GOSSAN RESOURCES LIMITED

FINANCIAL STATEMENTS

YEARS ENDED MARCH 31, 2022 AND 2021

(EXPRESSED IN CANADIAN DOLLARS)

Independent Auditor's Report

To the Shareholders of Gossan Resources Limited:

Opinion

We have audited the financial statements of Gossan Resources Limited (the "Company"), which comprise the statements of financial position as at March 31, 2022 and March 31, 2021, and the statements of loss and comprehensive loss, changes in shareholders' (deficiency) equity and cash flows for the years then ended, and notes to the financial statements, including a summary of significant accounting policies.

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

Basis for Opinion

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

Material Uncertainty Related to Going Concern

We draw attention to Note 1 in the financial statements, which indicates that the Company has incurred ongoing losses and negative cash flows from operations for the year ended March 31, 2022. As stated in Note 1, these events or conditions, along with other matters as set forth in Note 1, indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Other Information

Management is responsible for the other information. The other information comprises Management's Discussion and Analysis.

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

In connection with our audits of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audits 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 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.

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

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

The engagement partner on the audit resulting in this independent auditor's report is Kenneth H. Kustra.

Winnipeg, Manitoba	MNP LLP
July 29, 2022	Chartered Professional Accountants

MANAGEMENT'S RESPONSIBILITY LETTER

Management acknowledges responsibility for the preparation and presentation of the financial statements, including responsibility for significant accounting judgments and estimates and the choice of accounting principles and methods that are appropriate to the Company's circumstances. The financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") and necessarily include amounts based on estimates and judgments of management.

MNP LLP, our independent auditors, is engaged to express a professional opinion on the financial statements. Their examination is conducted in accordance with Canadian generally accepted auditing standards and includes tests and other procedures which allow the auditors to report whether the financial statements prepared by management are presented fairly in accordance with IFRS.

The Board of Directors must ensure that management fulfills its responsibilities for financial reporting. In furtherance of the foregoing, the Board of Directors has appointed an Audit Committee composed of three directors, two of whom are independent. The Audit Committee meets with the independent auditors to discuss the results of their audit report prior to submitting the financial statements to the Board of Directors for its approval. On the recommendation of the Audit Committee, the Board of Directors has approved the Company's financial statements.

Management recognizes its responsibility for conducting the Company’s affairs in compliance with established financial standards, and applicable laws and regulations, and for maintaining proper standards of conduct for its activities.

Gossan Resources Limited
STATEMENTS OF FINANCIAL POSITION
(Expressed in Canadian Dollars)

As at March 31,		**2022**		2021
ASSETS				
Current Assets				
Cash and cash equivalents	**$**	**491,932**	$	331,480
Accounts receivable (Note 5)		**251,832**		134,705
Prepaid expenses		**750**		1,555
	$	**744,514**	$	467,740
LIABILITIES				
Current				
Accounts payable and accrued liabilities (Notes 6 and 13)	**$**	**394,903**	$	274,357
SHAREHOLDERS' EQUITY				
Share capital (Note 8(b))		**14,565,919**		12,521,867
Contributed surplus		**2,212,551**		1,859,949
Deficit		**(16,428,859)**		(14,188,433)
		349,611		193,383
	$	**744,514**	$	467,740

See accompanying notes to these financial statements.

Nature of Operations and Going Concern (Note 1)
Subsequent Events (Note 15)

Approved on Behalf of the Board:

"Douglas Reeson"	*"George Mannard"*
Director	**Director**

Gossan Resources Limited
STATEMENTS OF LOSS AND COMPREHENSIVE LOSS
(Expressed in Canadian Dollars)

For the Year Ended March 31,	2022	2021
Expenses		
Exploration and evaluation expenditures (Note 7)	$ 1,873,485	$ 234,370
General and administrative (Note 11)	466,941	347,650
Net loss before the following	(2,340,426)	(582,020)
Gain on disposition of mineral property interest (Note 7(iii))	100,000	100,000
Net loss and comprehensive loss	$ (2,240,426)	$ (482,020)
Basic and diluted net loss and comprehensive loss per share (Note 12)	$ (0.04)	$ (0.01)
Weighted average number of common shares outstanding	57,063,823	37,960,793

See accompanying notes to these financial statements.

Gossan Resources Limited
STATEMENTS OF CASH FLOWS
(Expressed in Canadian Dollars)

For the Year ended March 31,	2022	2021
Cash (used in) provided by:		
Operating Activities		
Net loss for the year	**$ (2,240,426)**	$ (482,020)
Shares issued for exploration and evaluation expenditures	**-**	178,500
Stock-based compensation	**116,049**	61,737
Non-cash working capital items:		
Accounts receivable	**(117,127)**	(78,057)
Prepaid expenses	**805**	1,410
Accounts payable and accrued liabilities	**120,546**	20,202
	(2,120,153)	(298,228)
Financing Activities		
Issuance of share capital	**2,280,605**	602,489
Net change in cash and cash equivalents	**160,452**	304,261
Cash and cash equivalents, beginning of year	**331,480**	27,219
Cash and cash equivalents, end of year	**$ 491,932**	$ 331,480

See accompanying notes to these financial statements.

Gossan Resources Limited

STATEMENTS OF CHANGES IN SHAREHOLDERS' (DEFICIENCY) EQUITY
(Expressed in Canadian Dollars)

	Share Capital	Contributed Surplus	Deficit	Total
Balance, March 31, 2020	$ 11,902,903	$ 1,636,187	$ (13,706,413)	$ (167,323)
Shares issued on private placement	578,800	-	-	578,800
Costs of issue	(56,436)	-	-	(56,436)
Fair value of warrants issued	(184,928)	184,928	-	-
Fair value of finders warrants issued	(22,037)	22,037	-	-
Shares issued for exploration and evaluation expenditures	178,500	-	-	178,500
Exercise of stock options - cash	60,125	-	-	60,125
Exercise of stock option - Black-Scholes valuation	39,384	(39,384)	-	-
Share-based compensation	-	61,737	-	61,737
Exercise of warrants - cash	20,000	-	-	20,000
Exercise of warrants - valuation	5,556	(5,556)	-	-
Net loss and comprehensive loss for the year	-	-	(482,020)	(482,020)
Balance, March 31, 2021	**$ 12,521,867**	**$ 1,859,949**	**$ (14,188,433)**	**$ 193,383**
Balance, March 31, 2021	12,521,867	1,859,949	(14,188,433)	193,383
Shares issued on private placement	2,032,800	-	-	2,032,800
Costs of issue	(134,115)	-	-	(134,115)
Fair value of warrants issued	(306,272)	306,272	-	-
Fair value of finders warrants issued	(50,592)	50,592	-	-
Exercise of stock options	68,320	(22,320)	-	46,000
Share-based compensation	-	116,049	-	116,049
Exercise of warrants	433,911	(97,991)	-	335,920
Net loss and comprehensive loss for the year	-	-	(2,240,426)	(2,240,426)
Balance, March 31, 2022	**$ 14,565,919**	**$ 2,212,551**	**$ (16,428,859)**	**$ 349,611**

See accompanying notes to these financial statements.

1. Nature of Operations and Going Concern

General

Gossan Resources Limited (the "Company") is a public corporation that was incorporated federally on June 16, 1980. The Company, directly and through joint arrangements, is in the business of acquiring and exploring resource properties that it believes contain mineralization. To date, the Company is considered to be in the exploration and evaluation stage.

The Company is traded on the TSX Venture Exchange under the symbol "GSS" and on the Frankfurt/Freiverkehr & Xetra Exchanges under the symbol "GSR" (WKN 904435). To the Company's knowledge, there are only two significant shareholders of the Company (defined as those holding greater than 10%). The Company's chief financial officer, Mr. Douglas Reeson, who holds 10.49% of the Company's issued and outstanding common shares. Mr. Reeson hold these shares for investment purposes. In the future, subject to applicable law, he may acquire or dispose of securities of Gossan, on the open market or through private transactions, depending upon a number of factors, including but not limited to general market and economic conditions, personal affairs and estate planning and other available investment opportunities. Mr. Eric Sprott holds 13.00%, for investment purposes.

The Company's head office is located at 171 Donald Street, Suite 404, Winnipeg, Manitoba, Canada, R3C 1M4.

Going Concern

These financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") on the basis of accounting principles applicable to a going concern, which presumes that the Company will be able to realize its assets and discharge its liabilities in the normal course of business. The Company has not earned significant revenues. The ability of the Company to continue as a going concern is dependent upon the discovery of economically recoverable reserves; confirmation of the Company's ownership in the underlying mineral claims; the acquisition of required permits to mine; the ability of the Company to obtain necessary financing to complete exploration and development; and the future profitable production or proceeds from disposition of such properties. These financial statements do not give effect to adjustments that would be necessary to the carrying values and classification of assets and liabilities should the Company be unable to continue as a going concern. All of these outcomes are uncertain and taken together indicate the existence of material uncertainties that may cast significant doubt over the ability of the Company to continue as a going concern.

As the Company has no revenue producing mines, the Company's ability to continue as a going concern is dependent upon its ability to raise funds in the capital markets, or through the sale of assets. The Company is in the exploration and evaluation stage and as is common with many exploration companies, it raises financing for its exploration and acquisition activities in discrete tranches. The Company had working capital of $349,611 at March 31, 2022 (March 31, 2021 - working capital of $193,383). The ability of the Company to carry out its planned business objectives is dependent on its ability to raise adequate financing from lenders, shareholders and other investors and/or generate operating profitability and positive cash flow. There can be no assurances that the Company will continue to obtain the additional financial resources necessary and/or achieve profitability or positive cash flows. The outbreak of COVID-19, has resulted in global equity markets experiencing significant volatility and weakness. In the event that it impacts the Company's ability to obtain adequate financing, the Company may be required to curtail operations, exploration, and development activities and there could be significant uncertainty whether the Company would continue as a going concern and realize its assets and settle its liabilities and commitments in the normal course of business.

As at March 31, 2022, the Company does not have sufficient cash on hand to meet operational expenses for the next twelve months. The Company plans to raise additional capital to execute its business plan, however the Company may increase or decrease expenditures as necessary to adjust to a changing capital market environment.

The financial statements do not include any adjustments that might be necessary if the Company is unable to continue as a going concern. If management is unsuccessful in securing capital, the Company's assets may not be realized, or its liabilities discharged at their carrying amounts and these differences could be material.

2. Significant Accounting Policies

a) Statement of Compliance

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") and International Financial Reporting Interpretations Committee ("IFRIC") interpretations as issued by the International Accounting Standards Board ("IASB") as at March 31, 2022.

The financial statements were approved by the Board of Directors on July 27, 2022.

b) Basis of Presentation

These financial statements have been prepared on a going concern basis, under the historical cost convention, except fair value through profit and loss assets which are carried at fair value and have been prepared using the accrual basis of accounting except for certain financial instruments which are measured at fair value as disclosed.

In the preparation of these financial statements, management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of expenses during the period. Actual results could differ from these estimates. Of particular significance are the estimates and assumptions used in the recognition and measurement of items included in note 2(s).

c) Interest Income

The Company recognizes interest income on its cash and cash equivalents on an accrual basis at the stated rates over the term to maturity. Revenue from investments is recognized when it is sold, and it is deemed collectible.

d) Financial Instruments

<u>Financial Assets</u>

Recognition and Initial Measurement

The Company recognizes financial assets when it becomes party to the contractual provisions of the instrument. Financial assets are measured initially at their fair value plus, in the case of financial assets not subsequently measured at fair value through profit or loss ("FVTPL"), transaction costs that are directly attributable to their acquisition. Transaction costs attributable to the acquisition of financial assets subsequently measured at FVTPL are expensed in profit or loss when incurred.

Classification and Subsequent Measurement

On initial recognition, financial assets and liabilities are classified as subsequently measured at amortized cost, fair value through other comprehensive income ("FVOCI") or fair value through profit or loss. The Company determines the classification of its financial assets, together with any embedded derivatives, based on the business model for managing the financial assets and their contractual cash flow characteristics.

2. Significant Accounting Policies (Continued)

d) Financial Instruments (Continued)

Financial Assets (Continued)

Financial assets are classified as follows:

- Amortized cost - Assets that are held for collection of contractual cash flows where those cash flows are solely payments of principal and interest are measured at amortized cost. Interest revenue is calculated using the effective interest method and gains or losses arising from impairment, foreign exchange and derecognition are recognized in loss. Financial assets measured at amortized cost are comprised of accounts receivable.
- FVOCI - Assets that are held for collection of contractual cash flows and for selling the financial assets, and for which the contractual cash flows are solely payments of principal and interest, are measured at fair value through other comprehensive income. Interest income calculated using the effective interest method and gains or losses arising from impairment and foreign exchange are recognized in profit or loss. All other changes in the carrying amount of the financial assets are recognized in other comprehensive income. Upon derecognition, the cumulative gain or loss previously recognized in other comprehensive income is reclassified to profit or loss. The Company does not hold any financial assets measured at fair value through other comprehensive income.
- Mandatorily at FVTPL - Assets that do not meet the criteria to be measured at amortized cost, or fair value through other comprehensive income, are measured at fair value through profit or loss. All interest income and changes in the financial assets' carrying amount are recognized in profit or loss. Financial assets mandatorily measured at fair value through profit or loss are comprised of cash.
- Designated at FVTPL – On initial recognition, the Company may irrevocably designate a financial asset to be measured at fair value through profit or loss in order to eliminate or significantly reduce an accounting mismatch that would otherwise arise from measuring assets or liabilities, or recognizing the gains and losses on them, on different bases. All interest income and changes in the financial assets' carrying amount are recognized in profit or loss. The Company does not hold any financial assets designated to be measured at FVTPL.

The Company classifies its financial instruments as follows:

Classification	**IFRS 9**
Cash and cash equivalents	FVTPL
Accounts receivable	Amortized cost
Accounts payable and accrued liabilities	Amortized cost
Due to related parties	Amortized cost

Business Model Assessment

The Company assesses the objective of its business model for holding a financial asset at a level of aggregation which best reflects the way the business is managed, and the way information is provided to management. Information considered in this assessment includes stated policies and objectives.

2. Significant Accounting Policies (Continued)

d) Financial Instruments (Continued)

Contractual Cash Flow Assessment

The cash flows of financial assets are assessed as to whether they are solely payments of principal and interest on the basis of their contractual terms. For this purpose, 'principal' is defined as the fair value of the financial asset on initial recognition. 'Interest' is defined as consideration for the time value of money, the credit risk associated with the principal amount outstanding, and other basic lending risks and costs. In performing this assessment, the Company considers factors that would alter the timing and amount of cash flows such as prepayment and extension features, terms that might limit the Company's claim to cash flows, and any features that modify consideration for the time value of money.

Impairment

The Company recognizes a loss allowance for the expected credit losses associated with its financial assets, other than financial assets measured at FVTPL. Expected credit losses are measured to reflect a probability-weighted amount, the time value of money, and reasonable and supportable information regarding past events, current conditions and forecasts of future economic conditions.

The Company applies the simplified approach for accounts receivable. Using the simplified approach, the Company records a loss allowance equal to the expected credit losses resulting from all possible default events over the assets' contractual lifetime.

The Company assesses whether a financial asset is credit-impaired at the reporting date. Regular indicators that a financial instrument is credit-impaired include significant financial difficulties as evidenced through borrowing patterns or observed balances in other accounts and breaches of borrowing contracts such as default events or breaches of borrowing covenants. For financial assets assessed as credit-impaired at the reporting date, the Company continues to recognize a loss allowance equal to lifetime expected credit losses.

For financial assets measured at amortized cost, loss allowances for expected credit losses are presented in the statement of financial position as a deduction from the gross carrying amount of the financial asset.

Financial assets are written off when the Company has no reasonable expectations of recovering all or any portion thereof.

Derecognition of Financial Assets

The Company derecognizes a financial asset when its contractual rights to the cash flows from the financial asset expire.

Financial Liabilities

Recognition and Initial Measurement

The Company recognizes a financial liability when it becomes party to the contractual provisions of the instrument. At initial recognition, the Company measures financial liabilities at their fair value plus transaction costs that are directly attributable to their issuance, with the exception of financial liabilities subsequently measured at FVTPL for which transaction costs are immediately recorded in the statememts of loss and comprehensive loss.

Financial liabilities are classified as either financial liabilities at FVTPL or at amortized cost. The Company determines the classification of its financial liabilities at initial recognition.

2. Significant Accounting Policies (Continued)

d) Financial Instruments (Continued)

Financial Liabilities (Continued)

i. Amortized cost

Financial liabilities are classified as measured at amortized cost unless they fall into one of the following categories: financial liabilities at FVTPL, financial liabilities that arise when a transfer of a financial asset does not qualify for derecognition, financial guarantee contracts, commitments to provide a loan at a below-market interest rate, or contingent consideration recognized by an acquirer in a business combination.

The Company's accounts payable and accrued liabilities and amount due to related parties do not fall into any of the exemptions and are therefore classified as measured at amortized cost.

ii. Financial liabilities recorded at FVTPL

Financial liabilities are classified as FVTPL if they fall into one of the five exemptions detailed above.

Transaction costs

Transaction costs associated with financial instruments, carried at FVTPL, are expensed as incurred, while transaction costs associated with all other financial instruments are included in the initial carrying amount of the asset or the liability.

Subsequent measurement

Instruments classified as FVTPL are measured at fair value with unrealized gains and losses recognized in profit or loss. Instruments classified as amortized cost are measured at amortized cost using the effective interest rate method. Instruments classified as FVTOCI are measured at fair value with unrealized gains and losses recognized in other comprehensive income.

Derecognition

The Company derecognizes financial liabilities only when its obligations under the financial liabilities are discharged, cancelled, or expired. The difference between the carrying amount of the financial liability derecognized and the consideration paid and payable, including any non-cash assets transferred or liabilities assumed, is recognized in profit or loss.

e) Impairment of Financial Assets

Financial assets are assessed for indicators of impairment at the end of each reporting period. Financial assets are impaired when there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial assets, the estimated future cash flows of the instruments have been negatively impacted. Evidence of impairment could include:

- significant financial difficulty of the issuer or counterparty; or
- default or delinquency in interest or principal payments; or
- the likelihood that the borrower will enter bankruptcy or financial re-organization.

The carrying amount of financial assets is reduced by any impairment loss directly for all financial assets with the exception of accounts receivable, where the carrying amount is reduced through the use of an allowance account. When an account receivable is considered uncollectable, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognized in profit or loss.

2. Significant Accounting Policies (Continued)

e) Impairment of Financial Assets (Continued)

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized, the previously recognized impairment loss is reversed through profit or loss to the extent that the carrying amount of the instrument at the date the impairment is reversed does not exceed what the amortized cost would have been had the impairment not been recognized.

f) Financial Instruments Recorded at Fair Value

Financial instruments recorded at fair value on the statement of financial position are classified using 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 - valuation based on quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2 - valuation techniques based on 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);
- Level 3 - valuation techniques using inputs for the asset or liability that are not based on observable market data (unobservable inputs).

As of March 31, 2022, and March 31, 2021, the fair values of accounts receivable, and accounts payable and accrued liabilities approximate their carrying value due to their short-term nature.

At the end of each reporting period, the Company reviews the carrying amounts of its non-financial assets with finite lives to determine whether there is any indication that those assets have suffered an impairment loss. Where such an indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss. The recoverable amount is the higher of an asset’s fair value less cost to sell or its value in use. In addition, long-lived assets that are not amortized are subject to an annual impairment assessment. In the case of exploration and evaluation assets, impairment reviews are carried out on a property-by-property basis, with each capitalized property representing a potential cash-generating unit. As at March 31, 2022, all exploration and evaluation costs have been expensed as incurred and no amounts have been capitalized.

Fair Value Hierarchy and Liquidity Risk Disclosure

The following summarizes the methods and assumptions used in estimating the fair value of the Company's financial instruments where measurement is required. Fair value amounts represent point-in-time estimates and may not reflect fair value in the future. The measurements are subjective in nature, involve uncertainties and are a matter of significant judgment. The methods and assumptions used to develop fair value measurements, for those financial instruments where fair value is recognized in the statement of financial position, have been prioritized into three levels as per the fair value hierarchy.

	Level 1	Level 2	Level 3
Cash	$ 491,932	$ -	$ -

2. Significant Accounting Policies (Continued)

g) Exploration and Evaluation Expenditures

The Company expenses exploration and evaluation expenditures as incurred. Exploration and evaluation expenditures include acquisition costs of mineral properties, property option payments and evaluation activity.

Once a project has been established as commercially viable and technically feasible, related development expenditures are capitalized. This includes costs incurred in preparing the site for mining operations. Capitalization ceases when the mine is capable of commercial production, with the exception of development costs that give rise to a future benefit.

h) Flow-through Shares

Flow-through shares are a unique Canadian tax incentive. Under IAS 8, the Company may apply judgment on accounting policies in the absence of specific guidance within IFRS. Therefore, the Company has adopted a policy whereby flow-through proceeds are allocated between the offering of the common shares and the sale of tax benefits when the common shares are offered. The allocation is made based on the difference between the quoted price of the common shares and the amount the investor pays for the flow-through shares. A deferred tax liability is recognized for the premium paid (if any) by the investors and is then recognized as a deferred income tax recovery in the period of renunciation if the Company has sufficient unrealized tax losses and deductions.

i) Joint Operations

The Company's Pipestone Lake property is conducted though a joint operation, whereby the Company shares joint control over the strategic, financial and operating decisions. A joint operation involves the use of the assets and resources of the joint operators and incurs its own expenses and liabilities. These financial statements reflect only the Company's proportionate interest in the joint operation. The Company's proportionate share of the expenses and cash flows of the property are included in the financial statements as described in Note 7. There are no assets, liabilities or revenues associated with this property.

j) Cash and Cash Equivalents

Cash and cash equivalents include cash on hand, and on deposit with financial institutions, and other short-term, highly liquid investments with original maturity of three months or less that are readily convertible to known amounts of cash and subject to an insignificant risk of change in value.

k) Equity

Share capital represents the amount received on the issue of shares, less issuance costs. If shares are issued when options and conversion options are exercised, the share capital account also comprises the costs previously recorded as share-based payments reserve. In addition, if shares were issued as consideration for the acquisition of a mineral property or some other form of non-monetary assets, they were measured at their fair value according to the quoted price on the day immediately preceding the conclusion of the agreement.

2. Significant Accounting Policies (Continued)

l) Provisions

A provision is recognized when the Company has a present legal or constructive obligation as a result of a past event, it is probable that an outflow of economic benefits will be required to settle the obligation, and the amount of the obligation can be reliably estimated. If the effect is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability. All provisions are reviewed at each reporting date and adjusted to reflect the current best estimate.

A provision for onerous contracts is recognized when the expected benefits to be derived by the Company from a contract are lower than the unavoidable cost of meeting its obligations under the contract.

The Company had no material provisions for the years ended March 31, 2022 or 2021.

m) Restoration, Rehabilitation and Environmental Obligations

A legal or constructive obligation to incur restoration, rehabilitation and environmental costs may arise when environmental disturbance is caused by the exploration, development or ongoing production of a mineral property interest. Such costs arising from the decommissioning of plant and other site preparation work, discounted to their net present value, are provided for and capitalized at the start of each project to the carrying amount of the asset, as soon as the obligation to incur such costs arises. Discount rates using a pre-tax rate that reflects the time value of money are used to calculate the net present value. These costs are charged against profit or loss over the economic life of the related asset, through amortization using either a unit-of-production or the straight-line method as appropriate. The related liability is adjusted for each period for the unwinding of the discount rate and for changes to the current market-based discount rate, amount or timing of the underlying cash flows needed to settle the obligation. Costs for restoration of subsequent site damage that is created on an ongoing basis during production are provided for at their net present values and charged against profits as extraction progresses.

The Company has no material restoration, rehabilitation and environmental obligations as the disturbance to date is minimal.

n) Share-based Payment Transactions

The fair value of equity-settled share options granted to employees is recognized as an expense over the vesting period with a corresponding increase in equity. An individual is classified as an employee when the individual is an employee for legal or tax purposes (direct employee) or provides services similar to those performed by a direct employee, including directors of the Company.

The fair value is measured at grant date and recognized over the period during which the options vest. The fair value of the options granted is measured using the Black-Scholes option-pricing model, taking into account the terms and conditions upon which the options were granted. At each financial position reporting date, the amount recognized as an expense is adjusted to reflect the actual number of share options that are expected to vest.

2. Significant Accounting Policies (Continued)

o) Income Taxes

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

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

Deferred tax is provided using the asset and liability method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The following temporary differences are not provided for: goodwill not deductible for tax purposes and the initial recognition of assets or liabilities that affect neither accounting nor taxable profit. The amount of deferred tax provided is based on the expected manner of realization or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the financial position reporting date.

A deferred tax asset is recognized only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised. To the extent that the Company does not consider it probable that a deferred tax asset will be recovered, that asset is not recognized.

p) 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, which reflects the maximum possible dilution from the potential exercise of warrants and stock options, is the same as basic loss per share for the years ended March 31, 2022 and 2021.

q) Government Assistance

The Company periodically applies for financial assistance under available government incentive programs. All government assistance received is reflected as a reduction to the related asset category if any, or otherwise recognized on the Company's statement of loss and comprehensive loss.

r) Significant Accounting Judgments and Estimates

The preparation of these financial statements requires management to make certain estimates, judgments and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and reported amounts of expenses during the reporting period. Actual outcomes could differ from these estimates. These financial statements include estimates that, by their nature, are uncertain. The impacts of such estimates are pervasive throughout the financial statements and may require accounting adjustments based on future occurrences. Revisions to accounting estimates are recognized in the period in which the estimate is revised and future periods if the revision affects both current and future periods. These estimates are based on historical experience, current and future economic conditions and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

2. Significant Accounting Policies (Continued)

r) Significant Accounting Judgments and Estimates (Continued)

Critical Accounting Estimates and Judgments

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

- the recoverability of amounts receivable that are included in the statements of financial position;
- the calculation of the fair value of share-based payments requires the use of estimates of inputs in the Black-Scholes option pricing valuation model (Notes 8 and 9);
- no material restoration, rehabilitation and environmental cost, based on the facts and circumstances that existed during the period; and
- management's position that there are no income tax considerations required within these financial statements.

Estimates and Judgments

(i) Impairment exists when the carrying value of an asset exceeds its recoverable amount, which is the higher of its fair value less cost to sell and its value in use. The fair value less cost to sell calculation is based on available data from binding sales transactions in an arm’s length transaction of similar assets or observable market prices less the incremental costs for disposing of the asset. If there is no binding sale agreement or active market for an asset, fair value less cost to sell is based on the best information available to reflect the amount that an entity could obtain, at the end of the reporting period, from the disposal of the asset in an arm’s length transaction between knowledgeable, willing parties, after deducting the costs of disposal. The value in use calculation is based on a discounted cash flow model. The cash flows are derived from management’s best estimates of the future cash flows associated with a particular asset, and do not include restructuring activities that the company is not yet committed to or significant future investments that will enhance the asset’s performance or value. The recoverable amount is sensitive to the discount rate used for the discounted cash flow model, the expected future cash inflows and the growth rate used for extrapolation purposes.

(ii) Management assesses the fair value of stock options granted and share purchase warrants issued using the Black-Scholes option pricing model. Measurement inputs include the Company’s share price on the measurement date, the exercise price of the option or warrant, the expected volatility of the Company’s shares, the expected life of the options or warrants, expected dividends and the risk-free rate of return. The Company estimates the volatility based on historical shares prices in the publicly-traded market. The expected life on the options or warrants, are based on the historical experience and the estimates of the holder’s behaviour. Dividends are not factored in as the Company does not expect to pay dividends in the foreseeable future. Management also makes an estimate of the number of options that will be forfeited, and the rate is adjusted to reflect the actual number of options that actually vest.

(iii) Provisions for income taxes are made using the best estimate of the amount expected to be paid based on a qualitative assessment of all relevant factors. The Company reviews the adequacy of these provisions at the end of the reporting period. However, it is possible that at some future date an additional liability could result from audits by tax authorities. Where the final outcome of these tax-related matters is different from the amounts that were initially recorded, such differences will affect the tax provisions in the period in which such determination is made.

2. Significant Accounting Policies (Continued)

r) Significant Accounting Judgments and Estimates (Continued)

Estimates and Judgments (Continued)

(iv) The Company accounts for income taxes using the asset and liability method. Under this method, deferred tax assets and liabilities are recognized based on deductible or taxable temporary differences between the carrying amounts and tax bases of the assets and liabilities. Deferred tax assets and liabilities are measured using substantially enacted tax rates expected to apply in the years in which the temporary differences are expected to reverse. If the estimates and assumptions are modified in the future, the Company may be required to reduce or increase the value of deferred tax assets or liabilities resulting in, where applicable, an income tax expense or recovery. The Company regularly evaluates deferred tax assets and liabilities.

(v) Estimates and judgments are inherent in the on-going assessment of the recoverability of some accounts receivable. The Company maintains an allowance for doubtful accounts to reflect expected credit losses. The Company is not able to predict changes in financial conditions of its customers and the Company’s judgment related to the recoverability of accounts receivable may be materially impacted if the financial condition of the Company’s customers deteriorates.

(vi) No provision has been established for asset retirement obligations as management believes that there has been no significant site disturbance to date that would require a provision to be established. The ultimate retirement costs are uncertain and cost estimates can vary in response to many factors including changes in relevant regulatory requirements, the emergence of new restoration techniques or experience at other production sites. The expected timing and amount of expenditure can also change, for example in response to a change in reserves. As a result, there could be significant adjustments to any provisions established which would affect future financial results.

s) Presentation and Functional Currency

The Company's presentation currency is the Canadian ("CDN") dollar and the functional currency of its operations is the CDN dollar as it was assessed by management that the CDN dollar is the currency of the primary economic environment in which the Company operates.

t) Contingencies

By their nature, contingencies will only be resolved when one or more future events occur or fail to occur. The assessment of contingencies inherently involves the exercise of significant judgment and estimates of the outcome of future events.

Contingent consideration that is classified as a financial asset or financial liability is remeasured at subsequent reporting dates, with the corresponding gain or loss being recognized on the statement of loss and comprehensive loss.

Covid-19

The outbreak of the novel strain of coronavirus, specifically identified as “COVID-19”, has resulted in governments worldwide enacting emergency measures to combat the spread of the virus. These measures, which include the implementation of travel bans, self-imposed quarantine periods and social distancing, have caused material disruption to businesses globally resulting in an economic slowdown. Global equity markets have experienced significant volatility and weakness. Governments and central banks have reacted with significant monetary and fiscal interventions designed to stabilize economic conditions. The duration and impact of the COVID-19 outbreak is unknown at this time, as is the efficacy of the government and central bank interventions. It is not possible to reliably estimate the length and severity of these developments and the impact on the financial results and condition of the Company in future periods.

2. Significant Accounting Policies (Continued)

t) Contingencies (Continued)

Covid-19 (Continued)

At the date of the approval of these financial statements, the Canadian government has not introduced measures which impede the activities of the Company. Management believes the business will continue and accordingly, the current situation bears no impact on management's going concern assumption. However, it is not possible to reliably estimate the length and severity of these developments and the impact on the financial results and condition of the Company in future periods.

u) Future Accounting Policies

i) In January 2020, the International Accounting Standards Board (IASB) issued amendments to IAS 1 which were incorporated into Part I of the CPA Canada Handbook – Accounting by the Accounting Standards Board (AcSB) in April 2020. The amendments clarify the requirements for classifying liabilities as either current or non-current by:

- Specifying that the conditions which exist at the end of the reporting period determine if a right to defer settlement of a liability exists;
- Clarifying that settlement of a liability refers to the transfer to the counterparty of cash, equity instruments, other assets or services;
- Clarifying that classification is unaffected by management's expectation about events after the balance sheet date; and
- Clarifying the classification requirements for debt an entity may settle by converting it into equity.

The amendments clarify existing requirements, rather than make changes to the requirements, and so are not expected to have a significant impact on an entity's financial statements. However, the clarifications may result in reclassification of some liabilities from current to non-current or vice-versa, which could impact an entity's loan covenants. Because of this impact, the IASB has provided a longer effective date to allow entities to prepare for these amendments.

In July 2020, the IASB issued an amendment to defer the effective date of the amendments by one year from its originally planned effective date to annual periods beginning on or after January 1, 2023 due to the impact of the COVID-19 pandemic. Early application is permitted. The AcSB endorsed the IASB's amendment to defer the effective date in October 2020. The adoption of the above standard is not expected to have a material impact on the Company's financial statements.

ii) In February 2021, the International Accounting Standards Board (IASB) issued amendments to IAS 1 *Presentation of Financial Statements* and IFRS Practice Statement 2 *Making Materiality Judgements* which were incorporated into Part I of the CPA Canada Handbook – Accounting by the Accounting Standards Board (AcSB) in June 2021. The amendments help entities provide accounting policy disclosures that are more useful to primary users of financial statements by:

- Replacing the requirement to disclose "significant" accounting policies under IAS 1 with a requirement to disclose "material" accounting policies. Under this, an accounting policy would be material if, when considered together with other information included in an entity's financial statements, it can reasonably be expected to influence decisions that primary users of general purpose financial statements make on the basis of those financial statements.
- Providing guidance in IFRS Practice Statement 2 to explain and demonstrate the application of the four-step materiality process to accounting policy disclosures.

The amendments shall be applied prospectively. The amendments to IAS 1 are effective for annual periods beginning on or after January 1, 2023. Earlier application is permitted. Once the entity applies the amendments to IAS 1, it is also permitted to apply the amendments to IFRS Practice Statement 2. The adoption of the above standard is not expected to have a material impact on the Company's financial statements.

2. Significant Accounting Policies (Continued)

u) Future Accounting Policies (Continued)

iii) In May 2021, the International Accounting Standards Board (IASB) issued amendments to the recognition exemptions under IAS 12 *Income* Taxes which were incorporated into Part I of the CPA Canada Handbook – Accounting by the Accounting Standards Board (AcSB) in September 2021.

The amendments narrowed the scope of the recognition exemption to require an entity to recognize deferred tax on initial recognition of particular transactions, to the extent that transaction gives rise to equal taxable and deductible temporary differences. These amendments apply to transactions for which an entity recognizes both an asset and liability, for example leases and decommissioning liabilities.

The amendments are effective for annual periods beginning on or after January 1, 2023. Earlier application is permitted. The adoption of the above standard is not expected to have a material impact on the Company's financial statements.

iv) In May 2020, the International Accounting Standards Board (IASB) issued amendments to update IAS 37 *Provisions, Contingent Liabilities and Contingent Assets*. The Accounting Standards Board (AcSB) completed its endorsement process and incorporated the amendments into Part I of the CPA Canada Handbook – Accounting in September 2020.

The amendments specify that in assessing whether a contract is onerous under IAS 37*,* the cost of fulfilling a contract includes both the incremental costs and an allocation of costs that relate directly to contract activities. The amendments also include examples of costs that do, and do not, relate directly to a contract.

These amendments are effective for annual periods beginning on or after January 1, 2022. Earlier application is permitted. The adoption of the above standard is not expected to have a material impact on the Company's financial statements.

3. Capital Management

The Company manages its capital with the following objectives:

- To ensure sufficient financial flexibility to achieve the ongoing business objectives including funding of future growth opportunities, and pursuit of accretive acquisitions; and
- To maximize shareholder return through enhancing the share value.

The Company monitors its capital structure and makes adjustments according to market conditions in an effort to meet its objectives given the current outlook of the business and industry in general. The Company may manage its capital structure by issuing new shares, repurchasing outstanding shares, adjusting capital spending, or disposing of assets. The capital structure is reviewed by Management and the Board of Directors on an ongoing basis.

The Company considers its capital to be shareholders' equity, comprising share capital, contributed surplus, and deficit, which at March 31, 2022, totalled $349,611 (March 31, 2021 - $193,383).

The Company manages capital through its financial and operational forecasting processes. The Company reviews its working capital and forecasts its future cash flows based on operating and capital expenditures, and other investing and financing activities. The forecast is updated based on activities related to its mineral properties. Selected information is provided to the Board of Directors of the Company. The Company's capital management objectives, policies and processes have remained unchanged during the year ended March 31, 2022. The Company is not subject to externally imposed capital requirements.

4. Mineral Property and Financial Risk Factors

a) Mineral Property Risk

The Company's major mineral properties are listed in Note 7. Unless the Company acquires or develops additional material mineral properties, the Company will be mainly dependent upon its existing properties. If no additional major mineral properties are acquired by the Company, any adverse development affecting the Company's properties would have a materially adverse effect on the Company's financial condition and results of operations.

b) Financial Risks

The Company's activities expose it to a variety of financial risks: credit risk, liquidity risk and market risk (including interest rate, foreign currency rate, commodity and equity price risk).

Risk management is carried out by the Company's management team with guidance from the Audit Committee under policies approved by the Board of Directors. The Board of Directors also provides regular guidance for overall risk management.

<u>Credit Risk</u>

Credit risk is the risk of loss associated with a counterparty’s inability to fulfill its payment obligations. The Company's credit risk is primarily attributable to cash and cash equivalents, and accounts receivable. Cash and cash equivalents are held with select major Canadian chartered banks, from which management believes the risk of loss to be minimal.

Management believes that the credit risk with respect to financial instruments included in accounts receivable is minimal. Accounts receivable consists of sales tax receivable from government authorities in Canada and advance royalty payments received after year end. Accounts receivable are current and in good standing as of March 31, 2022. Accordingly, no allowance for bad debts has been recorded as at March 31, 2022 (2021 - nil). See note 5.

The Company’s maximum exposure to credit risk as at March 31, 2022 is the carrying value of cash and cash equivalents and accounts receivable of $743,764 (2021 - $466,185).

<u>Liquidity Risk</u>

Liquidity risk is the risk that the Company will not have sufficient cash resources to meet its financial obligations as they come due. The Company’s liquidity and operating results may be adversely affected if its access to the capital market is hindered, whether as a result of a downturn in stock market conditions generally or matters specific to the Company. The Company generates cash flow primarily from its financing activities. As at March 31, 2022, the Company had cash of $491,932 (March 31, 2021 - $331,480) to settle current liabilities of $394,903 (March 31, 2021 - $274,357). All of the Company's financial liabilities have contractual maturities of less than 30 days and are subject to normal trade terms. The Company regularly evaluates its cash position to ensure preservation and security of capital as well as liquidity.

<u>Market Risk</u>

Market risk is the risk of loss that may arise from changes in market factors such as interest rates, foreign currency rates, and commodity and equity prices.

Interest Rate Risk

The Company has cash balances and no interest-bearing debt. The Company's current policy is to invest excess cash in guaranteed investment certificates or interest-bearing accounts of major Canadian chartered banks. The Company regularly monitors compliance to its cash management policy.

Foreign Currency Risk

The Company's functional and reporting currency is the Canadian dollar and major purchases are transacted in Canadian dollars. As a result, the Company's exposure to foreign currency risk is minimal.

(Expressed in Canadian Dollars)

4. Mineral Property and Financial Risk Factors (Continued)

b) Financial Risk (Continued)

Price Risk

The Company is exposed to price risk with respect to commodity and equity prices. Equity price risk is defined as the potential adverse impact on the Company's earnings due to movements in individual equity prices or general movements in the level of the stock market. Commodity price risk is defined as the potential adverse impact on earnings and economic value due to commodity price movements and volatilities. The Company closely monitors relevant commodity prices and the stock market to determine the appropriate course of action to be taken by the Company.

Sensitivity Analysis

Based on management's knowledge and experience of the financial markets, the Company believes the following movements are reasonably possible over a twelve-month period:

(i) The Company has no term debt and receives low interest rates on its cash balances. As such the Company does not have significant interest rate risk.

(ii) The Company does not hold balances in foreign currencies to give rise to exposure to foreign exchange risk.

(iii) Commodity price risk could adversely affect the Company. In particular, the Company's future profitability and viability from mineral exploration depends upon the world market price of valuable minerals. Commodity prices have fluctuated significantly in recent years. There is no assurance that, even as commercial quantities of minerals may be produced in the future, a profitable market will exist for them.

As of March 31, 2022, the Company is not a producer of valuable minerals. As a result, commodity price risk may affect the completion of future equity transactions such as equity offerings and the exercise of stock options. This may also affect the Company's liquidity and its ability to meet its ongoing obligations.

(iv) Mineral property risk is significant. In particular, if an economic orebody is not found, the Company cannot enter into commercial production and generate sufficient revenues to fund its continuing operations. There can be no assurance that the Company will generate any revenues or achieve profitability or provide a return on investment in the future from any of the properties it may have an interest in.

5. Accounts Receivable

		2022		2021
Due from Canada Premium Sand (Note 7(iii))	**$**	**50,000**	$	100,000
Harmonized sales tax receivable		**201,832**		34,705
	$	**251,832**	$	134,705

6. Accounts Payable and Accrued Liabilities

		2022		2021
Accounts payable and accrued liabilities	**$**	**291,882**	$	108,060
Due to related parties		**103,021**		166,297
	$	**394,903**	$	274,357

(Expressed in Canadian Dollars)

7. Exploration and Evaluation Expenditures

	Historical Expenditures, March 31, 2021	Current Expenditures	Historical Expenditures, March 31, 2022
Pipestone Lake (i)	$ 1,816,297	$ -	$ 1,816,297
Bird River (ii)	917,586	676	918,262
Gander Gold Property (vii)	215,066	96,236	311,302
Inwood	1,227,622	129,872	1,357,494
Separation Rapids	212,915	-	212,915
Sturgeon Lake (iv)	634,557	1,642,635	2,277,192
Royalties	4	-	4
Manigotagan Silica (iii)	792,368	4,066	796,434
Sharpe Lake (vi)	483,341	-	483,341
	$ 6,299,756	$ 1,873,485	$ 8,173,241

In addition to the above expenditures, during the year ended March 31, 2022, the Company incurred $nil in evaluation expenditures on prospective property interests.

	Historical Expenditures, March 31, 2020	Current Expenditures	Historical Expenditures, March 31, 2021
Pipestone Lake (i)	$ 1,816,275	$ 22	$ 1,816,297
Bird River (ii)	917,534	52	917,586
Gander Gold property (vii)	-	215,066	215,066
Inwood	1,221,819	5,803	1,227,622
Separation Rapids	212,915	-	212,915
Sturgeon Lake (iv)	633,839	718	634,557
Royalties	4	-	4
Manigotagan Silica (iii)	792,368	-	792,368
Sharpe Lake (vi)	483,341	-	483,341
	$ 6,078,095	$ 221,661	$ 6,299,756

In addition to the above expenditures, during the year ended March 31, 2021, the Company incurred $12,709 in evaluation expenditures on prospective property interests.

(i) The Pipestone project is a 50% joint operation with Cross Lake Mineral Explorations Inc.

(ii) The Bird River project is wholly-owned by the Company. Prior to March 24, 2012, the project was held pursuant to a joint venture agreement with Stillwater Mining Company ("Stillwater") who acquired the interest from Marathon PGM Corporation.

7. Exploration and Evaluation Expenditures (Continued)

(iii) On June 18, 2013, the Company closed a purchase and sale agreement to vend its Manigotagan Silica Frac Sand Project, comprised of 9 quarry leases located near Seymourville Manitoba, to Claim Post Resources Inc., now Canadian Premium Sand Inc. ("Canadian Premium") (CPS-TSX.V). Gossan had been seeking a joint-venture partner or a purchaser for the Project since completing a marketing study in late 2010. In 2012, Claim Post acquired the adjacent Seymourville Property to the south and announced plans to develop a frac sand operation. The consolidation of the two properties should improve the viability of the project.

Under the terms of the agreement, Gossan received 3,000,000 common shares of Claim Post (ascribed a fair value of $95,000) and an initial two cash payments totalling $700,000. Consideration for this purchase and sale agreement is recognized in the Company's statement of earnings (loss) and comprehensive earnings (loss) as a gain on disposition of mineral property interest when it is received, or where the receipt of which is certain. One further cash payment totalling $430,000 was initially due on June 18, 2015, however, the Company amended the agreement to provide an extension in the due date of the $430,000 payment for 6 months to December 18, 2015, subject to interest at 1% per month, and a payment of 1,000,000 common shares of Claim Post (received June 25, 2015, and ascribed a fair value of $25,000 upon receipt), as well as an increase in the advance royalty provisions.

On September 15, 2017, the Company received payments totalling $787,356, inclusive of the outstanding final property payment of $430,000, four advance royalty payments totalling $200,000 in aggregate, and $157,356 of interest retroactive from their original due dates. These payments were held in trust until January 19, 2018, at which time they were released to the Company's treasury upon registration of title of the Claim Post interests which were recorded as a gain on disposition of mineral property on the statement of loss and comprehensive loss.

Under the terms of the revised agreement, semi-annual advance royalty payments of $50,000 each are payable as of June 18th and December 18th of each year and these royalty payments are recorded as a gain on disposition of mineral property. All frac sand produced, sold and paid from the nine Manigotagan leases is subject to a $1.00 per tonne production royalty payable quarterly and all other products are subject to a $0.50 per tonne production royalty. Although the royalty is solely payable on production from the Manigotagan leases, the agreement also provides for a minimum production royalty from both the Manigotagan and the adjacent Seymourville properties held by Canadian Premium, based on their relative mining reserves of frac sand at the time of permitting. Canadian Premium can acquire one half of Gossan's production royalty interest for $1.5 million during the three years after commencing commercial production and $2 million for a further two years.

The advance royalty payments are non-refundable. The $50,000 advance royalty payment due on December 18, 2021 was received during the period. The next payment was due June 18, 2022 and was received subsequent to March 31, 2022.

iv) On July 28, 2016, the Company acquired 15 claims at Glitter Lake, in the zinc-rich polymetallic Sturgeon Lake Greenstone Belt in northwestern Ontario. In November 2015, the Company staked three claims and subsequently acquired an additional 12 claims from Excalibur Resources Ltd. along with a significant amount of exploration data. Recent work now in the possession of Gossan includes: a VTEM electromagnetic geophysical survey by Geotech Ltd.; an Enzyme Leach geochem survey and a Soil Gas Hydrocarbon geochem survey, both processed by Actlabs; and results from a limited drill program on the eastern portion of the acquired claims. In September 2016, the Company conducted a geochemical survey on the property. During the winter of 2018, a preliminary drill program was completed, in relation to which, the Company received $100,000 of grant funding from Ontario's Junior Exploration Assistance Program under the Northern Ontario Heritage Fund. In the fall of 2018, a gravity survey was conducted on the property. In the fall of 2021, a prospecting program and an additional gravity survey were completed. In December 2021, the Company initiated a winter drill program at the property which concluded on March 31, 2022.

(Expressed in Canadian Dollars)

7. Exploration and Evaluation Expenditures (Continued)

v) On November 16, 2016, Gossan announced it had entered into an Exclusive Supply Agreement with Sediment Research & Minerals Ltd. (“SRML”) for the provision of high-purity dolomite.

Under the terms of the exclusive supply agreement, Gossan will receive a production royalty on all dolomite sold, including any purchased from other sources, by SRML of $1.00 per tonne for products with a price of less than $70 per tonne and a royalty of 2% for products with a price of $70 per tonne or greater. Gossan will also retain an equity interest in any project.

vi) The Company no longer holds mineral rights at the Sharpe Lake Property and its interest in the Manigotagen property is solely a Production Royalty with advance payments of $50,000 semi-annually.

vii) On August 31, 2020, the Comany entered into a mineral property acquisition agreement to acquire a 100% interest in the Gander Gold Property located just outside Gander, Newfoundland from an arm's length party. The 9,050-hectare property is immediately adjacent to the Newfound Gold Corp.'s Queensway property along the Central Newfoundland Gold Belt. Under the terms of the agreement, the Company issued 2.1 million common shares of the Company (issued, and ascribed a fair value of $178,500); reimburse staking costs of $21,125; and granted a 2% net smelter returns royalty ("NSR"), subject to re-purchase of 1% of the NSR for $1,000,000. In the fall of 2021, a LiDAR survey was completed.

8. Share Capital

a) Authorized share capital

At March 31, 2022, the authorized share capital consisted of an unlimited number of common shares. The common shares do not have a par value.

b) Common shares issued

At March 31, 2022, the issued share capital amounted to $14,565,919 (March 31, 2021 - $12,521,867).

	Number of Common Shares	Amount
Balance, March 31, 2020	33,827,900	$ 11,902,903
Issued on private placement, net of costs of issue	10,256,000	522,364
Fair value of warrants issued	-	(184,928)
Fair value of finders warrants issued	-	(22,037)
Issued on acquisition of exploration property	2,100,000	178,500
Exercise of options	1,046,500	99,509
Exercise of warrants	250,000	25,556
Balance, March 31, 2021	**47,480,400**	**$ 12,521,867**
Issued on private placement, net of costs of issue	8,480,000	1,898,685
Fair value of warrants issued	-	(306,272)
Fair value of finders warrants issued	-	(50,592)
Exercise of options	600,000	68,320
Exercise of warrants	4,199,000	433,911
Balance, March 31, 2022	**60,759,400**	**$ 14,565,919**

i) On August 21, 2020, the Company completed a non-brokered private placement offering (the "Offering") of 3,400,000 units ("Units") of the Company at a purchase price of $0.05 per Unit, for aggregate gross proceeds of $170,000. Each Unit consists of one common share in the capital of the Company and one-half of one common share purchase warrant (each whole warrant, a "Warrant"). Each Warrant is exercisable to acquire one Common Share at a price of $0.08 with an expected life of 2 years. Total cash costs of issue were $13,324.

8. Share Capital (Continued)

i) (Continued)

The Chief Executive Officer of the Company, subscribed for an aggregate of 200,000 Units pursuant to the Offering.

The Company issued 256,000 finders warrants (the "Finder Warrants"). Each Finder Warrant entitles the holder thereof to acquire one Unit at a price of $0.05 per Unit for a period of two years from the closing date of the Offering. The Units underlying the Finder Warrants consist of one common share and one-half of one Warrant, exercisable at a price of $0.08 per common share for a period of two years from the date of issuance. Additionally, the Company paid the finder a commission of 256,000 Units in lieu of a cash fee. Each unit consisted of one common share of the Company and one half warrant with the same terms as those issued in the underlying private placement, with an aggregate fair value of $12,800.

The resulting 1,828,000 warrants issued in conjunction with this private placement were valued at $40,623, estimated using the Black-Scholes option pricing model with the following assumptions: expected dividend yield of 0%; expected volatility from 85%; a risk-free interest rate of 0.28% and an expected life of 2 years.

The 256,000 Finders Warrants were valued at $9,779, estimated using the Black-Scholes option pricing model with the following assumptions: expected dividend yield of 0%; expected volatility from 85%; a risk-free interest rate of 0.28% and an expected life of 2 years.

ii) On February 24, 2021, the Company completed a non-brokered private placement offering of 6,600,000 units of the Company at a purchase price of $0.06 per unit, for aggregate gross proceeds of $396,000. Each Unit consists of one common share in the capital of the Company and one common share purchase warrant of the Company. Each warrant is exercisable to acquire one common share at a price of $0.08 until December 21, 2021; and thereafter, at a price of $0.12 until expiry on December 21, 2022. The net proceeds from the offering will be used for general corporate and working capital purposes. Cash costs of issue were $30,312.

The Company issued an aggregate of 284,400 finder warrants to the finder, being equal to 6% of the aggregate number of units sold under the offering attributable to the finder. Each finder warrant entitles the holder thereof to acquire one common hare at a price of $0.08 per common share until expiry on December 21, 2022.

The resulting 6,600,000 warrants issued in conjunction with this private placement were valued at $144,305, estimated using the relative value method, using the Black-Scholes option pricing model with the following assumptions: expected dividend yield of 0%; expected volatility from 85%; a risk-free interest rate of 0.23% and expected life of 0.82 years.

The 284,400 Finders Warrants were valued at $12,258, estimated using the Black-Scholes option pricing model with the following assumptions: expected dividend yield of 0%; expected volatility from 85%; a risk-free interest rate of 0.23% and an expected life of 1.53 years.

iii) On May 17, 2021, the Company closed a non-brokered private placement offering of 8,000,000 flow-through units (each a "FT Unit") of the Company at a price of $0.24 per FT Unit for aggregate gross proceeds of $1,920,000. Each FT Unit issued pursuant to the offering consists of one common share of the Company, issued on a "flow-through" basis (each a "FT Share") and one-half of one common share purchase warrant (each whole warrant, a "Warrant") of the Company, issued on a "non-flow-through" basis. Each whole Warrant entitles the holder thereof to acquire one additional common share (each a "Warrant Share") of the Company at an exercise price of $0.30 per Warrant Share at any time on or before May 17, 2023. In connection with this private placement, the Company is committed to spend $1,920,000 in eligible flow-through expenditures by December 31, 2022.

The Company issued 480,000 finders warrants (the "Finder Warrants"). Each Finder Warrant entitles the holder thereof to acquire one common share at a price of $0.24 per Finder Warrant for a period of two years from the closing date of the Offering. Additionally, the Company paid the finder a commission of 480,000 common shares (ascribed a fair value of $112,800) in lieu of a cash fee.

(Expressed in Canadian Dollars)

8. Share Capital (Continued)

iii) (Continued)

The resulting 4,000,000 warrants issued in conjunction with this private placement were valued at $306,272, estimated using the Black-Scholes option pricing model with the following assumptions: expected dividend yield of 0%; expected volatility from 85%; a risk-free interest rate of 0.33% and an expected life of 2 years.

The 480,000 Finders Warrants were valued at $50,592, estimated using the Black-Scholes option pricing model with the following assumptions: expected dividend yield of 0%; expected volatility from 85%; a risk-free interest rate of 0.33% and an expected life of 2 years.

9. Stock Options

The following table reflects the continuity of stock options for the year ended March 31, 2022 and 2021:

	Number of Stock Options	Weighted Average Exercise Price ($)
Balance, March 31, 2020	1,600,000	0.07
Granted	3,122,500	0.09
Exercised	(1,046,500)	0.06
Cancelled	(150,000)	0.095
Expired	(126,000)	0.08
Balance, March 31, 2021	**3,400,000**	**0.09**
Exercised	(600,000)	0.08
Expired	(132,500)	0.10
Granted	1,210,000	0.24
Balance, March 31, 2022	**3,877,500**	**0.16**

(i) On July 24, 2020, the Company granted 150,000 incentive stock options to officers and directors of the Company. The options are exercisable at $0.0525 per share and expire September 21, 2023. The resulting fair value of $4,575 was estimated using the Black-Scholes option pricing model with the following assumptions: expected dividend yield of 0%; expected volatility of 85%; a risk-free interest rate of 0.24% and an expected life of 2.2 years.

(ii) On July 24, 2020, the Company granted 300,000 incentive stock options to officers, directors and consultants of the Company. The options are exercisable at $0.0525 per share, expire March 22, 2022. The resulting fair value of $7,470 was estimated using the Black-Scholes option pricing model with the following assumptions: expected dividend yield of 0%; expected volatility of 85%; a risk-free interest rate of 0.24% and an expected life of 1.3 years. 200,000 of these options were granted to consultants and are subject to quarterly vesting over a period of one year from the date of grant.

(iii) On August 14, 2020, the Company granted 210,000 incentive stock options to officers and directors of the Company. The options are exercisable at $0.07 per share and expire September 23, 2022. The resulting fair value of $6,027 was estimated using the Black-Scholes option pricing model with the following assumptions: expected dividend yield of 0%; expected volatility of 85%; a risk-free interest rate of 0.24% and an expected life of 1.6 years.

(iv) On August 14, 2020, the Company granted 215,000 incentive stock options to officers and directors of the Company. The options are exercisable at $0.07 per share, expire September 23, 2023. The resulting fair value of $6,966 was estimated using the Black-Scholes option pricing model with the following assumptions: expected dividend yield of 0%; expected volatility of 85%; a risk-free interest rate of 0.24% and an expected life of 2.1 years.

(Expressed in Canadian Dollars)

9. Stock Options (Continued)

(v) On December 16, 2020, the Company granted 260,000 incentive stock options to a director and consultant of the Company. The options are exercisable at $0.10 per share, expire March 21, 2022. The resulting fair value of $7,982 was estimated using the Black-Scholes option pricing model with the following assumptions: expected dividend yield of 0%; expected volatility of 85%; a risk-free interest rate of 0.24% and an expected life of 1.07 years.

(vi) On February 28, 2021, the Company granted 1,547,500 incentive stock options to officers and directors and 440,000 to advisory board consultants. The options are exercisable at $0.10 per share, and have varaying expiry dates of September 22, 2022, March 21, 2023, September 21, 2024, and March 21, 2025. The resulting fair value of $85,010 was estimated using the Black-Scholes option pricing model with the following assumptions: expected dividend yield of 0%; expected volatility of 85%; a risk-free interest rate of 0.30% and an expected life of between 1.4 and 3 years.

(vii) On December 15, 2021, the Company granted 860,000 incentive stock options to officers, directors, and employees of the Company. The options are exercisable at $0.24 per share and expire June 21, 2023. The resulting fair value of $52,030 was estimated using the Black-Scholes option pricing model with the following assumptions: expected dividend yield of 0%; expected volatility of 85%; a risk-free interest rate of 0.91% and an expected life of 1.52 years. The options vested immediately upon grant.

(viii) On December 15, 2021, the Company granted 350,000 incentive stock options to officers, directors, and consultants of the Company. The options are exercisable at $0.24 per share and expire March 21, 2024. The resulting fair value of $26,915 was estimated using the Black-Scholes option pricing model with the following assumptions: expected dividend yield of 0%; expected volatility of 85%; a risk-free interest rate of 0.91% and an expected life of 2.27 years. 250,000 options vested immediately upon grant, with the remaining 100,000 options vesting over a period of 6 month from the date of grant.

The following table reflects the stock options issued and outstanding as of March 31, 2022:

Expiry Date	Exercise Price ($)	Weighted Average Remaining Contractual Life (years)	Number of Options Outstanding
September 22, 2022	0.07	0.48	210,000
September 22, 2022	0.10	0.48	427,500
March 21, 2023	0.10	0.97	520,000
June 21, 2023	0.24	1.22	860,000
September 23, 2023	0.07	1.48	150,000
March 21, 2024	0.24	1.98	350,000
March 29, 2024	0.07	1.99	250,000
September 21, 2024	0.06	2.48	90,000
September 21, 2024	0.10	2.48	580,000
March 25, 2025	0.10	2.98	440,000
	0.16	**1.61**	**3,877,500**

On October 7, 2021, the Company implemented, with the approval of the TSX Venture Exchange, a new fixed stock option plan, allowing for a maximum of 5,750,000 shares reserved for issuance upon exercise of stock options. As at March 31, 2022, the Company has 3,877,500 stock options outstanding, representing 6.9% of the issued and outstanding shares.

(Expressed in Canadian Dollars)

10. Warrants

	Number of Warrants	Weighted Average Exercise Price ($)
Balance, March 31, 2020	-	-
Issued (Note 8(b))	8,968,400	0.09
Exercised	(250,000)	0.08
Balance, March 31, 2021	8,718,400	0.09
Issued (Note 8(b))	4,480,000	0.29
Exercised	(4,199,400)	0.08
Balance, March 31, 2022	**8,999,000**	**0.19**

The following table reflects the warrants issued and outstanding as of March 31, 2022:

Expiry Date	Exercise Price ($)	Number of Warrants Outstanding
August 21, 2022	0.08	1,203,000
August 21, 2022	0.05	256,000
December 21, 2022	0.12	3,060,000
May 17, 2023	0.30	4,000,000
May 17, 2023	0.24	480,000
	0.19	**8,999,000**

11. General and Administrative

	2022	2021
Administrative fees	**$ 34,038**	$ 29,985
Management fees	**96,000**	90,000
Office and general	**44,309**	46,839
Public company costs	**133,863**	94,765
Investor relations	**35,463**	23,057
Travel and related	**7,219**	1,267
Share-based compensation	**116,049**	61,737
	$ 466,941	$ 347,650

12. Net Loss per Common Share

Basic loss per share is computed using the weighted average number of common shares outstanding during the year. Diluted loss per share is the same as basic loss per share for the year ended March 31, 2022 and 2021. During the year ended March 31, 2022 and 2021, shares issuable on exercise of all the outstanding stock options were not included in the computation of diluted loss per share as the effect would have been anti-dilutive.

(Expressed in Canadian Dollars)

13. Related Party Balances and Transactions

Related parties include the Board of Directors and management, close family members and enterprises that are controlled by these individuals; as well as certain persons performing similar functions.

The Company entered into the following transactions with related parties:

			2022		2021
Current Chief Executive Officer ("CEO") fees		**$**	**48,000**	$	6,000
Chief Financial Officer ("CFO") and Former Chief Executive Officer ("CEO") fees	(i)	**$**	**48,000**	$	72,000
Marrelli Support Services Inc.	(ii)	**$**	**37,157**	$	41,985
Consulting fees paid to directors	(iv)	**$**	**31,402**	$	-
Consulting fees paid to children of a director	(v)	**$**	**104,078**	$	21,000
Directors fees	(vi)	**$**	**44,000**	$	33,420

(i) As at March 31, 2022, $9,977 (March 31, 2021 - $108,480) was included in accounts payable and accrued liabilities with respect to the former CEO's fees and reimbursable expenditures. On March 1, 2021, the former CEO was appointed CFO for the Company.

(ii) During the year ended March 31, 2022, the Company expensed $37,157, (2021 - $41,985) to Marrelli Support Services Inc. (“Marrelli Support”) and DSA Corporate Services Inc. (the “DSA”), together known as the “Marrelli Group” for:

(i) Robert D.B. Suttie to act as Chief Financial Officer (“CFO”) of the Company to March 1, 2021;
(ii) Bookkeeping and office support services;
(iii) Corporate filing services

The Marrelli Group is also reimbursed for out of pocket expenses.

Both Marrelli Support and DSA are private companies. Robert Suttie is the President of Marrelli Support.

As of March 31, 2022, the Marrelli Group was owed $8,216 (2021 - $7,181) and these amounts were included in accounts payable and accrued liabilities.

(iii) For the year ended March 31, 2022, $44,000 in directors fees were incurred (2021 - $33,420). As at March 31, 2022, $57,657 (2021 - $40,636) was outstanding in regard to current and prior years' directors fees, of which $33,975 (2021 - $28,941) was held for the purchase of the Company's common shares. An additional $23,682 (2021 - $11,695) was included in accounts payable and accrued liabilities with respect to current and prior years directors fees to be settled in cash. The Company directors waived their fiscal 2019 directors fees which would have amounted to $38,000. During fiscal years ended March 31, 2013 and 2014, the Company's directors also waived their annual fees.

(iv) Consulting fees paid to directors of the Company relate to consulting services provided for evaluation, geological and community engagement services. As at March 31, 2022, $31,402 (March 31, 2021 - $nil) was included in accounts payable and accrued liabilities.

(v) Consulting fees paid to children of a director relate to fees charged for geological services. As at March 31, 2022, $15,350 (March 31, 2021 - $nil) was included in accounts payable and accrued liabilities.

(vi) During the year ended March 31, 2022, the Company expensed $116,049 (2021 - $61,737) in share-based compensation to Directors and Officers of the Company.

The above noted transactions are in the normal course of business and are measured at the exchange amount, as agreed to by the parties, and approved by the Board of Directors in strict adherence to conflict of interest laws and regulations.

(Expressed in Canadian Dollars)

14. Income Taxes

The following table reconciles the expected income tax expense at the Canadian combined federal and provincial statutory income tax rate to the amount recognized in the statements of loss and comprehensive loss.

	2022	2021
Earnings (loss) before income taxes	**$ (2,240,426)**	$ (482,020)
Expected income tax expense at statutory rate of 27.00% (2021 - 27.00%)	**(604,915)**	(130,145)
Permanent difference due to stock-based compensation	**32,213**	16,669
Share issue costs	**(10,290)**	(17,732)
Tax benefits not recognized	**584,101**	131,208
Adjustments in respect of prior periods	**(2,084)**	-
Non-capital loss expiring	**975**	-
Income tax expense (recovery)	**$ -**	$ -

Unrecognized Deferred Tax Assets

The following table reflects the gross unused tax losses and deductible temporary differences for which deferred tax assets have not been recognized in the financial statements:

	2022	2021
Non-capital loss carry-forwards for Canadian purposes	**$ 5,053,294**	$ 4,532,950
Exploration expenditures	**4,643,273**	2,984,067
Tax value in excess of carrying value of capital assets	**44,143**	44,143
Share issue costs	**134,709**	52,538

The Company's non-capital losses expire as follows:

2026	337,482
2027	511,190
2028	625,853
2030	443,986
2031	388,762
2033	422,062
2034	255,459
2035	319,880
2036	287,911
2037	282,064
2039	265,662
2040	237,748
2041	290,721
2042	384,514
	$ 5,053,294

15. Subsequent Events

On May 13, 2022, the Company closed a non-brokered private placement through the issuance of 5,500,000 units at a price of $0.16 per unit for aggregate gross proceeds of $880,000. Each unit consists of one common share and one-half of one common share purchase warrant. Each full warrant entitles the holder thereof to acquire one common share at an exercise price of $0.24 per common share for a period of two years from the closing of the private placement.