SILVER WOLF EXPLORATION LTD.

(formerly Gray Rock Resources Ltd.)

Condensed Consolidated Interim Financial Statements

For the three months ended March 31, 2022 and 2021

(Unaudited)

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

The condensed consolidated interim financial statements of Silver Wolf Exploration Ltd. (the "Company") are the responsibility of the Company's management. The condensed consolidated interim financial statements are prepared in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board, and reflect management's best estimates and judgment based on information currently available.

Management has developed and is maintaining a system of internal controls to ensure that the Company's assets are safeguarded, transactions are authorized and properly recorded and financial information is reliable.

The Board of Directors is responsible for ensuring management fulfills its responsibilities, and reviews the results of the audit and reviews the condensed consolidated interim financial statements prior to their approval.

The condensed consolidated interim financial statements as at March 31, 2022, and for the periods ended March 31, 2022 and 2021, have not been reviewed or audited by the Company's independent auditors.

"David Wolfin"

David Wolfin
Chairman & CEO
May 30, 2022

"Nathan Harte"

Nathan Harte, CPA
Chief Financial Officer
May 30, 2022

Silver Wolf Exploration Ltd.
Condensed Consolidated Interim Statements of Financial Position
Expressed in Canadian Dollars

	Note	March 31, 2022 (Unaudited)	December 31, 2021
ASSETS			
Current Assets			
Cash		$ 110,733	$ 364,784
Sales taxes receivables and other		93,354	58,356
		204,087	423,140
Non-Current Assets			
Investments	**4**	30,710	47,500
Exploration and evaluation assets	**5**	983,426	784,713
Property and equipment	**6**	88,856	93,422
Reclamation deposit	**8**	3,000	3,000
TOTAL ASSETS		$ 1,310,079	$ 1,351,775
LIABILITIES			
Current Liabilities			
Trade and other payables		$ 96,825	$ 177,082
Current portion of lease liability	**7**	22,004	21,304
Due to related parties	**10**	133,650	78,859
		252,479	277,245
Non-Current Liabilities			
Lease liability	**7**	56,065	61,819
Site restoration obligation		3,000	3,000
		311,544	342,064
SHAREHOLDERS' EQUITY			
Share capital	**9**	6,105,144	6,065,144
Contributed surplus		517,142	591,542
Accumulated other comprehensive income		(184,528)	(545,831)
Deficit		(5,439,223)	(5,101,144)
		998,535	1,009,711
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		$ 1,310,079	$ 1,351,775

Note 1 – Nature of Operations and Going Concern

Note 12 – Subsequent Event

These condensed consolidated interim financial statements are authorized for issue by the Board of Directors on May 30, 2022:

"David Wolfin" **Director** "Stephen Williams" **Director**

The accompanying notes are an integral part of the condensed consolidated interim financial statements

Silver Wolf Exploration Ltd.
Condensed Consolidated Interim Statements of Operations and Comprehensive Loss
Expressed in Canadian Dollars

	Note	For the three months ended March 31, 2022	March 31, 2021
General and Administrative Expenses			
Administrative benefits and salaries		$ 33,310	$ 19,800
Automobile		549	869
Consulting fees		9,308	11,750
Depreciation		3,896	2,690
Foreign exchange (gain) loss		(1,044)	20
Interest and bank charges		2,703	652
Listing and filing fees		8,875	39,741
Office and miscellaneous		21,449	10,151
Professional fees		(6,778)	18,003
Share-based compensation		242,400	158,400
Shareholder information		4,661	871
Transfer agent fees		2,630	2,481
Net Loss For the Period		(321,959)	(265,428)
Other Comprehensive Loss			
Items that may be reclassified subsequently to income or loss:			
Unrealized gain (loss) on investments	**4**	28,610	(4,750)
Reclassification of accumulated loss on investment sold	**4**	(332,920)	-
Currency translation differences		(227)	13
Total Comprehensive Loss		$ (626,496)	$ (270,165)
Basic and Diluted Loss per Share		$ (0.01)	$ (0.01)
Weighted Average Number of Shares Outstanding		31,012,655	25,424,921

The accompanying notes are an integral part of the condensed consolidated interim financial statements

Silver Wolf Exploration Ltd.
Condensed Consolidated Interim Statements of Changes in Equity
Expressed in Canadian Dollars

	Note	Number of Common Shares	Share Capital	Contributed Surplus	Accumulated Deficit	Accumulated Other Comprehensive Income	Total Equity
Balance, January 1, 2021		**23,912,048**	**$ 4,611,274**	**$ 369,092**	**$ (4,177,498)**	**$ (509,202)**	**$ 320,666**
Common shares issued for cash		5,000,000	1,000,000	-	-	-	1,000,000
Issuance of shares for Option Agreement		131,718	51,370	-	-	-	51,370
Issuance of share purchase warrants for Option Agreement		-	-	96,000	-	-	96,000
Exercise of warrants		100,000	10,000	-	-	-	10,000
Share-based compensation		-	-	158,400	-	-	158,400
Net loss for the period		-	-	-	(265,428)	-	(265,428)
Other comprehensive income for the period		-	-	-	-	(4,737)	(4,737)
Balance, March 31, 2021		**29,143,766**	**$ 5,672,644**	**$ 650,492**	**$ (4,442,926)**	**$ (513,939)**	**$ 1,366,271**
Balance, January 1, 2022		**30,998,766**	**$ 6,065,144**	**$ 591,542**	**$ (5,101,144)**	**$ (545,831)**	**$ 1,009,711**
Issuance of shares for Option Agreement	**5, 9**	250,000	40,000	-	-	-	40,000
Share-based compensation		-	-	242,400	-	-	242,400
Stock options cancelled or expired				(316,800)	316,800	-	-
Net loss for the period		-	-	-	(321,959)	-	(321,959)
Reclassification of accumulated losses on investments sold	4	-	-	-	(332,920)	332,920	-
Other comprehensive income for the period		-	-	-	-	28,383	28,383
Balance, March 31, 2022		**31,248,766**	**$ 6,105,144**	**$ 517,142**	**$ (5,439,223)**	**$ (184,528)**	**$ 998,535**

The accompanying notes are an integral part of the condensed consolidated interim financial statements

Silver Wolf Exploration Ltd.
Condensed Consolidated Interim Statements of Cash Flows
Expressed in Canadian Dollars

	For the three months ended March 31, 2022	2021
Cash provided by (used in):		
Operating Activities		
Net Loss	$ (321,959)	$ (265,428)
Items not involving cash in the period		
Share-based compensation	242,400	158,400
Interest charges	2,369	1,672
Depreciation	3,896	2,690
Foreign exchange movements	(10,167)	-
Changes in non-cash working capital items:		
Sales taxes recoverable and other	(34,998)	(7,001)
Trade and other payables	(80,257)	22,216
Due to related parties	64,731	39,439
	(133,985)	(48,012)
Financing Activities		
Issuance of common shares for cash, net	-	1,000,000
Issuance of common shares for mineral property	-	147,370
Issuance of common shares on exercise of warrants	-	10,000
Finance lease payments	(7,423)	(4,165)
	(7,423)	1,153,205
Investing Activities		
Proceeds from disposition of investments	45,400	-
Additions to machinery and equipment	670	(1,535)
Exploration and evaluation expenditures	(158,713)	(176,759)
	(112,643)	(178,294)
Change in Cash	(254,051)	926,899
Cash, Beginning of Period	364,784	26,027
Cash, End of Period	$ 110,733	$ 952,926
Supplementary Disclosure of Cash Flow Information		
Shares issued for Option Agreement payments	$ 40,000	$ 51,370
Issuance of share purchase warrants for Option Agreement	$ -	$ 96,000
Interest paid	$ -	$ -
Income taxes paid	$ -	$ -

The accompanying notes are an integral part of the condensed consolidated interim financial statements

1. NATURE OF OPERATIONS AND GOING CONCERN

Silver Wolf Exploration Ltd. (formerly Gray Rock Resources Ltd.) ("Silver Wolf" or the "Company") was incorporated under the laws of the Province of British Columbia, Canada. The Company changed its name to Silver Wolf Exploration Ltd. on September 16, 2020. It is in the exploration stage with regards to its business of exploration and development of mineral properties. The Company owns the Silver Stream mineral claims in British Columbia, Canada. The Company's head office and principal place of business is Suite 900, 570 Granville Street, Vancouver, BC, Canada.

Silver Wolf is in the exploration stage and has not yet determined whether the properties contain ore reserves which are economically recoverable. The underlying carrying value of the mineral property interest and related exploration and evaluation assets is dependent upon the existence of economically recoverable reserves, confirmation of Silver Wolf's interest in the mineral claims, the ability of Silver Wolf to obtain necessary financing to complete the exploration and development, and future profitable production or proceeds from the sale of all or an interest in its mineral claims.

These condensed consolidated interim financial statements have been prepared on a going concern basis, which assumes that the Company will be able to realize its assets and discharge its liabilities in the normal course of business. As at March 31, 2022, the Company has a working capital deficit of $48,392 and accumulated losses of $5,439,223. The Company has not yet generated any revenues from its operations and requires financing through the sale of shares or issuance of debt to continue with its operations and to develop its mineral properties. Although management intends to secure additional financing, there is no assurance that management will be successful in its efforts to secure additional financing, or that it will ever develop a self-supporting business. These factors together form a material uncertainty that raises significant doubt about the Company's ability to continue as a going concern. These condensed consolidated interim financial statements do not include any adjustments that might result from the outcome of this uncertainty.

Risks associated with Public Health Crises, including COVID-19

The Company's business, operations and financial condition could be materially adversely affected by the outbreak of epidemics, pandemics or other health crises, such as the outbreak of COVID-19 that was designated as a pandemic by the World Health Organization on March 11, 2020. The international response to the spread of COVID-19 has led to significant restrictions on travel, temporary business closures, quarantines, global stock market volatility and a general reduction in consumer activity. Such public health crises can result in operating, supply chain and project development delays and disruptions, global stock market and financial market volatility, declining trade and market sentiment, reduced movement of people and labour shortages, and travel and shipping disruption and shutdowns, including as a result of government regulation and prevention measures, or a fear of any of the foregoing, all of which could affect commodity prices, interest rates, credit risk and inflation. In addition, the current COVID-19 pandemic, and any future emergence and spread of similar pathogens could have an adverse impact on global economic conditions which may adversely impact the Company's operations, and the operations of suppliers, contractors and service providers, including smelter and refining service providers, and the demand for the Company's production.

The Company may experience business interruptions, including suspended (whether government mandated or otherwise) or reduced operations relating to COVID-19 and other such events outside of the Company's control, which could have a material adverse impact on its business, operations and operating results, financial condition and liquidity.

As at the date of the consolidated financial statements, the duration of the business disruptions internationally and related financial impact of COVID-19 cannot be reasonably estimated. It is unknown whether and how the Company may be affected if the pandemic persists for an extended period of time. In particular, the region in which we operate may not have sufficient public infrastructure to adequately respond or efficiently and quickly recover from such event, which could have a materially adverse effect on the Company's operations. The Company's exposure to such public health crises also includes risks to employee health and safety. Should an employee, contractor, community member or visitor become infected with a serious illness that has the potential to spread rapidly, this could place the Company's workforce at risk.

2. BASIS OF PRESENTATION

Statement of compliance

These unaudited condensed consolidated interim financial statements have been prepared in accordance with International Accounting Standard ("IAS") 34 – Interim Financial Reporting under International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board ("IASB"). These unaudited condensed consolidated interim financial statements follow the same accounting policies and methods of application as the most recent annual audited consolidated financial statements of the Company. These unaudited condensed consolidated interim financial statements do not contain all of the information required for full annual consolidated financial statements. Accordingly, these unaudited condensed consolidated interim financial statements should be read in conjunction with the Company's December 31, 2021, annual consolidated financial statements, which were prepared in accordance with IFRS as issued by the IASB.

Significant Accounting Judgments and Estimates

The preparation of these condensed consolidated interim financial statements requires management to make judgements and estimates 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 judgements and estimates. The condensed consolidated interim financial statements include judgements and estimates, which, by their nature, are uncertain. The impacts of such judgements and estimates are pervasive throughout the condensed consolidated interim 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 may affect both current and future periods.

The critical judgments and estimates applied in the preparation of the Company's unaudited condensed consolidated interim financial statements for the three months ended March 31, 2022, are consistent with those applied and disclosed in Note 2 to the Company's audited consolidated financial statements for the year ended December 31, 2021.

Functional Currency

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

Foreign Currency Translation

Transactions in currencies other than the functional currency are recorded at the rates of exchange prevailing on dates of transactions. At each financial position reporting date, monetary assets and liabilities that are denominated in foreign currencies are translated at the rates prevailing at the date of the condensed consolidated interim statement of financial position. Non-monetary items that denominated in foreign currencies are translated at historical rates.

Basis of Consolidation

The consolidated financial statements include the accounts of the Company and its wholly owned subsidiaries:

- Cortez, a company incorporated on June 21, 2006 in Nevada, USA.
- Compania Minera Mexicana de Gray Rock, S.A. de C.V., a company incorporated under the Mexican United States law on July 21, 2020.

Inter-company balances and transactions, including unrealized income and expenses arising from intercompany transactions, are eliminated on consolidation.

Expressed in Canadian Dollars

3. RECENT ACCOUNTING PRONOUNCEMENTS

Application of new and revised accounting standards:

Property, Plant and Equipment — Proceeds before Intended Use (Amendments to IAS 16)

The amendments prohibit deducting from the cost of an item of property, plant and equipment any proceeds from selling items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognizes the proceeds from selling such items, and the cost of producing those items, in profit or loss. The amendments are applied on or after the first annual reporting period beginning on or after January 1, 2022, with early application permitted. The amendments are applied retrospectively, but only to items of property, plant and equipment that are brought to the location and condition necessary for them to be capable of operating in the manner intended by management on or after the beginning of the earliest period presented in the financial statements in which the Company first applies the amendments. This amendment will impact the Company's accounting for proceeds from mineral sales prior to reaching commercial production at levels intended by management.

Future Changes in Accounting Policies Not Yet Effective as at March 31, 2022:

Certain new accounting standards and interpretations have been published that are not mandatory for the current period and have not been early adopted. These standards are not expected to have a material impact on the Company in the current or future reporting periods.

4. INVESTMENTS

Investments consist of the following:

	Number of Shares	Cost	Accumulated Unrealized Gain/(Loss)	March 31, 2022 Fair Value	December 31, 2021 Fair Value
Garibaldi Resources Corp	74,000	$ 230,880	$ (200,170)	$ 30,710	$ 47,500
		$ 230,880	$ (200,170)	$ 30,710	$ 47,500

During the three months ended March 31, 2022, the Company disposed of 116,000 shares of Garibaldi Resources Corp. and recognized a loss on sale $332,920.

Expressed in Canadian Dollars

5. EXPLORATION AND EVALUATION ASSETS

Exploration and evaluation assets consist of the following:

	Ana Maria & El Laberinto Option	Silver Stream Claims	Total
Balance, January 1, 2021	$ 4,409	$ 306,844	$ 311,253
Exploration costs incurred during the year:			
Acquisition costs	147,370	-	147,370
Geological consulting	204,865	-	204,865
Field expenditures	200,836	-	200,836
Mapping	168,516	-	168,516
Taxes and Licensing	34,064	16,775	50,839
Assays	24,653	-	24,653
Impairment charges	-	(323,619)	(323,619)
Balance, December 31, 2021	784,713	-	784,713
Exploration costs incurred during the year:			
Geological consulting	105,615		105,615
Acquisition costs	40,000	-	40,000
Field expenditures	31,171	-	31,171
Assays	10,146		10,146
Foreign exchange	11,781	-	11,781
Balance, March 31, 2022	$ 983,426	$ -	$ 983,426

a) Ana Maria & Laberinto Properties

During 2020, the Company announced the signing of an option agreement (the “Option Agreement”) with Avino Silver & Gold Mines Ltd. (“Avino”), a company with directors and management in common, as optionor. Pursuant to the terms of the Option Agreement, the Company was granted the exclusive right to acquire an 100% interest in the Ana Maria and El Laberinto properties in Mexico (the “Option”), in consideration of the issuance to Avino of share purchase warrants to acquire 300,000 common shares of the Company at an exercise price of $0.20 per share for a period of 36 months from the date of the TSX Venture Exchange’s final approval date of the Option Agreement of March 8, 2021.

During year ended December 31, 2021, the Company received final acceptance from the TSX Venture Exchange and issued to Avino the share purchase warrants to acquire 300,000 common shares and issued 131,718 common shares at an average price of $0.3796, valued at $50,000, to satisfy the terms laid out in Item 1 a) of the Option Agreement

In order to exercise the Option, the Company will:

1. Pay or issue to Avino a total of $600,000 in cash or common shares of the Company as follows:
    a. $50,000 in common shares of the Company within 30 days of March 8, 2021;
    b. A further $50,000 on or before March 8, 2022;
    c. A further $100,000 on or before March 8, 2023;
    d. A further $200,000 on or before March 8, 2024; and
    e. A further $200,000 on or before March 8, 2025; and

2. Incur a total of $750,000 in exploration expenditures on the properties, as follows:
    a. $50,000 on or before March 8, 2022;
    b. A further $100,000 on or before March 8, 2023; and
    c. A further $600,000 on or before March 8, 2025.

All share issuances will be based on the average volume weighted trading price of the Company's shares on the TSX Venture Exchange for the ten (10) trading days immediately preceding the date of issuance of the shares, and the shares will be subject to resale restrictions under applicable securities legislation for 4 months and a day from their date of issue.

Any exploration expenditures in excess of any period stated above will be applied towards the next succeeding period's minimum requirements. During the option period, the Company will also assume liability and be responsible for all required semi-annual property payments required to maintain the properties in good standing.

The Company also granted to Avino a right of first refusal on 60 days' notice to Avino to purchase and process any ore or concentrate extracted from the properties under a custom milling contract at Avino's mine facilities.

During the three months ended March 31, 2022, the Company issued 250,000 common shares to Avino as part of the terms outlined in 1.b. in the Option Agreement, and as of the date of these financial statements, all requirements have been fulfilled within the timeline of the Option Agreement outlined above.

Ana Maria Property

The Ana Maria property is located 21 kilometres (km) northwest of the City of Gómez Palacio and the adjacent City of Torreón, and 1 km north of the town of Dinimita, in the municipality of Gómez Palacio, Durango, Mexico. The claims are located in the Minitas mining district in the Guadalupe Victoria mining region. The property consists of 9 mining concessions encompassing 2,549 hectares ("ha").

Laberinto Project

The Laberinto Project is located in the "Sierra de la Silla" northwest of the town of Francisco I. Madero in the municipality of Panuco de Coronado. It is approximately 60 kilometres northeast of the city of Durango City, México. The property consists of mining concession encompassing 91.7 ha.

b) Silver Stream Claims

The Company has a 100% interest in two mineral claims in the Lillooet mining district of British Columbia, subject to a 3% net smelter returns royalty, known as Silver Stream 1 and Silver Stream 2 claims, collectively the Silver Stream Claims. The claims comprising the Silver Stream Claims remain in good standing until July 29, 2022.

As of December 31, 2021, the Company performed an evaluation of the exploration and evaluation asset at Silver Stream and recorded an impairment charge of $323,619 against the carrying value, reducing the carrying value to nil.

The impairment charge results from the Company's decision in 2021 to focus its efforts and resources on the Ana Maria and Laberinto properties.

Expressed in Canadian Dollars

6. PROPERTY AND EQUIPMENT

	Right of Use Asset (Note 7)	Office equipment, furniture, and fixtures	Computer equipment	Machinery and equipment	Total
	$	$	$	$	$
COST					
Balance at January 1, 2021	61,853	-	-	-	61,853
Additions / Transfers	35,681	2,762	8,891	2,741	50,075
Effect of movements in exchange rates	-	-	-	-	-
Balance at December 31, 2021	97,534	2,762	8,891	2,741	111,928
Additions / Transfers	-	-	-	-	-
Effect of movements in exchange rates	-	38	106	39	183
Balance at March 31, 2022	97,534	2,800	8,997	2,780	112,111
ACCUMULATED DEPLETION AND DEPRECIATION					
Balance at January 1, 2021	5,807	-	-	-	5,807
Additions / Transfers	10,759	169	1,670	101	12,699
Effect of movements in exchange rates		-	-	-	-
Balance at December 31, 2021	16,566	169	1,670	101	18,506
Additions / Transfers	3,897	140	677	35	4.749
Effect of movements in exchange rates					
Balance at March 31, 2022	20,463	309	2,347	136	23.255
NET BOOK VALUE					
At March 31, 2022	**77,071**	**2,491**	**6,650**	**2,644**	**88,856**
At December 31, 2021	80,968	2,593	7,221	2,640	93,422
At January 1, 2021	56,046	-	-	-	56,046

7. LEASE LIABILITY & RIGHT-OF-USE ASSET

(a) Right-of-use asset

The Company shares office space with other companies related to it by virtue of certain directors and management in common (Note 10). In 2020 the Company recognized a right-of-use asset in relation to its share of office space lease allocated through Oniva International Services Corp. ("Oniva")

		March 31 2022		December 31 2021
Balance, beginning	$	80,968	$	56,046
Additions		-		35,681
Depreciation		(3,897)		(10,759)
Balance, ending	$	77,071	$	80,968

Expressed in Canadian Dollars

(b) Lease liability

The contractual maturities and interest charges in respect of the Company's lease obligations in connection with its share of the office lease are as follows:

	March 31, 2022	December 31, 2021
Not later than one year	$ 29,891	$ 29,837
Later than one year and not later than five years	64,120	71,597
Less: future interest charges	(15,942)	(18,311)
Present value of lease payments	78,069	83,123
Less: current portion	(22,004)	(21,304)
Non-current portion	$ 56,065	$ 61,819

During the year ended December 31, 2021, the Company and Oniva amended the share of rental expense allocated to Silver Wolf. As a result, the Company recognized a lease modification and adjusted the right-of-use asset and lease liability accordingly as noted above.

(c) Amounts Recognized in Statement of Operations and Comprehensive Loss

Payments relating to short-term leases recognized as an expense during the three months ended March 31, 2022, totalled $Nil (2021 - $Nil).

Amounts Recognized in Statement of Cash Flows

Cash payments relating to short-term leases during the three months ended March 31, 2022, totalled $Nil (2021 - $Nil).

8. RECLAMATION DEPOSIT

As at March 31, 2022 and December 31, 2021, the Company has hypothecated a term deposit in the amount of $3,000 as security to the Province of British Columbia for future mineral claims site reclamation costs.

Expressed in Canadian Dollars

9. SHARE CAPITAL

(a) Authorized: Unlimited common shares without par value.

(b) Issued:

(i) During the three months ended March 31, 2022, the Company the Company issued 250,000 common shares at an average price of $0.16, valued at $40,000, to satisfy the terms laid out in Item 1 b) of the Option Agreement. For full details of the Option Agreement

(ii) During the year ended December 31, 2021, the Company closed a non-brokered private placement of 5,000,000 shares at a price of $0.20 per unit for gross proceeds of $1,000,000.

During the year ended December 31, 2021, the Company closed a non-brokered private placement of 750,000 units at a price of $0.25 per unit for gross proceeds of $187,500. Each unit consists of one common share and one half (1/2) of a non-transferable common share purchase warrant to purchase a common share at an exercise price of $0.35.

During the year ended December 31, 2021, the Company received final acceptance from the TSX Venture Exchange (“TSX-V”) and issued to Avino the share purchase warrants to acquire 300,000 common shares and issued 131,718 common shares at an average price of $0.3796, valued at $50,000, to satisfy the terms laid out in Item 1 a) of the Option Agreement. See Note 5 for details on the Option Agreement. The shares issued were recorded to share capital at a fair value of $51,370, which represents the closing TSX-V share price on the date of issuance.

During the year ended December 31, 2021, the Company received proceeds of $150,500 upon exercise of 1,205,000 share purchase warrants, which includes the exercise by Avino of 300,000 share purchase warrants for proceeds of $60,000.

(c) Share purchase warrants

At March 31, 2022, the Company had 695,250 (December 31, 2021 – 695,250) share purchase warrants outstanding and exercisable. Continuity of share purchase warrants is as follows:

	Number of Warrants	Weighted Average Exercise Price
Outstanding and exercisable, January 1, 2021	1,225,250	$0.23
Issued	675,000	$0.28
Exercised	(1,205,000)	$0.12
Outstanding and exercisable, December 31, 2021	695,250	$0.47
Outstanding and exercisable, March 31, 2022	695,250	$0.47

At March 31, 2022, weighted average remaining contractual life of warrants outstanding was 0.87 years (December 31, 2021 – 1.47 years).

Expressed in Canadian Dollars

The following table summarizes information about the Company's warrants outstanding at March 31, 2022:

Expiry Date	Exercise Price	Warrants Outstanding and Exercisable
September 15, 2022	$0.60	320,250
June 20, 2023	$0.35	375,000
		695,250

(d) Stock option plan

The Company established a stock option plan, under which it may grant stock options totalling in aggregate up to 10% of the Company's total number of shares issued and outstanding on a non-diluted basis, and to any one optionee in a 12 month period not to exceed 5% of the total number of shares issued and outstanding on a non-diluted basis. The stock option plan limits the options issuable within a one-year period to regular employees and persons providing investor-relation or consulting services to 5% and 2% respectively of the Company's total number of issued and outstanding shares on a non-diluted basis on the date of grant.

The stock options are fully vested on the date of grant. The option price must be greater or equal to the discounted market price on the grant date, and the option expiry date can not exceed five years after the grant date.

Continuity of stock options is as follows:

	Number of Options	Weighted Average Exercise Price
Outstanding and exercisable, December 31, 2020	1,190,000	$0.40
Granted	1,000,000	$0.20
Forfeited	(35,000)	$0.20
Outstanding, December 31, 2021	2,155,000	$0.31
Granted	1,830,000	$0.20
Forfeited	(990,000)	$0.35
Outstanding, March 31, 2022	2,995,000	$0.22
Outstanding and exercisable, March 31, 2022	2,995,000	$0.22

Details of stock options outstanding and exercisable are as follows:

Expiry Date	Exercise Price	Options Outstanding and Exercisable
June 23, 2022	$0.44	200,000
January 8, 2026	$0.20	965,000
March 30, 2027	$0.20	1,830,000
		2,995,000

As at March 31, 2022, the weighted average remaining contractual life of stock options outstanding was 4.29 years (December 31, 2021 – 1.91 years).

Expressed in Canadian Dollars

Option pricing requires the use of highly subjective estimates and assumptions including the expected stock price volatility. The expected volatility used in valuing stock options is based on volatility observed in historical periods. Changes in the underlying assumptions can materially affect the fair value estimates.

The fair value of the options granted during the three months ended March 31, 2022 was calculated using the Black-Scholes model with the following weighted average assumptions:

	2022
Weighted average assumptions:	
Share price	0.20
Risk-free interest rate	2.40%
Expected dividend yield	0%
Expected option life (years)	5.00
Expected stock price volatility	114.09%
Weighted average fair value at grant date	$0.13

10. RELATED PARTY TRANSACTIONS AND BALANCES

(a) Key management compensation

The Company has identified its directors and certain senior officers as its key management personnel. The compensation costs for key management personnel are as follows:

	Three months ended March 31, 2022	2021
Consulting fees, wages and benefits	$ 11,659	$ 7,397
Share-based payments	149,500	108,000
	$ 161,159	$ 115,397

(b) Amounts due to related parties

In the normal course of operations the Company transacts with companies related to its directors or officers. All amounts payable are non-interest bearing, unsecured, and due on demand. As at March 31, 2022 and December 31, 2021, the following amounts were due to related parties:

	March 31, 2022	December 31, 2021
Oniva International Services Corp.	$ 133,650	$ 78,859
	$ 133,650	$ 78,859

Expressed in Canadian Dollars

(c) Related party transactions

During the three months ended March 31, 2022, $50,909 (2021 - $48,569) was charged for office, occupancy, miscellaneous costs and salaries, and administrative services paid on behalf of the Company by Oniva. Further, the Company paid $1,273 of administrative fees during the three months ended March 31, 2022 (2021 - $1,277) to Oniva.

The Company takes part in a cost-sharing arrangement to reimburse Oniva for a variable percentage of its overhead expenses, to reimburse 100% of its out-of-pocket expenses incurred on behalf of the Company, and to pay a percentage fee based on the total overhead and corporate expenses. The arrangement may be terminated with one-month notice by either party.

11. FINANCIAL INSTRUMENTS

The fair values of the Company's cash, trade and other payables, and amounts due to related party approximate their carrying values because of the short-term nature of these instruments. The fair value of the Company's investments is detailed in Note 4.

The Company's financial instruments are exposed to certain financial risks comprising credit risk, liquidity risk and market risk.

(a) Credit Risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The Company's cash is exposed to credit risk. The Company manages credit risk, in respect of cash, by maintaining the majority of cash at high credit rated Canadian financial institutions. Concentration of credit risk exists with respect to the Company's cash, as the majority of the amounts are held with a single Canadian financial institution.

(b) Liquidity Risk

Liquidity risk is the risk that the Company will encounter difficulty in satisfying financial obligations as they become due. The Company manages its liquidity risk by forecasting cash flows required by operations and anticipated investing and financing activities. At March 31, 2022, the Company had cash in the amount of $110,733 (December 31, 2021 - $364,784) in order to meet short-term business requirements. At March 31, 2022, the Company had current liabilities of $252,478 (December 31, 2021 – $277,245). Accounts payable have contractual maturities of approximately 30 to 90 days, or are due on demand and are subject to normal trade terms.

The maturity profiles of the Company's contractual obligations and commitments as at March 31, 2022, are summarized as follows:

	Total	**Less Than 1 Year**	**1-5 years**	**More Than 5 Years**
Trade and other payable	$ 96,825	$ 96,825	$ -	$ -
Finance lease obligations	78,069	22,004	56,065	-
Due to related parties	133,650	133,650	-	-
Total	$ 308,544	$ 252,479	$ 56,065	$ -

(c) Market Risk

Market risk consists of interest rate risk, foreign currency risk, and other price risk. These are discussed further below.

Interest Rate Risk

Interest rate risk consists of two components:

(i) To the extent that payments made or received on the Company's monetary assets and liabilities are affected by changes in the prevailing market interest rates, the Company is exposed to interest rate cash flow risk.

(ii) To the extent that changes in prevailing market rates differ from the interest rate in the Company's monetary assets and liabilities, the Company is exposed to interest rate price risk.

The Company's cash is currently held in highly liquid short-term investments and therefore management considers the interest rate risk to be minimal.

Foreign Currency Risk

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in foreign exchange rates. The Company is exposed to foreign currency risk to the extent that monetary assets and liabilities are denominated in foreign currency.

At this time, the Company is not exposed to significant foreign currency risk, as the company currently has minimal transactions and balances in currencies other than the Canadian dollars.

Other Price Risk

Other price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in market prices, other than those arising from interest rate risk or foreign currency risk.

The Company is exposed to other price risk with respect to its investment in marketable securities, as they are carried at fair value based on quoted market prices.

(d) Classification of Financial instruments

IFRS 7 *'Financial Instruments: Disclosures'* establishes a fair value hierarchy that prioritizes the input to valuation techniques used to measure fair value as follows:

Level 1 – quoted prices (unadjusted) in active markets for identical assets or liabilities;
Level 2 – inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices); and
Level 3 – inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The following table sets forth the Company's financial assets measured at fair value on a recurring basis by level within the fair value hierarchy as at March 31, 2022:

	Level 1	Level 2	Level 3
Cash	$ 110,733	$ -	$ -
Investments	30,710	-	-
	$ 141,443	$ -	$ -

12.SUBSEQUENT EVENT

Subsequent to March 31, 2022, the Company announced a non-brokered private placement (the "Private Placement") financing of up to 4,000,000 units of the Company ("Units") at a purchase price of $0.15 per unit for aggregate gross proceeds of up to $600,000.

Each Unit will be comprised of one (1) common share of the Company and one non-transferable common share purchase warrant "Warrant". Each Warrant will entitle the holder to purchase one additional common share of the Company at an exercise price of $0.25 at any time up to 18 months following the date of issuance

As of the date of these financial statements, the Private Placement had not closed.