share and one warrant. Each warrant is exercisable into one common share before April 16, 2022 at a price of \$0.08 per share. The fair value of warrants was determined to be \$nil using the residual method.
- vii) On August 31, 2020 1,300,000 warrants were exercised for proceeds of \$124,000.

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**7. SHARE CAPITAL (continued)**

Issued (continued)

- viii) On September 10, 2020, 25,320,000 units were issued for proceeds of \$2,532,000. Each unit consists of one common share and one warrant, whereby each warrant shall be exercisable into one share for a period of three years from closing at a price of \$0.13 per share. The fair value of warrants was determined to be \$nil using the residual method.

The Company has paid finders' fees in connection with this private placement as follows: (i) paid an aggregate of \$165,600 in cash to eligible finders; and (ii) issued an aggregate of 1,656,000 warrants. The finder warrants will have the same terms as the warrants forming part of the units. The fair value of the brokers' warrants was determined using the Black-Scholes pricing model and the following assumptions: estimated volatility 113%, expected life of 3 years and risk-free interest rate of 0.25%.

- ix) On September 15, 2020, 9,680,000 units were issued for proceeds of \$968,000. Each unit consists of one common share and one warrant, whereby each warrant shall be exercisable into one share for a period of three years from closing at a price of \$0.13 per share. The fair value of warrants was determined to be \$nil using the residual method.

In connection with the private placement, the Company has: (i) paid an aggregate of \$77,440 in cash to eligible finders; and (ii) issued an aggregate of 774,400 warrants. The warrants will have the same terms as the warrants forming part of the units. The fair value of the brokers' warrants was determined using the Black-Scholes pricing model and the following assumptions: estimated volatility 113%, expected life of 3 years and risk free interest rate of 0.25%.

- x) On October 16, 2020 900,000 warrants were exercised for proceeds of \$90,000.
- xi) On November 6, 2020 1,500,000 warrants were exercised for proceeds of \$150,000.

Stock options

The Company has a Stock Option Plan (the "Plan") to grant incentive stock options to directors, officers, employees and consultants. Under the plan, the aggregate number of common shares which may be subject to option at any one time may not exceed 10% of the issued common shares of the Company as of that date including options granted prior to the adoption of the Plan. Options granted may not exceed a term of ten years, and the term will be reduced to one year following the date of death of the optionee. All options vest when granted unless otherwise specified by the Board of Directors.

|   | Number of<br>Options | Weighted Average<br>Exercise Price<br>\$ |
|---|----------------------|--|
| <b>Balance, November 30, 2019</b>                       | <b>12,000,000</b>    | <b>0.12</b>                              |
| Exercised   | (250,000)            | 0.12                                     |
| <b>Balance, November 30, 2020 and November 30, 2021</b> | <b>11,750,000</b>    | <b>0.12</b>                              |

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**7. SHARE CAPITAL (continued)**

Stock options (continued)

As at November 30, 2021, the following stock options were exercisable:

| Number of Options | Exercise Price \$ | Years remaining | Expiry Date        |
|-------------------|-------------------|-----------------|--------------------|
| 8,750,000         | 0.12              | .73             | August 22, 2022    |
| 1,000,000         | 0.11              | 2.18            | February 5, 2024   |
| 2,000,000         | 0.105             | 2.80            | September 15, 2024 |
| <b>11,750,000</b> | <b>0.12</b>       | <b>1.20</b>     |                    |

On February 14, 2020, 250,000 options were exercised at \$0.12 per option for 250,000 shares for gross proceeds of \$30,000.

Warrants

A summary of the Company's share purchase warrants are as follows:

|                                   | Number of Warrants | Weighted Average Exercise Price \$ |
|-----------------------------------|--------------------|------------------------------------|
| <b>Balance, November 30, 2019</b> | <b>40,668,522</b>  | <b>0.08</b>                        |
| Exercised                         | (10,000,000)       | 0.00                               |
| Exercised                         | (5,250,000)        | 0.10                               |
| Exercised                         | (300,000)          | 0.08                               |
| Expired                           | (7,057,467)        | 0.10                               |
| Issued                            | 5,715,656          | 0.08                               |
| Issued                            | 37,430,400         | 0.13                               |
| <b>Balance, November 30, 2020</b> | <b>61,207,111</b>  | <b>0.12</b>                        |
| Exercised                         | (3,950,000)        | 0.10                               |
| Expired                           | (7,965,600)        | 0.10                               |
| Expired                           | (4,545,455)        | 0.15                               |
| <b>Balance, November 30, 2021</b> | <b>44,746,056</b>  | <b>0.12</b>                        |

As at November 30, 2021, the following share purchase warrants were outstanding:

| Number of Warrants | Exercise Price \$ | Years Remaining | Expiry Date        |
|--------------------|-------------------|-----------------|--------------------|
| 1,900,000          | 0.00              | .63             | July 18, 2022      |
| 5,415,656          | 0.08              | .37             | April 15, 2022     |
| 26,976,000         | 0.13              | 1.78            | September 10, 2023 |
| 10,454,400         | 0.13              | 1.79            | September 15, 2023 |
| <b>44,746,056</b>  | <b>0.12</b>       | <b>1.67</b>     |                    |

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**7. SHARE CAPITAL (continued)**

Nature and Purpose of Reserves

Stock option reserve

The stock option reserve records items recognized as stock-based compensation expense until such time that the stock options are exercised, at which time the corresponding amount will be transferred to share capital. If the options expire unexercised, the amount recorded is transferred to deficit.

Warrant reserves

The warrant reserve records items recognized as the value of warrants issued with respect to financings and not classified as liabilities until such time as the warrants are exercised, at which time the corresponding amount will be transferred to share capital. The value of the warrants which eventually expire unexercised is reallocated to deficit upon their expiry.

Deficit

Deficit is used to record the Company's change in deficit from earnings and losses from period to period and to record the value of expired options and warrants that were originally accounted for as equity instruments.

**8. MANAGEMENT OF CAPITAL**

The Company considers its capital to consist of shareholders' equity. The Company's objective when managing capital is to maintain adequate levels of funding to support the development of its businesses and maintain the necessary corporate and administrative functions to facilitate these activities. This is done primarily through debt and equity financing. Future financings are dependent on market conditions and there can be no assurance the Company will be able to raise funds in the future. There were no changes to the Company's approach to capital management during the year. The Company is not subject to externally imposed capital requirements.

**9. FINANCIAL INSTRUMENTS AND FINANCIAL RISK**

IFRS 13, Fair-Value Measurement, establishes a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

Level 1 - quoted prices (unadjusted) in active markets for identical assets or liabilities;

Level 2 - inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and

Level 3 - inputs for the asset or liability that are not based on observable market data (unobservable inputs).

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**9. FINANCIAL INSTRUMENTS AND FINANCIAL RISK**

**Fair value of financial instruments**

The Company's financial instruments include cash, other receivables, accounts payable and accrued liabilities, loan receivable and amounts due to related parties. The carrying value of these instruments approximates their fair values due to the relatively short periods of maturity of these instruments.

Assets measured at fair value on a recurring basis as at November 30, 2021:

|      | Level 1      | Level 2 | Level 3 | Total        |
|------|--------------|---------|---------|--------------|
| Cash | \$ 1,455,336 | –       | –       | \$ 1,455,336 |

**Financial risk management objectives and policies**

The Company's financial instruments include cash, accounts payable and due to a related party. The risks associated with these financial instruments and the policies on how to mitigate these risks are set out below. Management manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner.

(i) *Currency risk*

The Company's expenses are denominated in Canadian dollars, except for certain exploration and evaluation expenditures incurred during the period were denominated in U.S. dollars. The Company's corporate office is based in Canada and current exposure to exchange rate fluctuations is minimal. The Company does not have any significant foreign currency denominated monetary liabilities.

(ii) *Interest rate risk*

The Company is exposed to interest rate risk on the variable rate of interest earned on bank deposits. The fair value interest rate risk on bank deposits is insignificant as the deposits are short term. The Company has not entered into any derivative instruments to manage interest rate fluctuations.

(iii) *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 exposure to credit risk is on its loan receivable which is due from a mineral exploration company that does not have cash flows from operations. Credit risk on this receivable is therefore assessed as high. The Company is also exposed to credit risk on its cash. To minimize the credit risk on cash the Company places the instrument with a major financial institution.

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**9. FINANCIAL INSTRUMENTS AND FINANCIAL RISK (continued)**

**Financial risk management objectives and policies (continued)**

*(iv) Liquidity risk*

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. In the management of liquidity risk of the Company, the Company maintains a balance between continuity of funding and the flexibility through the use of borrowings. Management closely monitors the liquidity position and expects to have adequate sources of funding to finance the Company's projects and operations.

As at November 30, 2021, the Company has cash of \$1,455,336 to settle accounts payable and accrued liabilities of \$568,810 and amounts due to related parties of \$37,703 for payment within twelve months of the balance date.

The Company's non-derivative financial liabilities at November 30, 2021 mature as follows:

|                        | <b>&lt;1 year</b> | <b>1 – 3 Years</b> | <b>Total</b> |
|------------------------|-------------------|--------------------|--------------|
| Accounts payable       | \$ 568,810        | \$ –               | \$ 568,810   |
| Due to related parties | \$ 37,703         | \$ –               | \$ 37,703    |

*(v) Commodity Price Risk*

The Company's ability to raise capital to fund exploration activities is subject to risks associated with fluctuations in the market price of mineral resources. The Company closely monitors commodity prices to determine the appropriate course of actions to be taken.

**10. RELATED PARTY TRANSACTIONS AND BALANCES**

a) Related party transactions and balances

During the year ended November 30, 2021 the following amounts were incurred or paid to officers and directors and/or their related companies:

- i) The Company incurred \$178,663 (November 30, 2020: \$133,000) for deferred exploration expenses on the Lapon Gold Project to a company controlled by a director of the Company.
- ii) Amounts due to related parties includes a balance due to a company controlled by a director and officer of the Company for expenses of \$nil (November 30, 2020: \$2,142). These amounts are unsecured, non-interest bearing, with no fixed terms of repayment.
- iii) Amounts due to related parties includes a balance due to a company controlled by a director and officer of the Company for expenses of \$12,774 (November 30, 2020: \$13,095). These amounts are unsecured, non-interest bearing, with no fixed terms of repayment.
- iv) Amounts due to related parties includes a balance due to a director and officer of the Company for unpaid management fees and expenses of \$14,029 (November 30, 2020: \$26,140). These amounts are unsecured, non-interest bearing, with no fixed terms of repayment.
- v) The Company incurred \$23,502 (November 30, 2020: \$11,312) for deferred exploration expenses on the Lapon Gold Project to a director of the Company.

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**10. RELATED PARTY TRANSACTIONS AND BALANCES (continued)**

a) Related party transactions and balances (continued)

vi) Amounts due to related parties includes a balance due to a director of the Company for management fees of \$10,900 (November 30, 2020: \$5,000). These amounts are unsecured, non-interest bearing, with no fixed terms of repayment.

vii) The Company paid or accrued \$15,000 (November 30, 2020: \$nil) in consulting fees to a director and officer of the Company.

b) Key management compensation

Key management includes directors and key officers of the Company, including the President, CEO and CFO. During the year ended November 30, 2021:

The Company paid or accrued \$129,000 (November 30, 2020: \$114,000) in management fees to a director and officer of the Company.

The Company paid or accrued \$60,000 (November 30, 2020: \$48,095) in management fees to a director and officer of the Company.

c) Share purchases

On October 20, 2020, 400,000 common shares were issued to a director of the Company pursuant to the exercise of warrants at \$0.10 for consideration of \$40,000.

**11. COMMITMENTS**

In relation to the flow-through private placements completed during the years ended November 30, 2013 and 2014, the Company was committed to incur and renounce \$613,500 in Canadian exploration expenditures by December 31, 2014. The Company was unable to incur \$520,116 of these expenditures. The flow-through share premium liability of \$139,059 represents the premium paid by investors on the portion of the required expenditures not incurred.

The Company agreed to indemnify the flow-through shareholders for certain costs they incurred as a result of not meeting its obligation to spend the flow-through share proceeds on qualifying Canadian exploration expenditures in compliance with the applicable tax rules and pursuant to the share subscription agreement entered into. As a result of this indemnification, the Company recorded a provision of \$385,073 (November 30, 2020: \$372,052) in accounts payable. During the year ended November 30, 2021, the Company recorded interest in the amount of \$13,022 (2020 – \$11,776) related to the flow-through shares described above.

As the Company has not paid any claims associated with the indemnification in over six years, the Company reversed the provision of \$385,073 and the flow through share premium liability of \$139,059 in the current year.

**WALKER RIVER RESOURCES CORP.**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE YEARS ENDED NOVEMBER 30, 2021 AND 2020**  
**(EXPRESSED IN CANADIAN DOLLARS)**

**12. CONTINGENCY**

During the year ended November, 30 2021, the Company received a legal claim against the Company arising in the normal course of operations. Management is of the opinion that the outcome of any potential litigation will not have a material adverse impact on the Company's financial position or results of operations. Accordingly, the accounts payable and accrued liabilities does not include any provisions for the settlement of the claim.

**13. INCOME TAXES**

A reconciliation of the statutory tax rate to the average effective rate for the period ended November 30, 2020 is as follows:

|  | <b>2021</b>  | <b>2020</b>    |
|--|--------------|----------------|
| Net loss for the year                          | \$ (622,735) | \$ (1,006,685) |
| Statutory tax rate                             | 27%          | 27%            |
| Income tax recovery at combined statutory rate | (168,138)    | (271,805)      |
| Effect of true-up of prior year tax return     | 76,234       | 165,164        |
| Non deductible expenditures                    | 1,937        | 2,262          |
| Share issuance costs                           | (65,621)     | (65,621)       |
| Change in tax benefits not recognized          | 155,588      | 170,000        |
|  | <b>\$ -</b>  | <b>\$ -</b>    |

Temporary differences that give rise to the following deferred tax assets are:

|   | <b>2021</b>  | <b>2020</b>  |
|---|--------------|--------------|
| Non-capital loss carry forwards               | \$ 1,774,000 | \$ 1,591,000 |
| Equipment                                     | 11,000       | 15,000       |
| Exploration and evaluation assets             | (168,000)    | (162,000)    |
| Share issuance costs                          | 41,000       | 58,000       |
| Total gross deferred income tax assets        | 1,658,000    | 1,502,000    |
| Less: unrecognized deferred income tax assets | (1,658,000)  | (1,502,000)  |
|   | <b>\$ -</b>  | <b>\$ -</b>  |

As at November 30, 2021, the Company has approximately \$6,571,000 of non-capital losses in Canada that may be used to offset future taxable income, expiring in 2041.