HELIOSTAR

HELIOSTAR METALS LTD.

CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEARS ENDED

MARCH 31, 2022, AND 2021

HELIOSTAR METALS LTD.

Contents

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of
Heliostar Metals Ltd.

Opinion

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

In our opinion, these consolidated financial statements present fairly, in all material respects, the financial position of the Company as at 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 ("IFRS").

Basis for Opinion

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

Material Uncertainty Related to Going Concern

We draw attention to Note 1 of the consolidated financial statements, which indicates that the Company has incurred operating losses since inception, is unable to self-finance operations and has significant cash requirements to meet its overhead and maintain its mineral interests. As stated in Note 1, these events and conditions indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Other Information

Management is responsible for the other information. The other information obtained at the date of this auditor's report includes Management's Discussion and Analysis.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Davidson & Company LLP

Vancouver, Canada

Chartered Professional Accountants

July 26, 2022

HELIOSTAR METALS LTD.
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
(Presented in Canadian Dollars)

	Note	March 31, 2022	March 31, 2021
Assets			
Current			
Cash		$ 1,183,046	$ 1,238,723
Short-term investments	7	28,750	28,750
Marketable securities	8	125,000	1,662,667
Amounts receivable		12,350	30,985
Prepaid amounts and advances		538,297	216,478
		1,887,443	3,177,603
Non-current			
Long-term prepaid amounts		53,517	-
Reclamation bond	9	7,407	7,454
Exploration and evaluation assets	9	10,115,291	9,790,640
Equipment	10	96,137	148,935
		10,272,352	9,947,029
		$ 12,159,795	$ 13,124,632
Liabilities			
Current			
Accounts payable and accrued liabilities		$ 1,817,422	$ 442,782
Due to related parties	13	61,854	10,833
		1,879,276	453,615
Shareholders' equity			
Share capital	12	54,732,184	45,927,290
Accumulated other comprehensive income		282,795	281,123
Reserves	12	7,237,729	5,978,542
Deficit		(51,972,189)	(39,515,938)
		10,280,519	12,671,017
		$ 12,159,795	$ 13,124,632

Nature of operations and continuance of operations (Note 1)
Subsequent event (Note 16)

These consolidated financial statements are authorized for issue by the Board of Directors on July 26, 2022. They are signed on the Company's behalf by:

/s/ Jacques Vaillancourt, Director

/s/ Ken Booth, Director

HELIOSTAR METALS LTD.
CONSOLIDATED STATEMENTS OF LOSS AND COMPREHENSIVE LOSS
(Presented in Canadian Dollars)

	Note	Year ended March 31, 2022	2021
Exploration and evaluation			
Exploration expenditures	9	$ 9,060,568	$ 6,510,036
Sale of exploration and evaluation asset	6	-	(1,475,000)
		9,060,568	5,035,036
General and administrative			
Depreciation	10	52,798	9,961
Directors fees	13	81,250	80,625
Insurance		28,445	27,045
Investor relations		891,478	187,336
Management fees	13	417,000	439,952
Office operations		320,000	192,013
Professional fees		336,241	452,059
Regulatory fees		49,269	99,964
Rent		30,866	9,435
Share-based compensation	12(c), 13	1,063,406	1,179,290
Transfer agent		15,421	26,463
Travel and promotion		60,372	17,748
		3,346,546	2,721,891
Loss before the undernoted		(12,407,114)	(7,756,927)
Other income / (expense)			
Foreign exchange loss		74,331	(343,222)
Interest income		1,732	1,168
Changes in fair value of marketable securities	8	(125,200)	(156,868)
		(49,137)	(498,922)
Loss for the year		(12,456,251)	(8,255,849)
Other comprehensive income (loss)			
Items that may be reclassified to profit or loss			
Changes in fair value of marketable securities	8	1,672	778,939
Comprehensive loss for the year		$ (12,454,579)	$ (7,476,910)
Basic and diluted loss per share		$ (0.32)	$ (0.30)
Weighted average number of common shares outstanding (basic and diluted)		39,144,645	27,098,526

HELIOSTAR METALS LTD.
CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY
(Presented in Canadian Dollars)

	Share Capital					
	Number of Shares	Amount	Reserves	Accumulated Comprehensive Loss	Deficit	Total Shareholders' Equity
Balance, March 31, 2020	20,003,363	32,419,456	4,569,610	(497,816)	(31,260,089)	5,231,161
Private placement	5,842,222	7,010,666	-	-	-	7,010,666
Share issuance costs	-	(635,812)	294,192	-	-	(341,620)
Exercise of options	185,000	203,300	(64,550)	-	-	138,750
Acquistion of Heliodor	5,774,734	6,929,680	-	-	-	6,929,680
Share-based payments	-	-	1,179,290	-	-	1,179,290
Unrealized loss on marketable securities	-	-	-	778,939	-	778,939
Loss for the year	-	-	-	-	(8,255,849)	(8,255,849)
Balance, March 31, 2021	31,805,319	$ 45,927,290	$ 5,978,542	$ 281,123	$ (39,515,938)	$ 12,671,017
Private placements	**11,082,688**	**9,629,898**	**-**	**-**	**-**	**9,629,898**
Share issuance costs - cash	**-**	**(732,973)**	**-**	**-**	**-**	**(732,973)**
Share issuance costs - warrants		**(239,771)**	**239,771**	**-**	**-**	**-**
Exercise of options	**138,333**	**147,740**	**(43,990)**	**-**	**-**	**103,750**
Share-based compensation	**-**	**-**	**1,063,406**	**-**	**-**	**1,063,406**
Other comprehensive loss	**-**	**-**	**-**	**1,672**	**-**	**1,672**
Loss for the year	**-**	**-**	**-**	**-**	**(12,456,251)**	**(12,456,251)**
Balance, March 31, 2022	**43,026,340**	**$ 54,732,184**	**$ 7,237,729**	**$ 282,795**	**$ (51,972,189)**	**$ 10,280,519**

HELIOSTAR METALS LTD.
CONSOLIDATED STATEMENTS OF CASH FLOWS
(Presented in Canadian Dollars)

	Year ended March 31, 2022	Year ended March 31, 2021
Cash provided by (used in):		
Operating activities		
Loss for the year	$ (12,456,251)	$ (8,255,849)
Items not affecting cash:		
Depreciation	52,798	9,961
Share-based payments	1,063,406	1,179,290
Fair value gain on marketable securites	125,200	156,868
Unrealized foreign exchange loss / (gain)	47	(27,347)
Sale of exploration and evaluation asset	-	(975,000)
Net change in non-cash working capital		
Amounts receivable	18,635	(21,309)
Prepaid amounts and advances	(375,336)	(130,064)
Accounts payable and accrued liabilities	1,399,862	335,108
Due to related parties	51,021	(74,448)
Short-term investments	-	(23,000)
	$ (10,120,618)	$ (7,825,790)
Investing activities		
Acquisition of exploration and evaluation assets	(349,873)	(136,036)
Proceeds from sale of marketable securities	1,414,139	1,069,275
Cash acquired from the acquisition of Heliodor	-	1,417,986
Acquisition of equipment	-	(148,500)
	$ 1,064,266	$ 2,202,725
Financing activities		
Proceeds from the issuance of shares, net	8,896,925	6,669,046
Shares issued for the exercise of options	103,750	138,750
	$ 9,000,675	$ 6,807,796
Change in cash	(55,677)	1,184,731
Cash, beginning of the year	$ 1,238,723	$ 53,992
Cash, end of the year	$ 1,183,046	$ 1,238,723
Schedule of Non-cash Investing and Financing Transactions		
Fair value transfer on exercise of options	$ 43,990	$ 64,550
Fair value of broker's warrants	239,771	294,192
Exploration and evaluation acquisition costs included in accounts payable	-	25,222
Change in fair value of marketable security	$ 1,672	$ 778,939
Share issued on acquisition of Heliador	-	6,929,680
Cash paid during the year for interest	$ -	$ -
Cash paid during the year for taxes	$ -	$ -

1. NATURE OF OPERATIONS AND CONTINUANCE OF OPERATIONS

Heliostar Metals Ltd. (the “Company”) is engaged in the acquisition, exploration, and development of mineral properties in North America. The Company is incorporated and domiciled in Canada under the Business Corporations Act (British Columbia), and its registered office is Suite 900, 885 West Georgia Street, Vancouver, BC, V6C 3H1. The Company is trading on the TSX Venture Exchange (TSX-V) under the trading symbol “HSTR”. The Company is also trading on the OTCQX under the trading symbol “HSTXF”.

These consolidated financial statements (the “Financial Statements”) have been prepared on the basis of the accounting principles applicable to a going concern, which assumes the Company will be able to continue in operation for the foreseeable future and will be able to realize its assets and discharge its liabilities in the normal course of operations.

The business of mining and exploration involves a high degree of risk and there can be no assurance that current exploration programs will result in profitable mining operations. The recoverability of exploration and evaluation expenditures is dependent upon several factors. These include the discovery of economically recoverable reserves, the ability of the Company to obtain the necessary financing to complete the development of these properties, and future profitable production or proceeds from disposition of mineral properties.

The Company has incurred operating losses since inception, is unable to self-finance operations and has significant cash requirements to meet its overhead and maintain its mineral interests.

In March 2020, the World Health Organization declared coronavirus COVID-19 a global pandemic. This contagious disease outbreak, which has continued to spread, and any related adverse public health developments, has adversely affected workforces, economies, and financial markets globally, potentially leading to an economic downturn. It is not possible for the Company to predict the duration or magnitude of the adverse results of the outbreak and its effects on the Company’s business or ability to raise funds.

The Company’s ability to continue as a going concern is dependent on the Company’s ability to obtain additional debt or equity financing to successfully advance the exploration and development of mineral property interests in its exploration portfolio and to be able to derive material proceeds from the sale or divestiture of those properties and/or other assets, such as sale proceeds, royalty rights and equity interests. These Financial Statements do not include any adjustments to the recoverability and classification of recorded asset amounts and classification of liabilities that might be necessary should the Company be unable to continue as a going concern. Such adjustments could be material. These material uncertainties may cast significant doubt about the Company’s ability to continue as a going concern.

Rounded to 000's		**March 31, 2022**		**March 31, 2021**
Working capital surplus	$	8,000	$	2,724,000
Accumulated deficit	$	(51,972,000)	$	(39,516,000)

2. SIGNIFICANT ACCOUNTING POLICIES

These Financial Statements, including comparatives, have been prepared in accordance with International Financial Reporting Standards (“IFRS”) and related IFRS Interpretations Committee (“IFRICs”) as issued by the International Accounting Standards Board (“IASB”). The Financial Statements have been prepared on a historical cost basis, except for financial instruments classified as financial instruments at fair value through profit and loss and fair value through other comprehensive income, which are stated at their fair value. In addition, these Financial Statements have been prepared using the accrual basis of accounting except for cash flow information.

a) Basis of consolidation

These financial statements incorporate the financial statements of the Company and the entities controlled by the Company, which consist of:

Name of the company	Place of incorporation	Proportion of ownership interest March 31, 2022	Proportion of ownership interest March 31, 2021	Principal activity
Heliostar Gold USA Inc.	Nevada, USA	100%	100%	Mineral exploration
Heliostar Gold (Alaska) Inc.	Alaska, USA	100%	100%	Mineral exploration
Heliodor Metals Limited	British Columbia, Canada	100%	100%	Holding company
Heliodor Metals Mexico SA de CV	Chihuahua, Mexico	100%	100%	Mineral exploration

Control exists when the Company has the power, directly or indirectly, to govern the financial and operating policies of an entity so as to obtain benefits from its activities. The financial statements of subsidiaries are included in the Financial Statements from the date that control commences until the date that control ceases. All significant intercompany transactions and balances have been eliminated.

Non-controlling interest in the net assets of consolidated subsidiaries are identified separately from the Company's equity. Non-controlling interest consists of the non-controlling interest at the date of the original business combination plus the non-controlling interest's share of changes in equity since the date of acquisition.

b) Foreign currency translation

These Financial Statements are presented in Canadian dollars, which is the functional and presentation currency of the parent. Each entity determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency. The parent and its subsidiaries use the Canadian dollar as their functional currency.

Transactions in foreign currencies are initially recorded at the functional currency rate prevailing at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated into the respective functional currency of the entity at the rates prevailing on the end of reporting period date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the initial transaction dates. Non-monetary items measured in terms of historical cost in a foreign currency are not retranslated.

2. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

b) Foreign currency translation *(Continued)*

Changes in the fair value of monetary securities denominated in foreign currency classified as fair value through OCI are analyzed between translation differences and other changes in the carrying amount of the security. Translation differences are recognized in the income statement and other changes in carrying amount are recognized in equity. Translation differences on non-monetary financial assets, such as investments in equity securities, classified as fair value through OCI are reported as part of the fair value gain or loss and are included in equity.

c) Cash

The Company considers cash to include amounts held in banks.

d) Exploration and evaluation assets

The Company is currently in the exploration stage with all of its mineral interests. Exploration and evaluation costs include the costs of acquiring licenses and the fair value, upon acquisition, of mineral properties acquired in a business combination or asset acquisition.

Exploration and evaluation expenditures are expensed in the period they are incurred except for expenditures associated with the acquisition of exploration and evaluation assets through a business combination or an asset acquisition. Significant property acquisition costs are capitalized only to the extent that such costs can be directly attributed to an area of interest where it is considered likely to be recoverable by future exploitation or sale. Development costs relating to specific properties are capitalized once management has made a development decision.

At each reporting date, the Company determines whether impairment indicators exist based on the Company's ability to raise financing and significant changes in an individual property's work program. The Company examines for indicators of impairment, such as the right or financial ability to perform work on a mineral property, future plans for exploration on a property, and management's intent to advance or not advance a property.

From time to time, the Company may acquire or dispose of mineral interests pursuant to the terms of option agreements. Due to the fact that options are exercisable entirely at the discretion of the optionee, the amounts payable or receivable are not recorded. Option payments are recorded in the period that the payments are made or received. The Company does not accrue costs to maintain mineral interests in good standing.

<u>Restoration provisions</u>
The Company recognizes liabilities for statutory, contractual, constructive or legal obligations associated with the retirement of exploration and evaluation assets when those obligations result from the acquisition, construction, development or normal operation of the assets. The net present value of future rehabilitation cost estimates is capitalized along with a corresponding increase in the rehabilitation provision in the period incurred. Discount rates using a pre-tax rate that reflect the time value of money are used to calculate the net present value. The rehabilitation asset is depreciated on the same basis as the asset to which it relates.

2. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

d) Exploration and evaluation assets *(Continued)*

The Company's estimates of reclamation costs could change as a result of changes in regulatory requirements and assumptions regarding the amount and timing of the future expenditures. These changes are recorded directly to exploration expenditures with a corresponding entry to the rehabilitation provision. The Company's estimates are reviewed annually for changes in regulatory requirements, effects of inflation and changes in estimates.

Changes in the net present value, excluding changes in the Company's estimates of reclamation costs, are charged to profit and loss for the period.

The costs of rehabilitation projects that were included in the rehabilitation provision are recorded against the provision as incurred. The cost of ongoing current programs to prevent and control pollution is charged against profit and loss as incurred.

The Company has determined that it has no restoration obligation as at March 31, 2022, and 2021.

e) Share-based payments

The Company has a stock option plan that is described in note 12c. Share-based payments to employees are measured at the fair value of the instruments issued and are amortized over the vesting periods using a graded attribution approach. Share-based payments to non-employees are measured at the fair value of the goods or services received or at the fair value of the equity instruments issued (if it is determined the fair value of the goods or services cannot be reliably measured) and are recorded at the date the goods or services are received. If and when the stock options or warrants are ultimately exercised, the applicable amounts of reserves are transferred to share capital.

The fair value of the options is measured at grant date, using the Black-Scholes option pricing model, and is recognized during the period that the employees earn the options. The fair value is recognized as an expense with a corresponding increase in reserves. The amount recognized as expense is adjusted to reflect the number of share options expected to vest. Forfeitures of stock options are accounted for as incurred.

f) Warrants

Warrants are classified as they will be settled only by the Company exchanging a fixed amount of cash for a fixed number of the Company’s own equity instruments.

When shares and warrants are issued at the same time, the proceeds are allocated first to shares issued, according to their fair value and the residual value being allocated to the warrants. The Company does not measure the impact of modification to the terms of warrants previously issued.

g) Share capital

Share capital issued for monetary consideration is recorded at the amount of the proceeds in exchange for the Company’s shares at the time of issuance net of any share issue costs. Share capital issued for non-monetary consideration is recorded at fair value, being the quoted share price at the time of issuance.

2. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

h) Basic loss per share

Basic loss per share is computed using the weighted average number of common shares outstanding during the year. The computation of diluted earnings per share assumes the conversion, exercise or contingent issuance of securities only when such conversion, exercise or issuance would have a dilutive effect on earnings per share. The dilutive effect of convertible securities is reflected in diluted earnings per share by application of the “if converted” method. The effect of potential issuances of shares from the exercise of outstanding options and warrants would be anti-dilutive for the years presented and accordingly, basic and diluted losses per share are the same.

i) Equipment

Equipment is depreciated using the declining balance method based on estimated useful lives.

Where an item of equipment is comprised of major components with different useful lives, the components are accounted for as separate items of equipment.

Expenditures incurred to replace a component of an item of equipment that is accounted for separately, including major inspection and overhaul expenditures, are capitalized. Directly attributable expenses incurred for major capital projects and site preparation are capitalized until the asset is brought to a working condition for its intended use. These costs include dismantling and site restoration costs to the extent these are recognized as a provision.

Financing costs directly associated with the construction or acquisition of qualifying assets are capitalized at interest rates relating to loans specifically raised for that purpose, or at the average borrowing rate where the general pool of group borrowings is utilized. Capitalization of borrowing costs ceases when the asset is substantially complete.

The depreciation method, useful life and residual values are assessed annually.

<u>Subsequent costs</u>
The cost of replacing part of an item within equipment is recognized when the cost is incurred if it is probable that the future economic benefits will flow to the Company and the cost of the item can be measured reliably. All other costs are recognized as an expense as incurred.

Depreciation is charged so as to write off the cost of the asset using the declining balance method over the estimated useful lives as follows:

Vehicles	30%

2. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

j) Financial instruments

Classification

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

Financial assets and liabilities at amortized cost

Financial assets and liabilities at amortized cost are initially recognized at fair value plus or minus transaction costs, respectively, and subsequently carried at amortized cost less any impairment. Cash, amounts receivable, reclamation bond, accounts payable and accrued liabilities and due to related parties are recognized at amortized cost.

Financial assets and liabilities at FVTPL

Financial assets and liabilities carried at FVTPL are initially recorded at fair value and transaction costs are expensed in profit and loss. Realized and unrealized gains and losses arising from changes in the fair value of the financial assets and liabilities held at FVTPL are included in profit and loss in the period in which they arise. Where management has opted to recognize a financial liability at FVTPL, any changes associated with the Company's own credit risk will be recognized in other comprehensive income (loss). Marketable securities with the exception of marketable securities in NV Gold and short-term investments are recognized at fair value through profit or loss.

Financial assets at FVTOCI

Elected investments in equity instruments at FVTOCI are initially recognized at fair value plus transaction costs. Subsequently they are measured at fair value, with gains and losses recognized in other comprehensive income (loss).

2. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

k) Financial instruments *(Continued)*

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

Derecognition
Financial assets
The Company derecognizes financial assets only when the contractual rights to cash flows from the financial assets expire, or when it transfers the financial assets and substantially all of the associated risks and rewards of ownership to another entity. Gains and losses on derecognition of assets are recognized in profit and loss.

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

l) Impairment

The Company's tangible and intangible assets are reviewed for an indication of impairment at each statement of financial position date. If indication of impairment exists, the asset's recoverable amount is estimated.

An impairment loss is recognized when the carrying amount of an asset, or its cash-generating unit ("CGU"), exceeds its recoverable amount. A CGU is the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or groups of assets. Impairment losses are recognized in profit and loss for the period.

The recoverable amount is the greater of the asset's fair value less costs to sell and value in use. 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. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the CGU to which the asset belongs.

Non-monetary assets are tested for impairment when events or changes in circumstance indicate that the carrying amount may not be recoverable. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use (being the present value of the expected future cash flows of the relevant asset). An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. The Company evaluates impairment losses for potential reversals when events or circumstances warrant such consideration.

2. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

l) Impairment (Continued)

Reversal of impairment
An impairment loss is reversed if there is an indication that there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized. An impairment loss with respect to goodwill is never reversed.

m) Income taxes

Income tax consists of current and deferred tax expense. Current tax and deferred tax are recognized in the consolidated statements of loss and comprehensive loss except to the extent that it relates to a business combination or items recognized directly in equity or in other comprehensive loss/income.

Current income taxes are recognized for the estimated income taxes payable or receivable on taxable income or loss for the current year and any adjustment to income taxes payable in respect of previous years. Current income taxes are determined using tax rates and tax laws that have been enacted or substantively enacted by the year-end date.

Deferred tax is recorded using the 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. Temporary differences are not provided for relating to goodwill not deductible for tax purposes, the initial recognition of assets or liabilities that affect both accounting or taxable loss, and differences relating to investments in subsidiaries to the extent that they will probably not reverse in the foreseeable future. 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 date of the statement of financial position.

Recognition of deferred tax assets for unused tax losses, tax credits and deductible temporary differences is restricted to those instances where it is probable that future taxable profit will be available against which the deferred tax asset can be utilized. At the end of each reporting year the Company reassesses unrecognized deferred tax assets. The Company recognizes a previously unrecognized deferred tax asset to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

n) Recent accounting pronouncements

There were no new accounting standards adopted in the current year that had a material impact of the Financial Statements.

3. CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

In the application of the Company's accounting policies, which are described in note 2, management is required to make judgments, estimates and assumptions about the carrying amount and classification of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an on-going basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revisions affect only that period, or in the period of the revision and future periods, if the revision affects both current and future periods.

The following are the critical judgments and areas involving estimates, that management have made in the process of applying the Company's accounting policies and that have the most significant effect on the amount recognized in the Financial Statements.

a) Key sources of estimation uncertainty

<u>Share-based payments</u>
Management assesses the fair value of stock options granted in accordance with the accounting policy stated in note 2. The fair value of stock options granted is measured using the Black-Scholes option pricing model, which was created for use in estimating the fair value of freely tradable, fully transferable options. The Company's stock options have characteristics significantly different from those of traded options, and changes in the highly subjective input assumptions can materially affect the calculated values. The fair value of stock options granted using the Black-Scholes option pricing model do not necessarily provide a reliable measure of the fair value of the Company's stock option awards.

<u>Income taxes</u>
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 originally recorded, such differences will affect the tax provisions in the period in which such determination is made.

3. CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS *(Continued)*

b) Key sources of judgment uncertainty

Estimated Useful Lives and Depreciation of Equipment and Intangible asset
Depreciation of equipment and intangible asset is dependent upon estimates of useful lives based on management's judgment.

Determination of functional currency
In accordance with IAS 21, The Effects of Changes in Foreign Exchange Rates, management determined that the functional currency of the Company and its wholly owned subsidiaries is the Canadian dollar. Determination of functional currency may involve certain judgments to determine the primary economic environment and the Company reconsiders the functional currency of its entities if there is a change in events and conditions which determined the primary economic environment.

Going concern evaluation
As discussed on note 1, these Financial Statements have been prepared under the assumptions applicable to a going concern. If the going concern assumption were not appropriate for these Financial Statements, then adjustments would be necessary to the carrying value of assets and liabilities, the reported expenses and the statement of financial position classifications used, and such adjustments could be material.

The Company reviews the going concern assessment at the end of each reporting period. There were no material changes to the assessment as at March 31, 2022.

Exploration and evaluation assets
The carrying value of the Company's exploration and evaluation assets is reviewed by management quarterly, or whenever events or circumstances indicate that its carrying amount may not be recovered. Management considers certain impairment indicators such as market capitalization of the Company, metal price changes, plans for the properties and the results of exploration to date.

Impairment
Judgment is involved in assessing whether there is any indication that an asset may be impaired. This assessment is made based on the analysis of, amongst other factors, changes in the market or business environment, events that have transpired that have impacted the asset, and information from internal reporting.

4. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

a) Financial instrument classification and measurement

Financial instruments of the Company carried on the consolidated statements of financial position are carried at amortized cost with the exception of marketable securities and short-term investments which are carried at fair value.

The fair value of the Company's marketable securities is quoted in active markets. The Company classifies the fair value of these transactions according to the following hierarchy.

- Level 1 – quoted prices in active markets for identical financial instruments.
- Level 2 – quoted prices for similar instruments in active markets; quoted prices for identical or similar instruments in markets that are not active; and model-derived valuations in which all significant inputs and significant value drivers are observable in active markets.
- Level 3 – valuations derived from valuation techniques in which one or more significant inputs or significant value drivers are unobservable.

The Company's marketable securities and short-term investments have been assessed on the fair value hierarchy described above and classified as Level 1.

b) Fair values of financial assets and liabilities

The Company's financial instruments include cash, short-term investments, marketable securities, amounts receivable, reclamation bond, accounts payable and accrued liabilities, and due to related parties. Marketable securities and short-term investments are marked to fair value at each financial statement reporting date. Cash, amounts receivable, accounts payable and accrued liabilities, and due to related parties approximate their fair value due to their short-term nature.

c) Market risk

Market risk is the risk that changes in market prices will affect the Company's earnings or the value of its financial instruments. Market risk is comprised of commodity price risk and interest rate risk. The objective of market risk management is to manage and control exposures within acceptable limits, while maximizing returns. The Company is not exposed to significant market risk.

i. Interest rate risk

Interest rate risk is the risk of losses that arise as a result of changes in contracted interest rates. The Company is not exposed to significant interest rate risk.

ii. Currency risk

The Company's main property interests in Alaska, USA and Sonora, Mexico make it subject to foreign currency fluctuations which may adversely affect the Company's consolidated statements of financial position, consolidated statements of loss and comprehensive loss and consolidated statements of cash flows. The Company is affected by changes in exchange rates between the Canadian Dollar and the US Dollar and the Mexico pesos. The Company does not invest in foreign currency contracts to mitigate the risks. The Company has net monetary liabilities of approximately $529,375 denominated in US dollars and $264,975 denominated in Mexican pesos. A 1% change in the absolute rate of exchange in US dollars would have an effect of $7,944 to the net loss.

(Presented in Canadian Dollars)

4. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT *(Continued)*

c) Market risk *(continued)*

iii. Price risk

This risk relates to fluctuations in commodity and equity prices. The Company closely monitors commodity prices of precious and base metals, individual equity movements, and the stock market to determine the appropriate course of action to be taken by the Company. Fluctuations in pricing may be significant.

d) Credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. The Company's primary exposure to credit risk is on its bank accounts. The Company's bank accounts are held with major banks in Canada, the United States and Mexico; accordingly, the Company believes it not exposed to significant credit risk.

The Company's maximum exposure to credit risk is equal to the carrying amounts of cash, short term investments, marketable securities, and reclamation bonds.

e) Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they come due. The Company controls liquidity risk by ensuring that it has sufficient cash resources to pay for its financial obligations. As at March 31, 2022, the Company had a cash balance of $1,183,046 to settle current liabilities of $1,879,276.

5. ACQUISITION OF HELIODOR

On August 21, 2020, the Company completed a share exchange agreement to acquire 100% of the shares of Heliodor Metals Limited ("Heliodor") by acquiring all of the issued and outstanding share capital of Heliodor in exchange for 5,774,734 common shares of the Company at a fair value of $1.20 per common share.

For accounting purposes, the acquisition has been recorded as an asset acquisition as Heliodor did not meet the definition of a business, as defined in IFRS 3 Business Combinations. Accordingly, the Company applied the principles of IFRS 2 – Share-based payments in accounting for the acquisition.

Net identifiable assets (liabilities) acquired in the acquisition of Heliodor are identified as follows:

Total consideration		
Common shares issued	$	6,929,680
Transaction costs	$	41,806
	$	6,971,486
Net identifiable assets (liabilities) acquired		
Cash	$	1,459,792
Exploration and evaluation assets	$	5,522,135
Accounts receivable		7,813
Accounts payable		(18,254)
	$	6,971,486

6. SALE OF NEWMAN TODD PROJECT

On December 31, 2020, the Company completed the sale of 16.5% of the Newman Todd project to Trillium Gold Mines Inc. (“Trillium”). Heliostar received $700,000 cash and 650,000 Trillium common shares with a fair value of $975,000 pursuant to the purchase agreement. In addition, if at any point after closing there should be 1,000,000 or more ounces of gold in measured and indicated reserves and resources on the Newman Todd property, Trillium has agreed to make an additional C$1,000,000 cash payment to Heliostar. The Company paid a break fee of $200,000 to an arm’s length non related party. The breakdown of the consideration is as follows:

Total consideration		
Cash	$	700,000
Trillium shares at $1.50	$	975,000
Break fee	$	(200,000)
	$	1,475,000

7. SHORT-TERM INVESTMENTS

As at March 31, 2022, the Company pledged $28,750 with Bank of Montreal (March 31, 2021 - $28,750) as collateral for a credit card.

8. MARKETABLE SECURITIES

March 31, 2022		**Shares**	**Cost**	**Fair value**
Trillium Gold	(ii)	250,000	375,000	125,000
			$ 375,000	$ 125,000

March 31, 2021		**Shares**	**Cost**	**Fair value**
Sprott Phys Gold&Silv		17,000	249,156	369,750
Ishares Silver Trust	(i)	22,000	383,219	627,819
Trillium Gold	(ii)	650,000	975,000	585,000
NV Gold Corporation	(iii)	326,930	52,309	80,098
			$1,659,684	$ 1,662,667

(i) Ishares Silver Trust is traded in US dollars
(ii) Trillium shares received as part of the consideration for the sale of Newman Todd project (Note 6)
(iii) NV Gold shares are recognized as FVOCI

During the year ended March 31, 2022, the Company sold marketable securities for proceeds of $81,770 (March 31, 2021 - $1,046,873) and recognized realized gains of $1,672 (March 31, 2021 - gain of $778,939) which is recorded in other comprehensive loss.

During the year ended March 31, 2022, the Company sold marketable securities for proceeds of $1,332,369 and recorded a fair value loss of $125,200 (March 31, 2021 – fair value loss of $156,868) in profit or loss.

(Presented in Canadian Dollars)

9. EXPLORATION AND EVALUATION ASSETS

The Company has the following interests in mineral properties as at March 31, 2022, and 2021:

Property acquisition costs	March 31, 2021	Acquisition costs	March 31, 2022
Alaska (USA)			
Unga project	$ 4,268,505	$ 179,795	$ 4,448,300
Sonora (Mexico)			
Heliodor projects	5,522,135	144,856	5,666,991
	$ 9,790,640	$ 324,651	$ 10,115,291

Property acquisition costs	March 31, 2020	Acquisition costs	March 31, 2021
Alaska (USA)			
Unga project	$ 4,107,247	$ 161,258	$ 4,268,505
Sonora (Mexico)			
Heliodor projects	-	5,522,135	5,522,135
	$ 4,107,247	$ 5,683,393	$ 9,790,640

(Presented in Canadian Dollars)

9. EXPLORATION AND EVALUATION ASSETS *(Continued)*

The Company incurred the following exploration expenditures during the years ended March 31, 2022, and March 31, 2021:

Exploration expenditures	Alaska Unga	Mexico	Total
Assaying	$ 529,962	$ 117,989	$ 647,951
Camp	473,671	180,452	654,123
Consulting	622,301	12,042	634,343
Drilling	2,176,547	933,323	3,109,870
Equipment rental	384,200	107,486	491,686
Fuel & transportation	134,191	11,299	145,490
Geological	1,085,660	534,655	1,620,315
Geophysical	140,742	47,605	188,347
Helicopter	915,438	-	915,438
Maps and reports	1,304	-	1,304
Other	553	2,898	3,451
Permitting	15,090	19,979	35,069
Safety	19,609	-	19,609
Supplies and materials	65,990	9,817	75,807
Technical report	4,954	-	4,954
Transportation and surface access	95,587	9,354	104,941
Travel and accommodation	310,340	97,530	407,870
Year ended March 31, 2022	**$ 6,976,139**	**$ 2,084,429**	**$ 9,060,568**

Exploration expenditures	Alaska Unga	Mexico	Total
Assaying	$ 125,627	$ 55,245	$ 180,872
Camp	400,898	6,832	407,730
Drilling	2,427,776	263,034	2,690,810
Equipment rental	241,422	5,274	246,696
Fuel & transportation	183,819	-	183,819
Geological	763,570	178,020	941,590
Geophysical	18,131	-	18,131
Helicopter	1,057,355	-	1,057,355
Maps and reports	40,271	-	40,271
Other	14,075	-	14,075
Safety	78,606	-	78,606
Permitting	1,557	15,217	16,774
Supplies and materials	318,436	11,632	330,068
Transportation and surface access	99,799	-	99,799
Travel and accommodation	178,977	24,463	203,440
Year ended March 31, 2021	**$ 5,950,319**	**$ 559,717**	**$ 6,510,036**

(Presented in Canadian Dollars)

9. EXPLORATION AND EVALUATION ASSETS *(Continued)*

(a) Unga Project, Alaska, USA

The Unga Project is comprised of patented and Alaska State claims and Alaskan Native Corporation lands. The Company owns 100% of the patented claims and the state claims in the Unga Project.

On July 1, 2019, (amended on August 29, 2019), the Company signed an exploration agreement with option to lease with The Aleut Corporation ("TAC") (the "Agreement"). The Agreement provides for an exploration license with a follow-on 20-year extendable mining lease on TAC's properties which form part of the Company's "Unga Project". The Agreement runs for a period of eight (8) years allowing the Company to conduct sub-surface work.

Pursuant to the Agreement, the Company is required to complete the following:

	Cash [a] (US$)	Exploration Expenditure on the Property [b] (US$)
On the execution date of the agreement	$75,000 [i]	$500,000 [ii]
January 1, 2020	75,000 [i]	525,000 [ii]
January 1, 2021	80,000 [i]	525,000 [ii]
January 1, 2022	85,000 [i]	550,000 [ii]
January 1, 2023	90,000	600,000
January 1, 2024	95,000	700,000
January 1, 2025	100,000	750,000
January 1, 2026	110,000	850,000
	$710,000	$5,000,000

[a] The cash amount includes the option payments and the materials payments.

[b] The first year's period begins from July 1, 2019 until December 31, 2019. Subsequent years commence on January 1 of each year and finishes on December 31 of that year.

[i] Paid

[ii] Incurred

On October 8, 2019, the Company signed a surface access agreement with The Shumagin Corporation ("TSC"). The agreement provides access to the Company's mineral exploration license underlain by TSC's property which forms part of the Company's "Unga Project". Upon signing this agreement, the Company paid Shumagin a fee in the amount of US$10,000. If the Company conducts drilling or bulk sampling, before commencing that activity the Company will pay an additional US$22,500 (paid).

(b) Other, USA

As at March 31, 2022, the Company had a reclamation bond of US$5,927 ($7,407) (March 31, 2021 – US$5,927 ($7,454)) related to a property in Nevada that was sold to NV Gold.

9. EXPLORATION AND EVALUATION ASSETS *(Continued)*

(c) Heliodor projects, Sonora, Mexico

As part of the acquisition of Heliodor (Note 5), the Company acquired the following Heliodor projects located in the northern portion of Mexico's Sonora state:

(i) The Oso Negro project

The Company has an option to acquire 100% interest in this property by making the following payments: US$25,000 on signing (paid); US$50,000 after 6 months (paid); and US$100,000 after 18 months (December 15, 2021). The December 15, 2021, payment was re-negotiated and settled for US$75,000 (paid) on September 13, 2021, as the final payment to acquire the property. The project is subject to a 1% net smelter royalty that the Company can buy for US$500,000.

(ii) The La Lola project

The Company has an option to acquire 100% interest in this property by making the following payments: US$12,500 on signing (paid); US$25,000 by March 25, 2021 (paid); and US$25,000 by March 25, 2022 (paid). The project is subject to a 2% net smelter royalty that the Company can buy 1% of such for US$1,750,000.

(iii) The Cumaro project

The Company has a 100% interest in this property. The project is subject to a 2% net smelter royalty that the Company can buy 1% of such for US$1,000,000.

(d) Newman Todd Property, Red Lake District, Ontario, Canada

In 2007, the Company acquired a 100% interest in the Newman Todd area properties (“Todd Properties”) by issuing 700,000 common shares to the vendor. The mineral claims are subject to a 1% net smelter return (“NSR”) royalty provided that the total NSR royalties payable on any claims within the property does not exceed 2.75%. Upon commercial production, the Company is required to issue common shares with a value in the aggregate of $1,000,000. Should production exceed 250,000 ounces of gold, the Company is required to issue additional common shares with a value of $1,000,000.

On November 19, 2010, the Company entered into an option agreement with Trillium whereby Trillium earned into 70% of the project. Due to non-participation in the exploration program the Company’s interest reduced to 16.5% over the years. During the year ended March 31, 2021, the Company sold it’s16.5% to Trillium (Note 6).

(Presented in Canadian Dollars)

10. EQUIPMENT

		Equipment		Vehicles		Total
Cost						
Balance - March 31, 2020	$	4,200	$	51,497	$	55,697
Additions		-		148,500		148,500
Balance - March 31, 2021	$	4,200	$	199,997	$	204,197
Additions		-		-		-
Balance - March 31, 2022	**$**	**4,200**	**$**	**199,997**	**$**	**204,197**
Accumulated depreciation						
Balance - March 31, 2020	$	2,147	$	44,896	$	47,043
Depreciation		492		7,727		8,219
Balance - March 31, 2021	$	2,639	$	52,623	$	55,262
Depreciation		1,561		51,237		52,798
Balance - March 31, 2022	**$**	**4,200**	**$**	**103,860**	**$**	**108,060**
Carrying amounts						
As at March 31, 2021	$	1,561	$	147,374	$	148,935
As at March 31, 2022	**$**	**-**	**$**	**96,137**	**$**	**96,137**

11. CAPITAL MANAGEMENT

The Company's capital consists of shareholders' equity. The Company's objective when managing capital is to maintain adequate levels of funding to support the development of its businesses and maintain the necessary corporate and administrative functions to facilitate these activities. This is done primarily through equity financing, selling assets, and incurring debt. Future financings are dependent on market conditions and there can be no assurance the Company will be able to raise funds in the future. The Company invests all capital that is surplus to its immediate operational needs in short-term, highly liquid, high-grade financial instruments. There were no changes to the Company's approach to capital management during the year ended March 31, 2022. The Company is not subject to externally imposed capital requirements.

12.SHARE CAPITAL

(a) Authorized:

At March 31, 2022, and 2021, the authorized share capital was comprised of an unlimited number of common shares. The common shares do not have a par value. All issued shares are fully paid.

12. SHARE CAPITAL *(Continued)*

(b) Share issuances:

For the year ended March 31, 2022:

On October 18, 2021, the Company completed the first tranche of a private placement where it issued 1,857,465 units at $0.70 per unit for gross proceeds of $1,300,226.

Each unit consists of one common share and one half of one common share purchase warrant ("Warrant'). Each Warrant is exercisable for one common share at an exercise price of $1.20 for a period of 24 months following the closing date.

In connection with the first tranche of the financing, the Company paid $40,677 cash broker fees and issued 58,107 broker warrants, each of which is exercisable into one common share at a price of $1.20 for a period of 24 months following the closing date. The finder's warrants have a fair value of $19,831 using the Black-Scholes Option Pricing Model.

On November 5, 2021, the Company completed final tranche of the private placement where it issued 3,876,607 units at $0.70 per unit for gross proceeds of $2,713,625.

Each unit consists of one common share and one half of one common share purchase warrant ("Warrant'). Each Warrant is exercisable for one common share at an exercise price of $1.20 for a period of 24 months following the closing date.

In connection with the final tranche of the financing, the Company paid $139,388 cash broker fees and issued 199,124 broker warrants, each of which is exercisable into one common share at a price of $1.20 for a period of 24 months following the closing date. The finder's warrants have a fair value of $74,759 using the Black-Scholes Option Pricing Model.

The Company also incurred an additional $73,107 share issue costs for both tranches for the financing.

On May 5, 2021, the Company closed a brokered private placement where it issued 5,348,616 units at $1.05 per unit for gross proceeds of $5,616,047.

Each unit consists of one common share and one half of one common share purchase warrant ("Warrant'). Each Warrant is exercisable for one common share at an exercise price of $1.70 for a period of 12 months following the closing date.

In connection with the financing, the Company paid $307,150 cash broker fees and issued 310,921 broker warrants, each of which is exercisable into one common share at a price of $1.05 until May 5, 2022. The finder's warrants have a fair value of $145,181 using the Black-Scholes Option Pricing Model. The Company also incurred an additional $193,471 share issue costs.

During the year ended March 31, 2022, 138,333 options were exercised for gross proceeds of $103,750. In connection with the exercise, the grant date fair value of $43,990 was transferred from reserves to share capital.

12. SHARE CAPITAL *(Continued)*

(b) Share issuances *(continued)*:

For the year ended March 31, 2021:

On August 21, 2020, the Company closed a non-brokered private placement where it issued 5,842,222 common shares (each a “share”) at $1.20 per share for gross proceeds of $7,010,666.

In connection with the financing, the Company paid $318,000 cash finders' fees and issued 263,333 finder’s warrants, each of which is exercisable into one common share at a price of $0.10 until August 21, 2022. The finder’s warrants have a fair value of $294,192 using the Black-Scholes Option Pricing Model. The Company also incurred an additional $23,620 share issue costs.

The Company issued 5,774,734 common shares of the Company at a price of $1.20 per common share to acquire Heliodor (Note 5).

During the year ended March 31, 2021, the Company issued 185,000 common shares in relation to the exercise of options for gross proceeds of $138,750. No options were exercised during the year ended March 31, 2020.

(c) Share Purchase Option Compensation Plan:

The Company has established a stock option plan whereby the Company may grant options to directors, officers, employees, and consultants of up to 10% of the common shares outstanding at the time of grant. Exercise prices on options granted under the plan cannot be lower than the market price of one share on the last trading day immediately preceding the day on which the option is granted, less the maximum applicable discount permitted by TSX Venture Exchange, and the term cannot exceed 10 years. The vesting period of each option are determined by the board of directors within regulatory guidelines.

Stock option transactions and the number of stock options for the year ended March 31, 2022, and 2021 is summarized as follows:

(Presented in Canadian Dollars)

12. SHARE CAPITAL *(Continued)*

(c) Share Purchase Option Compensation Plan (*Continued)*

Expiry date	Exercise price	March 31, 2021	Granted	Exercised	Expired / Cancelled	March 31, 2022
December 20, 2021	$ 2.40	33,333	-	-	(33,333)	-
April 11, 2022	$ 2.10	136,667	-	-	-	136,667
March 15, 2024	$ 0.75	161,667	-	(65,000)	-	96,667
October 29, 2024	$ 0.75	528,000	-	(73,333)	-	454,667
September 4, 2025	$ 1.73	1,382,000	-	-	-	1,382,000
January 15, 2026	$ 1.44	125,000	-	-	-	125,000
July 29, 2026	$ 1.00	-	220,000	-	-	220,000
August 11, 2026	$ 1.00	-	15,000	-	-	15,000
December 6, 2026	$ 0.72	-	1,250,000	-	-	1,250,000
Options outstanding		2,366,667	1,485,000	(138,333)	(33,333)	3,680,001
Options exercisable		1,362,000	-	-	-	2,187,668
Weighted average exercise price		$ 1.46	$ 0.76	$ 0.75	$ 2.40	$ 1.20

Expiry date	Exercise price	March 31, 2020	Granted	Exercised	Expired / Cancelled	March 31, 2021
May 4, 2020	$ 0.90	86,666	-	-	(86,666)	-
March 2, 2021	$ 0.75	220,000	-	(153,333)	(66,667)	-
December 20, 2021	$ 2.40	33,333	-	-	-	33,333
April 11, 2022	$ 2.10	136,667	-	-	-	136,667
March 15, 2024	$ 0.75	166,667	-	(5,000)	-	161,667
October 29, 2024	$ 0.75	554,667	-	(26,667)	-	528,000
September 4, 2025	$ 1.73	-	1,382,000	-	-	1,382,000
January 15, 2026	$ 1.44	-	125,000	-	-	125,000
Options outstanding		1,198,000	1,507,000	(185,000)	(153,333)	2,366,667
Options exercisable		700,000	-	-	-	1,362,000
Weighted average exercise price		$ 0.96	$ 1.70	$ 0.75	$ 0.83	$ 1.46

As of March 31, 2022, the weighted average contractual remaining life is 3.66 years (March 31, 2021 – 3.91 years).

The fair value of each option grant is estimated on the date of grant using the Black-Scholes option-pricing model with the following weighted average assumptions:

	March 31, 2022	March 31, 2021
Expected dividend yield	Nil	Nil
Expected stock price volatility	100.00%	95.76%
Fair value of stock price	$0.45	$1.15
Risk-free interest rate	1.72%	1.30%
Fair value	$0.56	$1.29
Forfeiture rate	Nil	Nil
Expected life of options	5.0 years	5.0 years

As at March 31, 2022, the Company recognized $1,063,406 (March 31, 2021 - $1,179,290) in share-based payments expense for the fair value of stock options granted and vested.

(Presented in Canadian Dollars)

12. SHARE CAPITAL *(Continued)*

(d) Warrants

A continuity of warrants for the year ended March 31, 2022, is as follows:

Expiry date	Exercise price	March 31, 2021	Issued	Exercised	Expired	March 31, 2022
August 21, 2022	$ 1.50	263,333	-	-	-	263,333
May 5, 2022	$ 1.70	-	2,674,308	-	-	2,674,308
May 5, 2022	$ 1.05	-	310,921	-	-	310,921
October 18, 2022	$ 1.20	-	928,732	-	-	928,732
October 18, 2023	$ 1.20	-	58,107	-	-	58,107
November 5, 2023	$ 1.20	-	1,938,303	-	-	1,938,303
November 5, 2023	$ 1.20	-	199,124	-	-	199,124
Outstanding		263,333	6,109,495	-	-	6,372,828
Weighted average exercise price		$ 1.50	$ 1.41	$ -	$ -	$ 1.41

Expiry date	Exercise price	March 31, 2020	Issued	Exercised	Expired	March 31, 2021
August 21, 2022	$ 1.50	-	263,333	-	-	263,333
Outstanding		-	263,333	-	-	263,333
Weighted average exercise price		$ -	$ 1.50	$ -	$ -	$ 1.50

The weighted average remaining life of the outstanding warrants as at March 31, 2022, is 0.84 years (March 31, 2021 – 1.39 years).

The fair value of the finder's warrants issued during the year ended March 31, 2022, was $239,771 (March 31, 2021: $294,192). The following table summarizing the assumptions used in the Black-Scholes Option Pricing Model to estimate the fair value of the finder's warrants:

	March 31, 2022	March 31, 2021
Risk-free interest rate	0.57%	1.39%
Expected stock price volatility	100.00%	95.76%
Expected warrant life in years	1.45 years	2 years
Fair value	$0.42	$1.12
Expected dividend yield	Nil	Nil
Share price on grant date	$1.00	$1.95

13. RELATED PARTY TRANSACTIONS

Key management consists of the Company's directors and officers. In addition to management and consulting fees paid to these individuals, or companies controlled by these individuals, the Company provides non-cash benefits. The aggregate value of compensation with key management for the year ended March 31, 2022, was $958,002 (March 31, 2021 - $1,170,045) and comprised of the following:

		March 31, 2022		March 31, 2021
Senior executive fees	$	417,000	$	439,952
Non-executive directors fees		81,250		80,625
Share-based compensation		459,772		649,468
	$	958,022	$	1,170,045

Other balances due to related parties include the following:

(a) Due to related parties

Balance as of March 31, 2022, of $61,854 (March 31, 2021 - $10,833) was payable to the management of the Company as part of their management fees.

The above transactions are measured at their exchange amount, which is the amount of consideration established and agreed to by the related parties. Amounts due to related parties are unsecured, non-interest bearing and have no fixed term of repayment.

14.SEGMENTED DISCLOSURE

The Company has one reportable segment being the exploration and evaluation of mineral properties. The company's assets and liabilities are held within Canada, Mexico and the US as follows:

Rounded to 000's		Canada		United States		Mexico		Total
March 31, 2022								
Non-current assets								
Reclamation bond	$	-	$	7,000	$	-	$	7,000
Exploration and evaluation assets		-		4,448,000		5,667,000		10,115,000
Equipment		-		96,000		-		96,000
Current liabilities	$	169,000	$	1,039,000	$	672,000	$	1,880,000
March 31, 2021								
Non-current assets								
Reclamation bond	$	-	$	7,000	$	-	$	7,000
Exploration and evaluation assets		-		4,268,000		5,522,000		9,790,000
Equipment		-		149,000		-		149,000
Current liabilities	$	83,000	$	82,000	$	288,000	$	453,000

(Presented in Canadian Dollars)

15. INCOME TAXES

The following table reconciles the expected income tax expense (recovery) at the Canadian statutory income tax rates to the amounts recognised in the consolidated statements of comprehensive loss of the years ended March 31, 2022, and 2021:

	2022	2021
Loss for the year	$ (12,456,254)	$ (8,255,849)
Expected income tax (recovery)	$ (3,363,000)	$ (2,229,000)
Change in statutory, foreign tax, foreign exchange rates	386,000	1,119,000
Permanent differences	280,000	421,000
Share issue cost	(198,000)	(92,000)
Adjustment to prior years provision versus statutory tax	424,000	(71,000)
Change in unrecognized deductible temporary	2,471,000	853,000
Total income tax expense (recovery)	**$ -**	**$ 1,000**
Deferred tax recovery	**$ -**	**$ 1,000**

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

	2022	Expiry Date Range	2021	Expiry Date Range
Temporary Differences				
Exploration and evaluation assets	$ 25,476,000	No expiry date	$ 12,492,000	No expiry date
Investment tax credit	144,000	2027 to 2029	144,000	2027 to 2029
Property and equipment	137,000	No expiry date	30,000	No expiry date
Share issue costs	815,000	2043 to 2046	306,000	2042 to 2045
Marketable securities	342,000	No expiry date	89,000	No expiry date
Non-capital losses available for future periods	29,212,000	2026 to 2042	32,672,000	2026 to 2041
Canada	12,049,000	2026 to 2042	10,781,000	2026 to 2041
USA	16,907,000	2030 to indefinite	21,781,000	2029 to indefinite
Mexico	256,000	2031-2032	110,000	2031

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

16. SUBSEQUENT EVENT

On June 23, 2022, the Company announced a non-brokered private placement of up to 12,000,000 units (the "Units") at a price of $0.25 per Unit for gross proceeds of approximately $3,000,000. The Company has received $2.243 million as of July 26, 2022.

Each Unit will consist of one common share in the capital of the Company (each a "Common Share") and one common share purchase warrant (a "Warrant"). Each Warrant shall initially entitle the holder to purchase one additional Common Share at an exercise price of $0.50 per Common Share until the date that is six months following the Closing Date (the "Transition Date"). On the Transition Date, each outstanding Warrant shall automatically (without any need for notice or action) convert into a half-warrant (each, a "Half-Warrant") and thereafter the holder will only be entitled to purchase one Common Share upon the exercise of two Half-Warrants at an aggregate exercise price of $0.75 per Common Share. The Half-Warrants will expire eighteen months after the Transition Date.