



**CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED AUGUST 31, 2022 AND 2021**

(Expressed in Canadian Dollars)

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of
Viscount Mining Corp.

Opinion

We have audited the accompanying consolidated financial statements of Viscount Mining Corp. (the "Company"), which comprise the consolidated statements of financial position as at August 31, 2022 and 2021, and the consolidated statements of loss and comprehensive loss, changes in equity, and cash flows for the years then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, these consolidated financial statements present fairly, in all material respects, the financial position of the Company as at August 31, 2022 and 2021, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards ("IFRS").

Basis for Opinion

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

Material Uncertainty Related to Going Concern

We draw attention to Note 1 of the consolidated financial statements, which indicates that the Company had no source of operating revenues, incurred a net loss of \$1,432,781 during the year ended August 31, 2022 and, as of that date, had an accumulated deficit of \$13,400,758. As stated in Note 1, these events and conditions 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 obtained at the date of this auditor's report includes Management's Discussion and Analysis.

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

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

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



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

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

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

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

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

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

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

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

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

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

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

“DAVIDSON & COMPANY LLP”

Vancouver, Canada

Chartered Professional Accountants

December 28, 2022

VISCOUNT MINING CORP.
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
(Expressed in Canadian dollars)
As at

	Note	August 31, 2022 (\$)	August 31, 2021 (\$)
ASSETS			
Current			
Cash	3	1,247,578	2,571,328
Amounts receivable and prepaid expenses	4	90,387	97,286
Recoverable from Joint Venture Partner	5A	287,926	192,230
		<u>1,625,891</u>	<u>2,860,844</u>
Reclamation bond		30,005	26,172
Exploration and evaluation properties	5,6	<u>5,893,037</u>	<u>4,878,419</u>
Total Assets		<u>7,548,933</u>	<u>7,765,435</u>
LIABILITIES			
Current liabilities			
Trade payables and accrued liabilities	6	<u>218,162</u>	<u>79,643</u>
Total liabilities		<u>218,162</u>	<u>79,643</u>
SHAREHOLDERS' EQUITY			
Share capital	7	19,036,383	17,958,623
Subscriptions receivable	6,7	(185,875)	(185,875)
Reserves	7	1,881,021	2,241,778
Deficit		<u>(13,400,758)</u>	<u>(12,328,734)</u>
Total shareholders' equity		<u>7,330,771</u>	<u>7,685,792</u>
Total Liabilities and Shareholders' Equity		<u>7,548,933</u>	<u>7,765,435</u>

Nature and Continuance of Operations (Note 1)

These consolidated financial statements are authorized for issuance by the Board of Directors on December 28, 2022.

On behalf of the Board:

"Jim MacKenzie" Director

"William Macdonald" Director

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

VISCOUNT MINING CORP.
CONSOLIDATED STATEMENTS OF LOSS AND COMPREHENSIVE LOSS
(Expressed in Canadian dollars)

	Note	Year Ended August 31, 2022 (\$)	Year Ended August 31, 2021 (\$)
Expenses			
Bank charges, interest and fees		2,445	3,639
Consulting and management compensation	6	634,483	540,254
Foreign exchange (gain) loss		13,596	(1,226)
Insurance		42,789	49,753
Legal and accounting	6	278,185	161,253
Office and miscellaneous		30,287	21,294
Promotion		427,221	510,265
Share-based payments	6, 7	-	520,928
Transfer agent and filing fees		22,746	28,092
		(1,451,752)	(1,834,252)
Government assistance		-	10,000
Interest income		4,771	6,745
Centerra management fees	5	14,200	85,200
Loss and comprehensive loss for the year		(1,432,781)	(1,732,307)
Loss per share, basic and diluted		(0.02)	(0.02)
Weighted average number of common shares outstanding – basic and diluted		85,931,821	83,375,966

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

VISCOUNT MINING CORP.
CONSOLIDATED STATEMENTS OF CASH FLOWS
(Expressed in Canadian dollars)

	Year Ended August 31, 2022 (\$)	Year Ended August 31, 2021 (\$)
Cash Flows From Operating Activities		
Loss for the year	(1,432,781)	(1,732,307)
Adjustments for non-cash items:		
Government assistance	-	(10,000)
Share-based payments	-	520,928
Changes in operating assets and liabilities:		
Receivables and prepaid expenses	6,899	(68,536)
Reclamation bond	(3,833)	(2,000)
Trade payables and accrued liabilities	138,519	(224,606)
	<u>(1,291,196)</u>	<u>(1,516,521)</u>
Cash Flows From Investing Activities		
Exploration and evaluation expenditures	(1,454,908)	(1,839,837)
Recoveries of exploration and evaluation expenditures	360,594	569,877
	<u>(1,094,314)</u>	<u>(1,269,960)</u>
Cash Flows From Financing Activities		
Issuance of common shares	1,061,760	1,123,585
Government assistance	-	(30,000)
	<u>1,061,760</u>	<u>1,093,585</u>
Change in cash	(1,323,750)	(1,692,896)
Cash, beginning	2,571,328	4,264,224
Cash, end	1,247,578	2,571,328

Supplemental cash flow information (Note 8)

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

VISCOUNT MINING CORP.
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
(Expressed in Canadian dollars)

	Number of Shares	Share Capital (\$)	Warrant Reserve (\$)	Option Reserve (\$)	Subscriptions Receivable (\$)	Deficit (\$)	Total (\$)
Balance, August 31, 2020	81,215,462	16,657,488	535,608	2,487,239	(76,500)	(11,851,250)	7,752,585
Exercise of options	117,000	45,490	-	(19,750)	-	-	25,740
Shares issued for mineral property	50,000	21,000	-	-	-	-	21,000
Expiry of options	-	-	-	(296,214)	-	296,214	-
Adjustment expiry of options	-	-	-	(715,866)	-	715,866	-
Exercise of warrants	3,567,000	1,234,645	(27,425)	-	(109,375)	-	1,097,845
Adjustment expiry of warrants	-	-	(242,742)	-	-	242,742	-
Share based payments options issued	-	-	-	520,928	-	-	520,928
Loss for the year	-	-	-	-	-	(1,732,306)	(1,732,306)
Balance, August 31, 2021	84,949,462	17,958,623	265,441	1,976,337	(185,875)	(12,328,734)	7,685,792
Shares issued for mineral property	50,000	16,000	-	-	-	-	16,000
Adjustment expiry of options	-	-	-	(95,316)	-	95,316	-
Exercise of warrants	3,318,000	1,061,760	-	-	-	-	1,061,760
Adjustment expiry of warrants	-	-	(265,441)	-	-	265,441	-
Loss for the year	-	-	-	-	-	(1,432,781)	(1,432,781)
Balance, August 31, 2022	88,317,462	19,036,383	-	1,881,021	(185,875)	(13,400,758)	7,330,771

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

1. Nature and Continuance of Operations

Viscount Mining Corp. (the "Company") was incorporated under the British Columbia Business Corporations Act on October 26, 2011. The Company's registered office is located at 409 - 221 W. Esplanade, North Vancouver BC, V7M 3J3. The Company is listed on the TSX Venture Exchange (TSX-V) and trades under the symbol "VML".

The Company is an exploration stage company, and its principal business activity is natural resource exploration, focusing on resources located in the states of Nevada and Colorado in the USA. Mining and exploration involve a high degree of risk and there can be no assurance that current exploration programs will result in profitable mining operations. The Company has no source of revenue and has significant cash requirements to conduct its planned exploration, meet its administrative overhead and maintain its resource interests.

These consolidated financial statements have been prepared on the going concern basis, which contemplates that the Company will be able to realize its assets and discharge liabilities in the normal course of business. There can be no assurance that the Company will either achieve or maintain profitability in the future.

The Company had cash of \$1,247,578 on August 31, 2022 (2021 - \$2,571,328) and working capital of \$1,407,729 (2021 - \$2,781,201), but management cannot provide assurance that the Company will ultimately achieve profitable operations or become cash flow positive or raise additional debt and/or equity capital. For the year ended August 31, 2022, the Company had no source of operating revenues, incurred an operating loss of \$1,432,781 (2021 - \$1,732,307) and, as at that date, had an accumulated deficit of \$13,400,758 (2021 - \$12,328,734). The continuation of the Company as a going concern is dependent on the Company's ability to successfully fund its cash obligations through financing. Although the Company has been successful in obtaining the necessary financing to date, there can be no assurance that adequate or sufficient financing will be available in the future, or available under terms acceptable to the Company, or the Company will be able to generate sufficient positive cash flow from operations. These circumstances indicate the existence of a material uncertainty which casts significant doubt as to the ability of the Company to meet its obligations as they come due, and accordingly, the appropriateness of the use of the accounting principles applicable to a going concern.

These consolidated financial statements do not reflect adjustments that would be necessary if the going concern assumption were not appropriate. Should the Company be unable to generate sufficient cash flow from operations or financing activities, the carrying value of the Company's assets could be subject to material adjustments and other adjustments may be necessary to these consolidated financial statements should such adverse events impair the Company's ability to continue as a going concern.

The recent outbreak of the coronavirus, also known as "COVID-19", has spread across the globe and is impacting worldwide economic activity. Conditions surrounding the coronavirus continue to rapidly evolve and government authorities have implemented emergency measures to mitigate the spread of the virus. The outbreak and the related mitigation measures may have an adverse impact on global economic conditions as well as on the Company's business activities. The extent to which the coronavirus may impact the Company's business activities will depend on future developments, such as the ultimate geographic spread of the disease, the duration of the outbreak, travel restrictions, business disruptions, and the effectiveness of actions taken in Canada and other countries to contain and treat the disease. These events are highly uncertain and as such, the Company cannot determine their financial impact at this time. While certain restrictions are being relaxed, it is unclear when the world will return to the previous normal, if ever. This may adversely impact the expected implementation of the Company's plans moving forward.

2. Significant Accounting Policies

Statement of Compliance

The consolidated financial statements of the Company, including comparatives, have been prepared in accordance with and using accounting policies in compliance with International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board (“IASB”) and interpretations of the International Financial Reporting Interpretations Committee (“IFRIC”), effective for the Company’s reporting for the year ended August 31, 2022.

Basis of Preparation

These consolidated financial statements have been prepared on the historical cost basis except for financial instruments classified as fair value through profit or loss. In addition, these financial statements have been prepared using the accrual basis of accounting, except for the cash flow information. The presentation and functional currency of the Company and its subsidiaries is the Canadian dollar.

Significant Accounting Judgments, Estimates and Assumptions

The preparation of the Company’s consolidated financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the reported amounts of assets, liabilities and contingent liabilities at the date of the consolidated financial statements and reported amounts of income and expenses during the reporting period. Estimates and assumptions are continuously evaluated and are based on management’s experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. However, actual outcomes can differ from these estimates.

Information about critical estimates and judgments in applying accounting policies that have the most significant risk of causing material adjustment to the carrying amounts of assets and liabilities recognized in the consolidated financial statements within the next financial year are discussed below:

Recoverability of Capitalized Exploration and Evaluation Expenditures

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

Share-based payments

The fair value of share options granted is measured using the Black-Scholes option pricing model. Measurement inputs include the share price on the measurement date, exercise price of the options, expected volatility, expected life of the options, expected dividends and the risk-free interest rate. These estimates will impact the amount of share-based payments recognized. When stock options are exercised, the cash proceeds along with the amount previously recorded as share-based payment reserves are recorded as share capital.

2. Significant Accounting Policies (continued)

Income taxes

Related assets and liabilities are recognized for the estimated tax consequences between amounts included in the financial statements and their tax base using substantively enacted future income tax rates. Timing of future revenue streams and future capital spending changes can affect the timing of any temporary differences and, accordingly, affect the amount of the deferred tax asset or liability calculated at a point in time.

Basis of Consolidation

The Company's consolidated financial statements include the accounts of the Company and its subsidiaries. A subsidiary is an entity (including a special purpose entity) controlled by the Company, where control is achieved by the Company having the power to govern the financial and operating policies of the entity so as to obtain benefits from its activities. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Company controls another entity. A subsidiary is fully consolidated from the date on which control is obtained by the Company and is de-consolidated from the date that control ceases.

The following subsidiaries have been consolidated for all dates presented within these financial statements, and are wholly owned: Viscount Mining Resources Ltd., Viscount Nevada Holdings Ltd. ("Viscount Nevada") and Viscount Colorado Holdings Ltd. ("Viscount Colorado").

All significant inter-company transactions, balances, income and expenses are eliminated on consolidation.

Exploration and evaluation properties

Once a license to explore an area has been secured, all direct costs related to the acquisition, exploration and evaluation of mineral property interests are capitalized as exploration and evaluation properties on a property by property basis. At such time that technical feasibility and commercial viability of extracting a mineral resource has been determined for a property, the capitalized exploration and evaluation costs are first tested for impairment and then transferred and capitalized into property, plant and equipment. The Company records expenditures on exploration and evaluation activities at cost.

Proceeds received from a partial sale or option of any interest in a property are credited against the carrying value of the property. When the proceeds exceed the carrying costs, the excess is recorded in profit or loss in the period the excess is received. When all of the interest in a property is sold, subject only to any retained royalty interests which may exist, the accumulated property costs are de-recognized, with any gain or loss included in profit or loss in the period the transfer takes place. No initial value is assigned to any retained royalty interest.

When entitled, the Company records mineral exploration tax credits or incentive grants on an accrual basis and as a reduction of the carrying value of the properties.

Management assesses the exploration and evaluation assets for impairment at least annually and whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. The assessment is based on the development program, the nature of the mineral deposit, commodity prices and the Company's intentions and ability for development of the undeveloped property. If, after management review, it is determined that the carrying amount of a mineral property is impaired, that property is written down to its estimated recoverable amount. The recoverable amount of an asset is determined as the higher of its fair value less costs to sell and its value in use. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized.

2. Significant Accounting Policies (continued)

Provision for decommissioning and restoration

The Company recognizes provisions for statutory, contractual, constructive or legal obligations associated with the reclamation of mineral properties in the year in which it is probable that an outflow of resources will be required to settle the obligation and when a reliable estimate of the amount can be made. Initially, a provision for a decommissioning liability is recognized based on expected cash flows required to settle the obligation and discounted at a pre-tax rate specific to the liability. The capitalized amount is depreciated on the same basis as the related asset. Following the initial recognition of the decommissioning liability, the carrying amount of the liability is increased for the passage of time and adjusted for changes to the current market-based discount rate and the amount or timing of the underlying cash flows needed to settle the obligation. The increase in the provision due to passage of time is recognized as interest expense. Significant judgments and estimates are involved in forming expectations of the amounts and timing of future closure and reclamation cash flows. As at August 31, 2022 and 2021, the Company had no known restoration, rehabilitation or environmental liabilities related to its mineral properties.

Financial instruments

(i) Financial assets

The Company classifies its financial assets in the following categories: at fair value through profit or loss (“FVTPL”), at fair value through other comprehensive income (“FVTOCI”) and at amortized cost. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of financial assets at initial recognition. A financial asset is measured at amortized cost if it is held within a business model whose objective is to hold assets and collect contractual cash flows, its contractual terms give rise on specified dates that are solely payments of principle and interest on the principle amount outstanding, and it is not designated as FVTPL. Equity instruments that are held for trading are classified as FVTPL. For other equity instruments, the Company can make an irrevocable election (on an instrument by-instrument basis) on the day of acquisition to designate them as at FVTOCI.

Financial assets at FVTPL

Financial assets carried at FVTPL are initially recorded at fair value and transaction costs are expensed in profit or loss. Realized and unrealized gains and losses arising from changes in the fair value of the financial asset held at FVTPL are included in profit or loss in the period in which they arise. The Company’s cash is classified as FVTPL.

Financial assets at FVTOCI

Investments in equity instruments at FVTOCI are initially recognized at fair value plus transaction costs. Subsequently they are measured at fair value, with gains and losses arising from changes in fair value recognized in other comprehensive income. There is no subsequent reclassification of fair value gains and losses to profit or loss following the derecognition of the investment. None of the Company’s financial assets are classified as FVTOCI.

Financial assets at amortized cost

Financial assets at amortized cost are initially recognized at fair value and subsequently carried at amortized cost less any impairment. They are classified as current assets or non-current assets based on their maturity date. The Company’s financial assets at amortized cost comprise reclamation bonds and recoverable from JV partner.

Financial assets are derecognized when they mature or are sold, and substantially all the risks and rewards of ownership have been transferred. Gains and losses on derecognition of financial assets classified as FVTPL or amortized cost are recognized in profit or loss. Gains or losses on financial assets classified as FVTOCI remain within accumulated other comprehensive income.

2. Significant Accounting Policies (continued)

(ii) Financial liabilities

The Company classifies its financial liabilities as subsequently measured at amortized cost which include trade payables and accrued liabilities. The Company derecognizes a financial liability when its contractual obligations are discharged or cancelled, or they expire.

(iii) Impairment of financial assets

The Company recognizes a loss allowance for expected credit losses on financial assets that are measured at amortized cost. At each reporting date, the loss allowance for the financial asset is measured 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 loss allowance is measured for the financial asset at an amount equal to twelve month expected credit losses. For trade receivables the Company applies the simplified approach to providing for expected credit losses, which allows the use of a lifetime expected loss provision. Impairment losses on financial assets carried at amortized cost are reversed in subsequent periods if the amount of the loss decreases and the decrease can be objectively related to an event occurring after the impairment was recognized. Given the nature and balances of the Company's receivables the Company has no material loss allowance as at August 31, 2022 and 2021.

Per Share Information

Basic income (loss) per share amounts are calculated by dividing the profit or loss attributable to shareholders of the Company by the weighted average number of shares outstanding during the year.

Diluted income/loss per share amounts are determined by adjusting the profit or loss attributable to common shareholders and the weighted average number of common shares outstanding for the effects of all dilutive potential common shares, which consist of warrants and stock options (Note 7).

Share capital

Common shares are classified as equity. Transaction costs directly attributable to the issue of common shares and share options are recognized as a deduction from equity, net of any tax effects. Common shares issued for consideration other than cash, are valued based on their market value at the date the shares are issued.

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 Company considers the fair value of common shares issued in a private placement to be the more easily measurable component and the common shares 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 the attached warrants. Any fair value attributed to the warrants is recorded as reserves.

2. Significant Accounting Policies (continued)

Share-based Payments

Share-based payments to employees are measured at the fair value of the instruments issued and recognized over the vesting periods. Share-based payments to non-employees are measured at the fair value of goods or services received or the fair value of the equity instruments issued, if it is determined the fair value of the goods or services cannot be reliably measured, and are recorded at the date the goods or services are received. The corresponding amount is recorded to the stock options reserve. The fair value of options is determined using the Black-Scholes Option Pricing Model which incorporates all market vesting conditions. The number of shares and options expected to vest is reviewed and adjusted at the end of each reporting period such that the amount recognized for services received as consideration for the equity instruments granted shall be based on the number of equity instruments that will eventually vest. When options are cancelled or expire, the remaining amount in the stock option reserve for the specific grant is transferred to retained earnings (deficit).

Related Party Transactions

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

Income Taxes

Income tax 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 or other comprehensive income (loss), in which case the income tax is also recognized directly in equity or other comprehensive income (loss).

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted, or substantively enacted, at the end of the reporting period, and any adjustment to tax payable in respect of previous years.

Current tax assets and current tax liabilities are only offset if a legally enforceable right exists to set off the amounts, and the Company intends to settle on a net basis, or to realize the asset and settle the liability simultaneously.

Deferred tax is based on all temporary differences at the statement of financial position date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are generally recognized for all taxable temporary differences. Deferred tax assets are generally recognized for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilized. Such deferred tax assets and liabilities are not recognized if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at each statement of financial position date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilized.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realized or the liability is settled, based on the tax rates that have been enacted or substantively enacted at the statement of financial position date.

VISCOUNT MINING CORP.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
 August 31, 2022 and 2021
 (Expressed in Canadian Dollars)

2. Significant Accounting Policies (continued)

Foreign Currencies

The Company's reporting currency and the functional currency of all of its operations and its subsidiaries is the Canadian dollar as this is the principal currency of the economic environment in which it operates.

Foreign currency transactions are translated into the presentation currency using the exchange rates prevailing at the date of the transaction. Foreign currency monetary items are translated at the period-end exchange rate. Non-monetary items measured at historical cost continue to be carried at the exchange rate at the date of the transaction. Non-monetary items measured at fair value are reported at the exchange rate at the date when fair values were determined.

Exchange differences arising on the translation of monetary items or on settlement of monetary items are recognized in profit or loss in the period in which they arise, except where deferred in equity as a qualifying cash flow or net investment hedge.

New and revised standards and interpretations

There are no new IFRS or IFRIC Interpretations that are not yet effective that would be expected to have a material impact on the Company.

3. Cash

	As at August 31, 2022 (\$)	As at August 31, 2021 (\$)
Denominated in Canadian dollars	1,114,134	2,417,827
Denominated in US dollars	133,444	153,501
	1,247,578	2,571,328

4. Amounts Receivable and Prepaid Expenses

Amounts receivable and prepaid expenses consist of the following:

	As at August 31, 2022 (\$)	As at August 31, 2021 (\$)
Goods and Services Tax receivable	22,577	10,815
Prepaid exploration	34,954	43,355
Prepays insurance and travel expenses	32,856	43,116
	90,387	97,286

Amounts receivable are non-interest bearing, unsecured and have settlement dates within one year.

VISCOUNT MINING CORP.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
August 31, 2022 and 2021
(Expressed in Canadian Dollars)

5. Exploration and Evaluation Properties

Exploration and evaluation expenditures by project as at August 31, 2022 and 2021, excluding expenditures and recoveries under the Centerra agreement are as follows:

	As at August 31, 2022 (\$)	As at August 31, 2021 (\$)
Nevada Properties		
Acquisition and exploration costs	2,303,566	2,292,181
Recoveries	(916,495)	(851,750)
	<u>1,387,071</u>	<u>1,440,431</u>
Colorado Properties		
Acquisition and exploration costs	4,564,526	3,496,548
Recoveries	(58,560)	(58,560)
	<u>4,505,966</u>	<u>3,437,988</u>
	<u>5,893,037</u>	<u>4,878,419</u>

A summary of the changes in the Company's exploration and evaluation properties for the years ended August 31, 2022 and 2021 are as follows:

- A. **Nevada Properties**, described collectively as the Cherry Creek Project (the "Property"), is in the Cherry Creek Mining District, in White Pine County, Nevada.

In January 2021 Viscount entered into an exploration earn-in agreement with a wholly owned subsidiary of Centerra Gold Inc. "Centerra" to earn up to a 70% interest in the Cherry Creek Project.

Under terms of the Agreement Centerra has the right to acquire a 70% interest in the Property through (a) making annual payments totaling US\$250,000 over a 4-year period, and (b) spending US\$8,000,000 on mineral exploration costs on the Property over 4 years. If Centerra's option vests, then Viscount and Centerra will enter into a joint venture agreement.

Centerra would hold an initial interest of 70% in the Joint Venture, including the Property and any properties in the Area of Interest, and Viscount would hold an initial interest of 30% in the Joint Venture, including the Property and any properties in the Area of Interest. To maintain their respective percentage interest each Party would then contribute on a pro rata basis to further exploration and any potential development or mining on the Property and/or the properties within the Area of Interest.

Initially, Viscount was the project manager for the exploration program, with Centerra providing all funds required to conduct exploration of the project. In addition, as project manager Viscount earns operating fees of 10% on all project expenditures. Effective March 1, 2022, Centerra assumed the role as project manager. At August 31, 2022 the Company had made expenditures in excess of advances received and Centerra owed the Company \$287,926 (2021 - \$192,230). The Company incurred acquisition and exploration expenditures as operator under the Centerra arrangement of \$391,545 (2021 - \$682,713) and recorded accounting recoveries of the same.

5. Exploration and Evaluation Properties (continued)

During the year ended August 31, 2022, the Company signed an agreement to acquire the Mary Anne group claims located adjacent to the 100% controlled Cherry Creek Project in eastern White Pine County, Nevada.

The Company may acquire a 100% interest in the property under the following terms:

- a. US\$20,000 paid on October 1, 2021 (the "Approval Date") (paid), to occur within 5 days of signing agreement (paid at the Canadian equivalent of \$25,600).
- b. US\$30,000 paid on or before each anniversary of the Approval Date of the agreement to the 20th anniversary of such date, being the Closing Date.

The Company may accelerate or prepay any of the payments and thereby accelerate the closing date.

A 2.5% Net Smelter Royalty ("NSR") will be paid to the vendor; 1% of which can be purchased for \$1,000,000, thus reducing the royalty to 1.5%.

B. Colorado Properties, described collectively as Silver Cliff, consists certain claims located in the district of Colorado.

On August 13, 2014, the Company entered into an option agreement (the "Silver Cliff Agreement") with David C. and Debra J. Knight Living Trust (the "Owner"), whereby the Owner has agreed to grant an option to the Company to acquire an undivided 100% interest in the Silver Cliff project (the "Silver Cliff Property"), effective September 15, 2014. Pursuant to the agreement, as amended, the Company agreed to the following:

- 1) Issuing to the Owner 200,000 shares and 200,000 warrants (issued).
- 2) Make payments on behalf of the Owner for claim rental fees due to the U.S. Bureau of Land Management ("BLM").
- 3) Making payments to the Owner in the aggregate amount of US\$3,000,000 plus a cost-of-living adjustment effective from the anniversary payment. As of August 31, 2022 US\$290,000 has been paid, including US\$100,000 in fiscal 2022. Remaining option payments, which require cost of living adjustments to be added, are as follows:
 - US\$100,000 on the eighth anniversary, September 15, 2022, paid subsequently;
 - US\$100,000 on the ninth anniversary, September 15, 2023;
 - US\$100,000 on the tenth anniversary, September 15, 2024;
 - US\$150,000 on the eleventh anniversary, September 15, 2025;
 - US\$200,000 on the twelfth anniversary, September 15, 2026; and
 - Paying the remaining outstanding balance of the required US\$3,000,000.
- 4) The Company entered into a series of amending agreements in fiscal 2020 to delay the fifth anniversary payment. Pursuant to these amendments the Company issued 949,000 common shares valued at \$253,670 and paid cash of US\$5,000.
- 5) Royalty payments to the Owner of 2% of the NSR and issuance of an additional 550,000 shares and 550,000 warrants upon the commencement of commercial production.

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5. Exploration and Evaluation Properties (continued)

- 6) The Company agreed to issue Kingsmere Mining Ltd. a finder's fee of 500,000 shares. As of August 31, 2022, 250,000 shares have been issued, including 50,000 shares during fiscal 2022 valued at \$16,000. The remaining shares will be issued as follows:
- a. 75,000 shares on the eighth anniversary, September 15, 2022, issued subsequently;
 - b. 75,000 shares on the ninth anniversary, September 15, 2023;
 - c. 100,000 shares on the tenth anniversary, September 15, 2024.
- 7) In fiscal 2017 the Company increased its land holding at the Silver Cliff project by signing a series of mineral lease agreements. As of August 31, 2022, US\$511,599 has been paid (\$667,130) including US\$91,500 in fiscal 2022. The remaining option payments are as follows:
- a. US\$96,000 on the sixth anniversary, between May 12 and June 5, 2023;
 - b. US\$111,500 on the seventh anniversary, between May 12 and June 5, 2024;
 - c. US\$147,000 on the eighth anniversary, between May 12 and June 5, 2025;
 - d. US\$198,040 on the ninth anniversary, between May 12 and June 5, 2026;
 - e. US\$1,208,000 on the tenth anniversary, between May 12 and June 5, 2027.

6. Related Party Transactions

Related party transactions were in the normal course of operations and measured at the exchange amount, which is the amount established and agreed to by the related parties. Key management personnel are the persons responsible for planning, directing and controlling the activities of the Company, and include both executive and non-executive directors, and entities controlled by such persons. The Company considers all directors and officers of the Company to be key management personnel.

As at August 31, 2022, \$26,016 (2021 - \$nil) is due to the CEO/Director of the Company, \$337 (2021 - \$nil) is due to the CFO of the Company and \$264 (2021 - \$nil) is due to two Directors of the Company, included in accounts payable and accrued liabilities. As at August 31, 2022, there were subscriptions receivable from the CEO of \$109,375 (2021 - \$109,375). Amounts paid are for consulting services and advances on behalf of the Company provided by the related parties or by companies they controlled.

The key management personnel compensation for the years ended August 31, 2022 and 2021, are summarized as follows:

	Year ended August 31, 2022 Consulting fees or salary (\$)	Year ended August 31, 2021 Consulting fees or salary (\$)
Chief Executive Officer/Director	296,000	225,000
Chief Financial Officer	96,000	92,000
Directors/Manager	143,895	117,000
Director/Chief Geologist	40,107	61,773
Director/Legal Fees	17,497	25,570
Share based compensation	-	222,452
	593,500	743,795

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6. Related Party Transactions (continued)

During the year ended August 31, 2022, \$23,032 (2021 - \$6,742) related to consulting fees are capitalized in exploration and evaluation properties.

7. Share Capital

A. Authorized

On August 31, 2022, the authorized share capital consists of an unlimited number of common shares without par value and without special rights or restrictions attached and an unlimited number of preferred shares without par value and with special rights or restrictions.

B. Issued and Outstanding

The total issued, and outstanding common shares was 88,317,462 common shares with no par value (2021 – 84,949,462).

Share capital transactions of the Company during the years ended August 31, 2022 and 2021 are summarized as follows:

- a) During the year ended August 31, 2022, 3,318,000 shares were issued pursuant to the exercise of warrants for gross proceeds of \$1,061,760.
- b) During the year ended August 31, 2022, the Company issued 50,000 common shares valued at \$16,000 to Kingsmere Mining Ltd. in accordance with the Finders Fees agreement between the Company and Kingsmere (Note 5).
- c) During the year ended August 31, 2021, 3,684,000 warrants and options were exercised between \$0.22 and \$0.35 per share for gross proceeds of \$1,232,960. Of this amount, \$109,375 remained unpaid and is reflected as subscriptions receivable. The warrant reserve was reduced by \$27,425 and share capital was increased by the same amount related to recognition of the exercise of certain warrants.

C. Warrants

The following is a summary of the changes in the Company’s share purchase warrants for the years ended August 31, 2022 and 2021:

Expiry Date	August 31, 2022		August 31, 2021	
	Number of Warrants Outstanding	Weighted average exercise price (\$)	Number of Warrants Outstanding	Weighted average exercise price (\$)
Outstanding, beginning of year	24,357,020	0.32	29,434,020	0.32
Exercised warrants	(3,318,000)	0.32	(3,567,000)	0.34
Expired warrants	(20,989,020)	0.32	(1,510,000)	0.35
Outstanding and exercisable warrants	50,000	0.25	24,357,020	0.32

D. Stock Option Plan

The Company’s stock option plan (the “Plan”) allows the Company to issue options to certain directors, officers, employees, and consultants of the Company. Options issued under the Plan shall not exceed 10% of the shares issued and outstanding at the time of granting of the options. Options granted under the Plan may have a maximum term of ten years. Stock options granted under the Plan may be subject to vesting terms, which may be imposed at the discretion of the directors.

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7. Share Capital (continued)

- a) During the year ended August 31, 2021, 117,000 options were exercised at \$0.22 for proceeds of \$25,740, in addition share capital was increased and the option reserve was reduced by \$19,750.
- b) On January 25, 2021, the Company issued 1,000,000 five-year options at an exercise price of \$0.375 to officers, directors and consultants. The options were valued at \$261,708, using the Black Scholes valuation methodology assuming a risk-free interest rate of 0.42% per annum, an expected life of 5 years, volatility of 79.88%, and no expected dividend.
- c) On March 29, 2021, the Company issued 700,000 five-year options at an exercise price of \$0.375 to consultants. The options were valued at \$154,458, using the Black Scholes valuation methodology assuming a risk-free interest rate of 0.42% per annum, an expected life of 5 years, volatility of 79.83%, and no expected dividend.
- d) On October 16, 2020, the Company issued 400,000 five-year options at an exercise price \$0.40 to consultants. The options were valued at \$104,762, using the Black Scholes valuation methodology assuming a risk-free interest rate of 0.32% per annum, an expected life of 5 years, volatility of 105.62%, and no expected dividend.

The following is a summary of the changes in the Company's stock options for years ended August 31, 2022 and 2021:

Expiry Date	August 31, 2022		August 31, 2021	
	Number of Options Outstanding	Weighted average exercise price (\$)	Number of Options Outstanding	Weighted average exercise price (\$)
Outstanding, beginning of year	7,703,800	0.37	6,500,800	0.30
Cancelled/Expired	(230,000)	0.52	(780,000)	0.51
Exercised	-	-	(117,000)	0.22
Granted	-	-	2,100,000	0.38
Outstanding and exercisable options	7,473,800	0.37	7,703,800	0.37

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7. Share Capital (continued)

The following table summarizes information regarding stock options outstanding and exercisable as at August 31, 2022 and 2021:

Expiry Date	August 31, 2022		August 31, 2021	
	Exercise Price (\$)	Number of Options Outstanding	Exercise Price (\$)	Number of Options Outstanding
September 8, 2021	0.57	-	0.57	180,000
April 17, 2022	0.36	-	0.36	50,000
October 26, 2022*	0.20	19,800	0.20	19,800
March 15, 2023	0.32	500,000	0.32	500,000
June 15, 2023	0.30	200,000	0.30	200,000
January 22, 2024	0.22	854,000	0.22	854,000
August 20, 2025	0.40	3,800,000	0.40	3,800,000
October 25, 2025	0.40	400,000	0.40	400,000
January 26, 2026	0.375	1,000,000	0.375	1,000,000
March 29, 2026	0.375	700,000	0.375	700,000
Outstanding and exercisable options	0.37	7,473,800	0.37	7,703,800

*Expired subsequent to August 31, 2022, unexercised

8. Supplemental Cash Flow Information

- During the year ended August 31, 2022, 50,000 common shares valued at \$16,000 were issued for exploration and evaluation properties. During the year ended August 31, 2021, 50,000 common shares valued at \$21,000 issued for exploration and evaluation properties.
- E&E assets recoverable from JV partner increased by \$95,696 (2021 - \$192,230).
- During the year ended August 31, 2022, subscriptions receivable remained unchanged at \$185,875. During the year ended August 31, 2021, an additional \$109,375 was added to share subscriptions receivable for a total of \$185,875.
- During the year ended August 31, 2022, the Company transferred \$95,316 from option reserves into deficit for options that had expired in previous years.
- During the year ended August 31, 2022, the Company transferred \$264,441 from warrant reserves into deficit for warrants that had expired in previous years.
- During the year ended August 31, 2021, the Company recorded a fair value reversal on the exercise of warrants in the amount of \$27,425.
- During the year ended August 31, 2021, the Company transferred \$242,742 from warrant reserves into deficit for warrants that had expired in previous years.
- During the year ended August 31, 2021, the Company recorded a fair value reversal on the exercise of stock options in the amount of \$19,750.
- During the year ended August 31, 2021, the Company recorded a fair value reversal on the expiry of stock options in the amount of \$296,214.
- During the year ended August 31, 2021, the Company transferred \$715,866 from option reserves into deficit for stock options that had expired in previous years.

9. Commitments and Contingency

The Company is committed to making cash payments, incurring exploration expenditures and/or issuing common shares pursuant to its exploration and evaluation property agreements (Note 5).

10. Capital Management

The Company's policy is to maintain a strong capital base to maintain investor and creditor confidence and to sustain future development of the business. The capital structure of the Company consists of equity, comprising share capital, net of accumulated deficit. The Company manages the capital structure and adjusts it in light of changes in the economic conditions and the risk characteristics of the underlying assets. The Company manages its capital structure through the issuance of new shares, acquisition or disposition of assets or adjustment of cash. The Company does not have any major capital expenditures committed for the coming year. Management reviews the capital structure on a regular basis to ensure that the above-noted objectives are met. There were no changes in the Company's approach to capital management during the year. The Company is not subject to any externally imposed capital requirements.

11. Financial Instruments and Risk Management

(a) Overview

The Company has exposure to credit risk, liquidity risk, foreign currency risk, and market risk from its use of financial instruments.

This note presents information about the Company's exposure to each of these risks, the Company's objectives, policies and processes for measuring and managing risk, and the Company's management of capital.

The Board of Directors has overall responsibility for the establishment and oversight of the Company's risk management framework.

(b) Credit Risk

Credit risk is the risk of potential loss to the Company if the counterparty to a financial instrument fails to meet its contractual obligations. The Company's credit risk is primarily attributable to its liquid financial assets including cash and recoverable from Joint Venture Partner. The Company limits its exposure to credit risk on liquid financial assets through investing its cash with high-credit quality financial institutions.

The carrying value of the Company's financial instruments represent the maximum exposure to credit risk.

(c) Liquidity Risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company endeavors to ensure that there is sufficient capital in order to meet short term business requirements, after taking into account cash flows from operations and the Company's holdings of cash. The Company's cash is currently invested in business and savings accounts with high-credit quality financial institutions which are available on demand by the Company for its programs. At August 31, 2022, the Company had a cash balance of \$1,247,578, to settle current liabilities of \$218,162. All of the Company's financial liabilities have contractual maturities of less than 30 days and are subject to normal trade terms.

(d) Market Risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the Company's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return.

11. Financial Instruments and Risk Management (continued)

(e) Interest Rate Risk

The Company is subject to interest rate risk with respect to its investments in cash. However, the Company does not hold any interest-bearing debt. The Company's current policy is to invest cash at floating rates of interest and cash reserves are to be maintained in cash in order to maintain liquidity, while achieving a satisfactory return for shareholders. Fluctuations in interest rates when cash balances mature impact interest income earned.

(f) Foreign Currency Risk

As at August 31, 2022, the Company's expenditures are in Canadian dollars and US dollars, any future equity raised is expected to be predominantly in Canadian dollars. The Company's foreign currency risk relates to cash of US\$102,591 denominated in US dollars and accounts payable of US\$150,613 in US dollars. At August 31, 2022, assuming that all other variables remain constant, a 1% depreciation or appreciation of the Canadian dollar would not have a material impact in the Company's pre-tax income or loss.

(g) Fair Value

The fair value of the Company's financial assets and liabilities approximates their carrying amounts.

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

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

All of the Company's financial instruments, have a fair value approximating their carrying value due to their short-term nature. Cash is carried at fair value and is measured using level 1 inputs.

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12. Segmented Information

The Company's only business activity is exploration and evaluation of exploration and evaluation properties. This activity is carried out in the USA.

The breakdown of geographic area for the years ended August 31, 2022 and 2021 is as follows:

Year ended August 31, 2022	Canada	USA	Total
	\$	\$	\$
Net loss	1,432,781	-	1,432,781
Current assets	1,625,891	-	1,625,891
Reclamation bond	-	30,005	30,005
Exploration and evaluation properties	-	5,893,037	5,893,037
Total assets	1,625,891	5,923,042	7,548,933

Year ended August 31, 2021	Canada	USA	Total
	\$	\$	\$
Net loss	1,732,307	-	1,732,307
Current assets	2,860,844	-	2,860,844
Reclamation bond	-	26,172	26,172
Exploration and evaluation properties	-	4,878,419	4,878,419
Total assets	2,860,844	4,904,591	7,765,435

13. Income Taxes

A reconciliation of income taxes at statutory rates with the reported taxes is as follows:

	For the Year Ended	For the Year Ended
	August 31, 2022	August 31, 2021
Loss for the year	\$ (1,432,781)	\$ (1,732,307)
Expected income tax (recovery)	\$ (387,000)	\$ (468,000)
Change in statutory, foreign tax, foreign exchange rates and other	(19,000)	1,000
Permanent differences	-	141,000
Change in unrecognized deductible	406,000	326,000
Total income tax expense (recovery)	\$ -	\$ -

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13. Income Taxes (continued)

The significant components of the Company's deferred tax assets that have not been included on the consolidated statement of financial position are as follows:

	<u>August 31, 2022</u>	<u>August 31, 2021</u>
Deferred tax assets (liabilities)		
Exploration and evaluation assets	\$ 68,000	\$ 85,000
Property and equipment	1,000	1,000
Share issue costs	42,000	65,000
Non-capital losses available for future periods	3,479,000	3,033,000
	<u>3,590,000</u>	<u>3,184,000</u>
Unrecognized deferred tax assets	(3,590,000)	(3,184,000)
Net deferred tax assets	\$ -	\$ -

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

	<u>2022</u>	<u>Expiry Date</u>	<u>2021</u>	<u>Expiry Date</u>
		<u>Range</u>		<u>Range</u>
Temporary Differences				
Exploration and evaluation assets	\$ 253,000	No expiry date	\$ 312,000	No expiry date
Property and equipment	4,000	No expiry date	4,000	No expiry date
Share issue costs	157,000	No expiry date	240,000	No expiry date
Non-capital losses available for future periods	12,887,000	2026 to 2042	11,232,000	2026 to 2041

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