



SOLIDUS GOLD INC.

CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEARS ENDED

MARCH 31, 2022 AND 2021

(EXPRESSED IN CANADIAN DOLLARS)

INDEPENDENT AUDITORS' REPORT

To the Shareholders and Directors of SolidusGold Inc.

Opinion

We have audited the consolidated financial statements of SolidusGold Inc. and its subsidiaries (the "Company") which comprise the consolidated statements of financial position as at March 31, 2022 and 2021, and the consolidated statements of comprehensive loss, cash flows and changes in equity (deficiency) for the years then ended, and the related notes comprising a summary of significant accounting policies and other explanatory information.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of the Company as at March 31, 2022 and 2021, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board.

Basis for Opinion

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

Emphasis of Matter - Material Uncertainty Related to Going Concern

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

Other Information

Management is responsible for the other information, which comprises the information included in the Company's Management Discussion & Analysis to be filed with the relevant Canadian securities commissions.

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

If, based on the work we have performed on this other information, 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 International Financial Reporting Standards as issued by the International Accounting Standards Board, 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.

Auditors' 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 auditors' 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 auditors' 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 auditors' 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 auditors' report is Fernando J. Costa.

Manning Elliott LLP

CHARTERED PROFESSIONAL ACCOUNTANTS
Vancouver, Canada
June 20, 2022

SOLIDUSGOLD INC.**CONSOLIDATED STATEMENTS OF FINANCIAL POSITION****AS AT MARCH 31, 2022 AND 2021**(Expressed in Canadian Dollars)

	2022	2021
ASSETS		
Current		
Cash	\$ 352,100	\$ 516,520
Short-term investment	5,350	5,300
Amounts receivable	7,600	342
Prepaid expenses	9,598	9,508
	374,648	531,670
Exploration and evaluation assets (Note 5)	41,854	41,854
	\$ 416,502	\$ 573,524
LIABILITIES		
Current		
Accounts payable and accrued liabilities (Note 8)	\$ 771,544	\$ 279,410
EQUITY (DEFICIENCY)		
Share capital (Note 6)	3,681,034	3,681,034
Share-based payment reserves	271,605	271,605
Deficit	(4,307,681)	(3,658,525)
	(355,042)	294,114
	\$ 416,502	\$ 573,524

CORPORATE INFORMATION AND CONTINUANCE OF OPERATIONS (Note 1)

PROPOSED TRANSACTION AND PRIVATE PLACEMENT (Note 13)

Approved by the Board of Directors on June 20, 2022

"Raj Chowdhry"

Raj Chowdhry, Director

"Rick Van Nieuwenhuyse"

Rick Van Nieuwenhuyse, Director

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

SOLIDUSGOLD INC.**CONSOLIDATED STATEMENTS OF COMPREHENSIVE LOSS****FOR THE YEARS ENDED MARCH 31, 2022 AND 2021**

(Expressed in Canadian Dollars)

		2022	2021
EXPENSES			
Exploration expenditures (Note 5)	\$	36,472	\$ -
Transaction costs		444,816	-
Management fees (Note 8)		60,000	60,000
Office, administration and miscellaneous		33,200	25,820
Other		(687)	468
Professional and consulting fees (Note 8)		47,479	33,791
Property investigation		19,860	-
Regulatory and transfer agent fees		27,169	14,890
LOSS FROM OPERATIONS BEFORE OTHER ITEMS		(668,309)	(134,969)
Other income		19,153	-
NET AND COMPREHENSIVE LOSS FOR THE YEAR	\$	(649,156)	\$ (134,969)
LOSS PER SHARE – BASIC AND DILUTED (NOTE 12)	\$	(0.01)	\$ (0.00)
WEIGHTED AVERAGE NUMBER OF COMMON SHARES OUTSTANDING		62,398,974	58,910,158

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

SOLIDUSGOLD INC.**CONSOLIDATED STATEMENTS OF CASH FLOWS****FOR THE YEARS ENDED MARCH 31, 2022 AND 2021**

(Expressed in Canadian Dollars)

	2022	2021
CASH PROVIDED BY (USED IN):		
OPERATING ACTIVITIES		
Net loss for the year	\$ (649,156)	\$ (134,969)
Changes in non-cash working capital balances:		
Amounts receivable	(7,258)	525
Prepaid expenses	(90)	(1,916)
Accounts payable and accrued liabilities	492,134	53,192
Cash used in operating activities	(164,370)	(83,168)
INVESTING ACTIVITIES		
Short-term investment	(50)	(50)
Cash used in investing activities	(50)	(50)
FINANCING ACTIVITIES		
Proceeds from private placements, net of issuance costs	-	581,436
Cash from financing activities	-	581,436
CHANGE IN CASH DURING THE YEAR	(164,420)	498,218
CASH, BEGINNING OF YEAR	516,520	18,032
CASH, END OF YEAR	\$ 352,100	\$ 516,520
SUPPLEMENTAL CASH DISCLOSURES		
Interest paid	\$ -	\$ -
Income taxes paid	\$ -	\$ -

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

SOLIDUSGOLD INC.**CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY (DEFICIENCY)****FOR THE YEARS ENDED MARCH 31, 2022 AND 2021**(Expressed in Canadian Dollars)

	Common Shares		Share-based payment reserves	Deficit	Total
	Number (Note 6)	Amount			
Balances as at April 1, 2020	55,731,865	\$ 3,099, 598	\$ 271,605	\$ (3,523,556)	\$ (152,353)
Share issuance, net of costs	6,667,109	581,436	-	-	581,436
Net loss and comprehensive loss	-	-	-	(134,969)	(134,969)
Balances as at March 31, 2021	62,398,974	\$ 3,681,034	\$ 271,605	\$ (3,658,525)	\$ 294,114
Net loss and comprehensive loss	-	\$ -	\$ -	\$ (649,156)	\$ (649,156)
Balances as at March 31, 2022	62,398,974	\$ 3,681,034	\$ 271,605	\$ (4,307,681)	\$ (355,042)

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

SOLIDUSGOLD INC.**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS****FOR THE YEARS ENDED MARCH 31, 2022 AND 2021****(Expressed in Canadian Dollars)**

1. CORPORATE INFORMATION AND CONTINUANCE OF OPERATIONS

SolidusGold Inc. (the "Company") was incorporated on April 13, 2011 under the laws of British Columbia under the name of "Mantra Capital Inc.". On September 4, 2014 the Company changed its name to SolidusGold Inc. and commenced trading on the TSX Venture Exchange ("TSX-V") under the new symbol of "SDC". The address of the Company's corporate office and its principal place of business is 10th Floor, 595 Howe Street, Vancouver, British Columbia, V6C 2T5, Canada.

The Company incurred a net loss of \$649,156 for the year ended March 31, 2022 and has an accumulated deficit of \$4,307,681 as at March 31, 2022. The Company had not yet determined whether its property contains ore reserves that are economically recoverable. The recoverability of amounts shown for exploration and evaluation assets is dependent upon the discovery of economically recoverable reserves, confirmation of the Company's interest in the underlying mineral claims, the ability of the Company to obtain necessary financing to complete the development, and upon future profitable production or proceeds from the disposition of the resource property. The outcome of these matters cannot be predicted at this time and the uncertainties cast significant doubt upon the Company's ability to continue as a going concern.

These consolidated financial statements do not give effect to any adjustments which would be necessary should the Company be unable to continue as a going concern and therefore be required to realize its assets and discharge its liabilities in other than the normal course of business and at amounts different from those reflected in these consolidated financial statements.

During March 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. SIGNIFICANT ACCOUNTING POLICIES**a) Statement of compliance**

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board ("IASB").

The significant accounting policies used in the preparation of these consolidated financial statements are described below.

b) Basis of presentation

These consolidated financial statements include the assets and operations of the Company and its wholly owned subsidiaries, Solidus Gold Inc. ("Solidus") and SolidusGold US Inc. ("Solidus US"). Solidus was incorporated on October 30, 2014 under the British Columbia Business Corporations Act. Solidus US was incorporated on July 15, 2014 in Nevada, USA. All significant inter-company balances and transactions have been eliminated upon consolidation.

The consolidated financial statements have been prepared on the historical cost basis, with the exception of financial instruments which are measured at fair value, as explained in the accounting policies set out below. In addition, these consolidated financial statements have been prepared using the accrual basis of accounting, except for cash flow information.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)**c) 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. Management has determined that the Company will be able to continue as a going concern for a reasonable period of time, and realize its assets and discharge its liabilities and commitments in the normal course of business.

d) Cash and cash equivalents

Cash in the statements of financial position is comprised of cash in banks and on hand, and short term deposits with an original maturity of three months or less, which are readily convertible into a known amount of cash.

e) Exploration and evaluation assets

Exploration expenditures are expensed as incurred and direct costs of exploration and evaluation assets, such as property acquisition costs and leases, are capitalized. Exploration and evaluation assets are assessed for impairment if (i) sufficient data exists to determine technical feasibility and commercial viability, and (ii) facts and circumstances suggest that the carrying amount exceeds the recoverable amount. British Columbia (B.C.) mining exploration tax credits for certain exploration expenditures incurred in B.C. are treated as a reduction of the exploration and development expenditure and costs of the respective mineral property.

Development costs incurred on a mineral property are deferred once management has determined, based on a feasibility study, that, a property is capable of economical commercial production as a result of having established proven and probable reserves. Development costs are carried at cost less accumulated depletion and accumulated impairment charges. Exploration expenditures incurred prior to determining that a property has economically recoverable resources are expensed as incurred.

The Company reviews the carrying values of mineral properties and development costs regularly with a view to assessing whether there has been any impairment in value, or whenever events or changes in circumstances that indicate the carrying value may not be recoverable. In the event the estimated discounted cash flows expected from its use or eventual disposition is determined to be insufficient to recover the carrying value of the property, the carrying value is written down to the estimated recoverable amount.

Once a mine has achieved commercial production, mineral properties and development costs are depleted on a units-of-production basis over the life of the mine.

f) Share-based payments

Employees receive remuneration in the form of share-based payment transactions, whereby employees render services as consideration for equity instruments (equity-settled transactions).

The cost of equity-settled transactions is recognized, together with a corresponding increase in other capital reserves in equity, over the period in which the performance and/or service conditions are fulfilled. The cumulative expense recognized for equity-settled transactions at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the Company's best estimate of the number of equity instruments that will ultimately vest. The expense or credit in the statement of loss for a period represents the movement in cumulative expense recognized as at the beginning and end of that period and is recognized in employee benefits expense.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)**f) Share-based payments (continued)**

No expense is recognized for awards that do not ultimately vest, except for equity-settled transactions, for which vesting is conditional upon a market or non-vesting condition. These are treated as vesting irrespective of whether or not the market or non-vesting condition is satisfied, provided that all other performance and/or service conditions are satisfied.

When the terms of an equity-settled transaction award are modified, the minimum expense recognized is the expense as if the terms had not been modified, if the original terms of the award are met. An additional expense is recognized for any modification that increases the total fair value of the share-based payment transaction, or is otherwise beneficial to the employee as measured at the date of modification.

When an equity-settled award is cancelled, it is treated as if it vested on the date of cancellation, and any expense not yet recognized for the award is recognized immediately. This includes any award where non-vesting conditions within the control of either the entity or the employee are not met. However, if a new award is substituted for the cancelled award, and designated as a replacement award on the date that it is granted, the cancelled and new awards are treated as if they were a modification of the original award, as described in the previous paragraph.

g) Flow-through shares

The resource expenditure deductions for income tax purposes related to exploration and development activities funded by flow-through share arrangements are renounced to investors in accordance with Canadian tax legislation. On issuance, the premium recorded on the flow-through share, being the difference in price over a common share with no tax attributes, is recognized as a liability. As expenditures are incurred, the liability associated with the renounced tax deductions is recognized through profit and loss with a pro-rata portion of the deferred premium.

h) Foreign currency

The Company's consolidated financial statements are presented in Canadian dollars, which is also the Company's functional currency. The functional currency of the Company's subsidiaries, Solidus Holdings and Solidus US, is also the Canadian dollar.

Transactions and balances in currencies other than the Canadian dollar, the currency of the primary economic environment in which the Company operates ("the functional currency"), are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at exchange prevailing on the statement of financial position date are recognized in the consolidated statement of comprehensive loss.

i) Provisions

Provisions are recorded when a present legal or constructive obligation exists as a result of past events where it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate of the amount of the obligation can be made.

The amount recognized as a provision is the best estimate of the consideration required to settle the present obligation at the consolidated statement of financial position date, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of

2. SIGNIFICANT ACCOUNTING POLICIES (continued)**i) Provisions (continued)**

those cash flows. 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.

At each financial position reporting date presented, the Company has not incurred any decommissioning costs related to the exploration and evaluation of its mineral properties and accordingly no provision has been recorded for such site reclamation or abandonment.

j) 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.

k) Income taxes

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 statement of 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 statement of financial position 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.

l) Financial assets

All financial assets are initially measured at fair value plus, in the case of a financial asset not measured at fair value through profit and loss ("FVTPL"), transaction costs. Financial assets are subsequently measured at: (i) FVTPL; (ii) fair value through other comprehensive income ("FVOCI") or (iii) amortized cost. The classification is based on whether the contractual cash flow characteristics represent "solely payments of principal and interest" as well as the business model under which the financial assets are managed. The Company's cash and short-term investment are measured at FVTPL.

Transactions costs associated with FVTPL financial assets are expensed as incurred, while transaction costs associated with all other financial assets are included in the initial carrying amount of the asset.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)**m) Financial liabilities**

Financial liabilities are classified as measured at amortized cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held-for-trading, it is a derivative or it is designated as such on initial recognition. Financial liabilities measured at amortized cost are initially recognized at fair value less directly attributable transaction costs. The Company's accounts payable is measured at amortized cost.

A financial liability is derecognized when the contractual obligation under the liability is discharged, cancelled or expires or its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognized at fair value.

3. 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.

Significant accounts that require estimates as the basis for determining the stated amounts include recognition of deferred income tax assets, assessment of decommissioning provision, valuation of share-based payments and assessment of impairment of exploration and evaluation assets.

Critical accounting judgments that are accounting policies that have been identified as being complex or involving subjective or assessments with a significant risk of material adjustment in the next year are as follows:

(i) Impairment

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

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

SOLIDUSGOLD INC.**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS****FOR THE YEARS ENDED MARCH 31, 2022 AND 2021****(Expressed in Canadian Dollars)**

3. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGMENTS (continued)**(ii) Going Concern**

The assessment of the Company's ability to execute its strategy by funding future working capital requirements involves judgment. Management monitors future cash requirements to assess the Company's ability to meet these future funding requirements. Further information regarding going concern is outlined in Notes 1 and 2(c).

4. ADOPTION OF NEW OR AMENDED ACCOUNTING STANDARDS

The Company has performed an assessment of new standards issued by the IASB that are not yet effective. The Company has assessed that the impact of adopting these accounting standards on its financial statements would not be significant.

5. EXPLORATION AND EVALUATION ASSETS

Acquisition costs for the years ended March 31, 2022 and March 31, 2021 are as follows:

	April 1, 2021	Acquisition Costs	Impairment	March 31, 2022
Honeymoon	\$ 41,854	\$ -	\$ -	\$ 41,854
Total	\$ 41,854	\$ -	\$ -	\$ 41,854

	April 1, 2020	Acquisition Costs	Impairment	March 31, 2021
Honeymoon	\$ 41,854	\$ -	\$ -	\$ 41,854
Total	\$ 41,854	\$ -	\$ -	\$ 41,854

Exploration expenditures for the year ended
March 31,

	2022	2021
Honeymoon	\$ 50,175	\$ -
Mining exploration tax credits received	(13,703)	-
Total costs	\$ 36,472	\$ -

SOLIDUSGOLD INC.**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS****FOR THE YEARS ENDED MARCH 31, 2022 AND 2021****(Expressed in Canadian Dollars)**

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

The Honeymoon Property is an early stage gold-silver-copper property located on the west side of Adams Lake, British Columbia and is comprised of 4 claim blocks for a total of 3,415 hectares.

On May 27, 2015, the Company and the Optionor mutually cancelled the previous agreement and concurrently entered into a purchase and sale agreement for an undivided 100% right, title and interest in and to the Honeymoon Property. Pursuant to the terms of the sale and purchase agreement the Company paid \$3,500 and issued 70,000 common shares as consideration for the property.

The Optionor will retain a 0.5% Net Smelter Returns royalty on the property and the royalty may be purchased by the Company at any time for \$1,500,000.

6. SHARE CAPITAL**a) Authorized:**

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

b) Issued and Outstanding as at March 31, 2022: 62,398,974 (2021: 62,398,974) common shares.**c) There are no common shares held in escrow at March 31, 2022 and 2021**

On October 8, 2020, the Company closed a non-brokered private placement of 6,667,109 units priced at \$0.09 per unit raising \$600,040. Each unit consist of one common share and one common share purchase warrant. The common share purchase warrant has a purchase price of \$0.12 per common share for a period of two years. The Company paid \$18,604 of costs related to the financing.

Warrants

The following table summarizes the continuity of the Company's warrants:

Exercise Price	April 1, 2021	Issued	Expired	March 31, 2022	Expiry Date
\$0.12	6,667,109	-	-	6,667,109	October 8, 2022
	6,667,109	-	-	6,667,109	

Exercise Price	April 1, 2020	Issued	Expired	March 31, 2021	Expiry Date
\$0.12	-	6,667,109	-	6,667,109	October 8, 2022
	-	6,667,109	-	6,667,109	

As at March 31, 2022, the Company had 6,667,109 warrants outstanding with and exercise price of \$0.12 for a period of two (2) years after issuance. (2021: 6,667,109).

SOLIDUSGOLD INC.**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS****FOR THE YEARS ENDED MARCH 31, 2022 AND 2021****(Expressed in Canadian Dollars)**

7. STOCK OPTION PLAN AND SHARE-BASED PAYMENTS

On July 8, 2011, the Company adopted an incentive stock option plan (the "Option Plan") which provides that the Board of Directors of the Company may from time to time, in its discretion, and in accordance with TSX-V regulations, grant to directors, officers, employees and consultants non-transferable options to purchase common shares, provided that the number of common shares reserved for issuance will not exceed 10% of the issued and outstanding common shares at the time of the grant. Such options will be exercisable for a period of up to ten years from the date of grant. Vesting terms will be determined at the time of grant by the Board of Directors.

	Number of options	Weighted average exercise price
Balance, March 31, 2020	2,905,000	\$ 0.06
Expired	(550,000)	\$ 0.09
Balance, March 31, 2021	2,355,000	\$ 0.06
Expired	-	-
Balance, March 31, 2022	2,355,000	\$0.06

8. RELATED PARTY BALANCES AND 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. 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.

The Company had the following balances due to related parties:

	2022	2021
Due to MA2 Capital Inc.	\$ 255,000	\$ 195,000
Due to Sandfire America Resources Inc. ("Sandfire")	-	19,153
Due to Chief Financial Officer ("CFO")	50,413	29,288
Due to former Chief Executive Officer ("CEO")	15,000	15,000
Total due to related parties	\$ 320,413	\$ 258,441

SOLIDUSGOLD INC.**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS****FOR THE YEARS ENDED MARCH 31, 2022 AND 2021****(Expressed in Canadian Dollars)**

8. RELATED PARTY BALANCES AND TRANSACTIONS (continued)

MA2 Capital Inc. is controlled by the current CEO. Sandfire was formerly related by common directors.

The amounts due to related parties were incurred in the normal course of business and have been included in accounts payable. The balances are non-interest bearing, unsecured and are due on demand.

Key management personnel receive compensation in the form of short-term employee benefits, share-based payments, and post-employment benefits. Key management personnel include the Chief Executive Officer, Chief Financial Officer, and directors of the Company. The remuneration of key management is as follows:

		2022		2021
Management fees	\$	60,000	\$	60,000
Consulting fees		16,775		13,575
Total remuneration	\$	76,775	\$	73,575

9. INCOME TAXES

The Company has non-capital losses carried forward of \$3,034,711 available to reduce income taxes in future years which expire between 2033 to 2042.

The Company has not recognized any deferred income tax assets. The Company recognizes deferred income tax assets based on the extent to which it is probable that sufficient taxable income will be realized during the carry forward periods to utilize all deferred tax assets.

The following table reconciles the amount of income tax recoverable on application of the statutory Canadian federal and provincial income tax rates:

		2022		2021
Canadian statutory income tax rate		27.00%		27.00%
Income tax recovery at statutory rate	\$	175,272	\$	36,442
Effect of income taxes of:				
Permanent and other differences		-		5,023
Change in deferred tax assets not recognized		(175,272)		(41,465)
Deferred income tax recoverable	\$	-	\$	-

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9. INCOME TAXES (continued)

The temporary differences that give rise to significant portions of the deferred tax assets at March 31, 2022 and 2021 not recognized are presented below:

	2022	2021
Non-capital loss carry-forwards	\$ 819,372	\$ 653,541
Capital loss carry-forwards	56,324	56,324
Exploration and evaluation assets	146,161	134,861
Share issuance costs	3,014	4,873
	1,024,871	849,599
Deferred tax assets not recognized	(1,024,871)	(849,599)
	\$ -	\$ -

10. MANAGEMENT OF CAPITAL

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to pursue the sourcing and exploration of its resource properties. The Company does not have any externally imposed capital requirements to which it is subject.

The Company considers the aggregate of its share capital, contributed surplus and deficit as capital. The Company manages the capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust the capital structure, the Company may attempt to issue new shares or dispose of assets or adjust the amount of cash.

The Company's investment policy is to invest its cash in investment instruments in large financial institutions with terms to maturity selected with regards to the expected time of expenditures from continuing operations.

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11. FINANCIAL INSTRUMENTS AND FINANCIAL RISK

International Financial Reporting Standards 7, *Financial Instruments: Disclosures*, 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).

Fair Value of Financial Instruments

The Company's financial assets include cash and short-term investment and are classified as Level 1. 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 were presented on the Company's statements of financial position are as follows:

Fair Value Measurements Using					
		Quoted Prices in Active Markets For Identical Instruments (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Total
March 31, 2022:					
Cash	\$	352,100	—	—	\$ 352,100
Short-term investment		5,350	—	—	5,350
March 31, 2021:					
Cash	\$	516,520	—	—	\$ 516,520
Short-term investment		5,300	—	—	5,300

Fair value

The fair value of the Company's financial instruments approximates their carrying value as at March 31, 2022 and 2021 because of the demand nature or short-term maturity of these instruments.

Financial risk management objectives and policies

The Company's financial instruments include cash, short-term investment and accounts payable. 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.

11. FINANCIAL INSTRUMENTS AND FINANCIAL RISK (continued)*(i) Currency risk*

The Company has operations in the United States which are transacted in U.S. dollars. Accordingly, the Company is exposed to foreign exchange risk with respect to these transactions. The Company has not undertaken hedging activities to mitigate this risk.

The Company does not have any significant foreign currency denominated monetary assets or 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 credit risk on cash is limited because the cash are composed of financial instruments issued by Canadian banks and companies with high credit ratings as assigned by international credit-rating agencies. Therefore, the Company is not exposed to significant credit risk.

(iv) Liquidity risk

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 March 31, 2022, the Company had a working capital deficit of \$396,896. As at March 31, 2022, the Company had cash and short-term investment of \$357,450 to settle accounts payable and accrued liabilities of \$771,544 which falls due for payment within twelve months of the financial position date.

12. BASIC AND DILUTED LOSS PER SHARE

The calculation of basic and diluted loss per share for the years ended March 31, 2022 and 2021 was based on the loss attributable to common shareholders of \$649,156 (2021 – \$134,969) and the weighted average number of common shares outstanding of 62,398,974 (2021 – 58,910,158). Stock purchase warrants of 6,667,109 outstanding at March 31, 2022 were not included in the diluted loss per share calculation as the effect is anti-dilutive.

13. PROPOSED TRANSACTION AND PRIVATE PLACEMENT

On February 8, 2022, the Company entered into a definitive business combination agreement whereby the Company will acquire all the issued and outstanding securities of Valhalla Metals Inc. ("Valhalla") by way of a share exchange.

Upon successful completion of the acquisition of the securities of Valhalla (the "Transaction"), it is anticipated that the Company will maintain its listing as a Tier 2 Mining issuer on the TSX Venture Exchange ("TSX-V") and will carry on the combined business of the Company and Valhalla (the "Resulting Issuer"). The Transaction would constitute a 'reverse takeover' of the Company. Following completion of the Transaction but prior to the completion of any concurrent private placement as discussed below, shareholders of the Company would hold approximately 20% of the Resulting Issuer with shareholders of Valhalla holding the remaining 80%.

Pursuant to the Transaction, the Company expects to consolidate its common shares on a five old for one new basis prior to issuing approximately 50,000,000 post-consolidation common shares ("Solidus Shares") to the holders of common shares in the capital of Valhalla ("Valhalla Shares"), with such Solidus Shares being issued to the Valhalla shareholders on a *pro rata* basis. The Company also intends to change its name to Valhalla Metals Inc. and alter its articles to re-designate its common shares as subordinate voting shares ("Subordinate Voting Shares") and to create a new class of multiple voting shares.

No finder's fees are expected to be payable in connection with the Transaction.

The Transaction is subject to a number of terms and conditions (including warranties, conditions and covenants typical for a transaction of this nature), and the approval of the TSX-V and other applicable regulatory authorities.

Trading in the Company's common shares are halted pending the satisfaction of all applicable requirements. There can be no assurance that trading of the Company's common shares will resume prior to the completion of the Transaction.

In connection with the Transaction, Marubeni Metals & Minerals (Canada), Inc., a wholly owned subsidiary of Marubeni Corporation ("Marubeni"), has agreed to make a strategic equity investment by way of private placement of up to \$10 million in Subordinate Voting Shares at a price of \$0.50 per share on a post-consolidated basis. Further to Marubeni's investment and as part of the Transaction, the Company intends to complete a private placement of approximately \$10 million at a price of \$0.50 per share on a post-consolidated basis.