FORAN MINING CORPORATION

Consolidated Financial Statements

For the years ended December 31, 2021 and 2020

Expressed in thousands of Canadian Dollars

KPMG LLP
Chartered Professional Accountants
PO Box 10426 777 Dunsmuir Street
Vancouver BC V7Y 1K3
Canada

Telephone (604) 691-3000
Fax (604) 691-3031
Internet www.kpmg.ca

INDEPENDENT AUDITORS' REPORT

To the Shareholders of Foran Mining Corporation

Opinion

We have audited the consolidated financial statements of Foran Mining Corporation (the Entity), which comprise:

- the consolidated statement of financial position as at December 31, 2021;
- the consolidated statement of loss and comprehensive loss for the year ended December 31, 2021;
- the consolidated statement of changes in equity for the year ended December 31, 2021;
- the consolidated statement of cash flows for the year ended December 31, 2021;
- and notes to the consolidated financial statements, including a summary of significant accounting policies

(Hereinafter referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the consolidated financial position of the Entity as at December 31, 2021, and its consolidated financial performance and its consolidated cash flows for the year 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 "***Auditors' Responsibilities for the Audit of the Financial Statements***" section of our auditors' report.

We are independent of the Entity in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Material Uncertainty Related to Going Concern

We draw attention to Note 1 in the financial statements, which indicates that the Company has incurred recurring losses and has an accumulated deficit. The Company will be required to obtain additional financing to complete the exploration and development of its exploration and evaluation assets.

As stated in Note 1 in the financial statements, these events or conditions, along with other matters as set forth in Note 1 in the financial statements, indicate that a material uncertainty exists that may cast significant doubt on the Entity's ability to continue as a going concern.

Our opinion is not modified in respect of this matter.

Other Matter

The financial statements for the year ended December 31, 2020 were audited by another auditor who expressed an unmodified opinion on those financial statements on March 10, 2021.

Other Information

Management is responsible for the other information. Other information comprises the information included in Management's Discussion and Analysis filed with the relevant Canadian Securities Commissions.

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

In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit and remain alert for indications that the other information appears to be materially misstated.

We obtained the information included in Management's Discussion and Analysis filed with the relevant Canadian Securities Commissions as at the date of this auditors' report. If, based on the work we have performed on this other information, we conclude that there is a material misstatement of this other information, we are required to report that fact in the auditors' report.

We have nothing to report in this regard.

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

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

In preparing the financial statements, management is responsible for assessing the Entity'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 Entity or to cease operations, or has no realistic alternative but to do so.

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

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

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

We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.

  The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Entity'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 Entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Entity to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- 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.
- Provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

KPMG LLP

Chartered Professional Accountants

The engagement partner on the audit resulting in this auditors' report is Michael D. Woeller.

Vancouver, Canada
April 4, 2022

Consolidated Statements of Financial Position

(Expressed in thousands of Canadian dollars)

	Note		December 31, 2021		December 31, 2020
Assets					
Current assets					
Cash and cash equivalents		$	**83,996**	$	1,050
Accounts and other receivables			**1,335**		24
Prepaid expenses and deposits			**252**		42
Total current assets			**85,583**		1,116
Deposits			**11**		11
Investments			**204**		175
Right-of-use assets	4		**1,442**		49
Exploration and evaluation assets	5		**87,654**		40,824
Total assets		$	**174,894**	$	42,175
Liabilities and Shareholders' Equity					
Current liabilities					
Accounts payable and accrued liabilities		$	**9,619**	$	276
Leases	4		**778**		54
Deferred share units	7		**3,330**		710
Total current liabilities			**13,727**		1,040
Leases	4		**312**		-
Decommissioning obligation	8		**500**		-
Total liabilities			**14,539**		1,040
Shareholders' Equity					
Share capital	9		**205,841**		84,786
Share-based payments reserve			**4,084**		1,647
Accumulated other comprehensive income			**99**		74
Deficit			**(49,669)**		(45,372)
Total shareholders' equity			**160,355**		41,135
Total liabilities and shareholders' equity		$	**174,894**	$	42,175

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

Approved on behalf of the Board:

/s/ David Petroff	*/s/ Dan Myerson*
Director	CEO & Executive Chairman

FORAN MINING CORPORATION

Consolidated Statements of Loss and Comprehensive Loss

(Expressed in thousands of Canadian dollars, except share information)

For the years ended December 31,	Note		**2021**		2020
General and administration expenses					
Consulting		$	**921**	$	153
Depreciation			**98**		142
Directors' fees	13		**61**		48
Investor relations			**484**		48
Office and administration			**448**		93
Professional fees			**883**		101
Salaries and benefits			**1,285**		351
Stock option expense			**2,182**		266
			6,362		1,202
Other (income) expenses					
Interest and miscellaneous			**(133)**		3
Flow-through share premium	6		**(5,068)**		-
Revaluation of deferred share units	7		**2,529**		847
			(2,672)		850
Net loss before income tax		$	**3,690**	$	2,052
Deferred income tax expense	12		**673**		-
Net loss for the year		$	**4,363**	$	2,052
Other comprehensive loss:					
Unrealized loss (gain) on investments			**(25)**		(29)
Total comprehensive loss for the period		$	**4,338**	$	2,023
Net loss per share:					
Basic		$	**0.02**	$	0.01
Diluted		$	**0.02**	$	0.01
Weighted average shares outstanding			**200,557,101**		138,206,370

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

FORAN
MINING CORPORATION

Consolidated Statements of Changes in Equity

(Expressed in thousands of Canadian dollars, except share information)

	Note	Share Capital					
		Shares	Amount	Reserves	Accumulated OCI	Deficit	Total
Balance, December 31, 2019		**130,724,451**	**$ 81,566**	**$ 1,628**	**$ 45**	**$ (43,446)**	**$ 39,793**
Shares issued pursuant to private placements		12,814,285	1,698	-	-	-	1,698
Shares issued pursuant to exercise of stock options		2,125,000	460	(174)	-	-	286
Shares issued pursuant to exercise of DSUs		2,514,474	1,047	-	-	-	1,047
Shares issued pursuant to exercise of warrants		100,000	15	-	-	-	15
Share-based payment expense		-	-	319	-	-	319
Reclass of forfeited stock options		-	-	(126)	-	126	-
Other comprehensive income		-	-	-	29	-	29
Net loss for the year		-	-	-	-	(2,052)	(2,052)
Balance, December 31, 2020		**148,278,210**	**$ 84,786**	**$ 1,647**	**$ 74**	**$ (45,372)**	**$ 41,135**
Shares issued pursuant to private placements	9	30,665,000	25,001	-	-	-	25,001
Shares issued pursuant to Fairfax placement	9	55,555,556	100,000	-	-	-	100,000
Flow-through share premium liability	6	-	(5,068)	-	-	-	(5,068)
Shares issued pursuant to exercise of stock options		2,423,368	1,619	(658)	-	-	961
Shares issued pursuant to exercise of DSUs	7	603,564	639	-	-	-	639
Shares issued pursuant to exercise of warrants	9	20,000	3	-	-	-	3
Share issuance costs, net of taxes		-	(1,139)	-	-	-	(1,139)
Share-based payment expense		-	-	3,161	-	-	3,161
Reclass of forfeited stock options		-	-	(66)	-	66	-
Other comprehensive loss		-	-	-	25	-	25
Net loss for the year		-	-	-	-	(4,363)	(4,363)
Balance, December 31, 2021		**237,545,698**	**$ 205,841**	**$ 4,084**	**$ 99**	**$ (49,669)**	**$ 160,355**

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

FORAN MINING CORPORATION

Consolidated Statements of Cash Flows

(Expressed in thousands of Canadian dollars)

For the years ended December 31,	Note		2021		2020
Cash provided by (used in)					
Operations					
Net loss for the year		$	**(4,363)**	$	(2,052)
Adjustments for:					
Consulting			**250**		63
Depreciation			**98**		142
Directors' fees	13		**61**		48
Flow-through share premium recovery	6		**(5,068)**		-
Lease interest	4		**1**		3
Revaluation of deferred share units	7		**2,529**		847
Salaries and benefits			**419**		115
Stock option expense			**2,182**		266
Deferred income tax expense			**673**		-
Changes in non-cash working capital:					
Accounts receivable			**(1,311)**		19
Prepaid expenses and deposits			**(210)**		26
Accounts payable and accrued liabilities			**324**		42
			(4,415)		(481)
Investing					
Exploration and evaluation expenditures			**(35,940)**		(757)
			(35,940)		(757)
Financing					
Issuance of shares	9		**125,001**		1,710
Share issue costs paid	9		**(1,816)**		(12)
Exercise of stock options			**961**		286
Exercise of warrants			**3**		15
Lease payments	4		**(848)**		(103)
			123,301		1,896
Increase in cash and cash equivalents			**82,946**		658
Cash and cash equivalents, beginning of year			**1,050**		392
Cash and cash equivalents, end of year		$	**83,996**	$	1,050
Cash and cash equivalents is comprised of:					
Guaranteed investment certificates		$	**-**	$	130
Cash			**83,996**		920
		$	**83,996**	$	1,050

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

1. NATURE OF OPERATIONS AND GOING CONCERN

Foran Mining Corporation (the "**Company**") is a public company listed on the TSX Venture Exchange and OTCQX, incorporated under the laws of British Columbia. The Company is involved in activities that include the acquisition, exploration and development of mineral properties.

The Company's head office and registered and records office is located at 904 - 409 Granville Street, Vancouver, British Columbia, V6C 1T2.

These consolidated financial statements have been prepared on the going concern basis, which contemplates the realization of assets and the settlement of liabilities and commitments in the normal course of business. The Company realized a net loss of $4,363 for the year-ended December 31, 2021 (December 31, 2020: $2,052). As at December 31, 2021, the Company had an accumulated deficit of $49,669 (December 31, 2020: $45,372). In assessing whether the going concern assumption is appropriate, management took into account all available information about the future, which is at least, but not limited to, twelve months from the end of the reporting period.

The ongoing effects of the coronavirus global pandemic ("**COVID-19**") have affected the global economy and may have an adverse effect on the Company's financing capabilities. The extent to which COVID-19 may impact the Company's business will depend on future developments such as the geographic spread of the disease, the duration of the outbreak, travel restrictions and social distancing, business closures or business disruptions, and the effectiveness of actions taken in Canada and other countries to contain and treat the disease. The Company has adopted a COVID-19 Site Operations Policy and is attempting to take all necessary precautionary measures to avoid a COVID-19 outbreak during its exploration programs. However, it is not possible to reliably estimate the length or severity of these developments and their financial impact on the Company's operations.

The Company has incurred significant operating losses in its exploration operations and its ability to continue as a going concern is dependent upon obtaining additional financing to complete the exploration and development of its exploration and evaluation assets and achieve future profitable production or receiving proceeds from the disposition thereof. While the Company has been successful in securing financing to date, there can be no assurances that it will be able to do so in the future, therefore, a material uncertainty exists that may cast significant doubt about the Company's ability to continue as a going concern.

These consolidated financial statements do not reflect the adjustments to the carrying values of assets and liabilities, the reported expenses and the consolidated statement of financial position classifications that would be necessary if the going concern assumption was inappropriate. These adjustments could be material.

2. BASIS OF PREPARATION

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

These consolidated financial statements were prepared on a historical cost basis using the accrual basis of accounting, except for investments which are measured at fair value (Note 10) at the end of each reporting period and DSUs which are measured based on the period end market value of the Company's shares.

The Board of Directors (the "Board") approved these consolidated financial statements on April 4, 2022.

3. SIGNIFICANT ACCOUNTING POLICIES

(a) Principles of consolidation

These consolidated financial statements include the accounts of the Company and its wholly owned subsidiaries, 623133 Saskatchewan Ltd and McIlvenna Bay Operating Ltd.

A subsidiary is an entity in which the Company has control, where control requires exposure or rights to variable returns and the ability to affect those returns through power over the investee. All intercompany balances and transactions have been eliminated upon consolidation.

The presentation of certain prior year amounts has been conformed to the presentation adopted in the current period, including the presentation of plant and equipment used in exploration and evaluation activities within exploration and evaluation assets.

(b) Use of estimates and judgments

The preparation of these consolidated financial statements requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, profit and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgments about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

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

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

(i) Assumptions and estimation uncertainties

Estimates and assumptions made by management that may result in a material adjustment to the carrying amounts of assets and liabilities within the next financial year and include, but are not limited to, the following:

Stock option expense

The fair value of share-based payments is subject to the limitations of the Black-Scholes option pricing model that incorporates market data and involves uncertainty in estimates used by management in the assumptions. Because the Black-Scholes option pricing model requires the input of highly subjective assumptions, including the volatility of share prices, changes in subjective input assumptions can materially affect the fair value estimate.

Right-of-use asset

The Company uses estimation in determining the incremental borrowing rate used to measure the leases, specific to the asset, underlying currency and geographic location. Where the rate implicit in the lease is not readily determinable, the discount rate of the lease obligations are estimated using a discount rate similar to the Company's specific borrowing rate. This rate represents the rate that the Company would incur to obtain the funds necessary to purchase the asset of a similar value, with similar payment terms and security in a similar environment.

Recovery of deferred income tax assets

The Company estimates the expected manner and timing of the realization or settlement in determining the carrying value of its deferred income tax assets and liabilities and applies the tax rates that are enacted or substantively enacted on the estimated dates of realization or settlement.

Decommissioning obligation

Decommissioning obligations are measured based on the present value of estimated future costs. Such estimates require extensive estimates about the nature, cost and timing of the work to be completed, and may change with future changes to costs, environmental laws and regulations, and remediation practices.

Estimated useful lives and related rates of depreciation of plant and equipment

The Company estimates depreciation rates and selects methods used to allocate depreciable amounts of plant and equipment and right of use assets in a systematic basis over their estimated useful lives. Technical obsolescence of plant and equipment could significantly impact estimated residual useful lives and in turn carrying values being over or understated.

(ii) Judgments

Information about judgments made in applying accounting policies that have the most significant effect on the amounts recognized in the consolidated financial statements include, but are not limited to, the following:

The going concern assumption

The assessment of whether the going concern assumption is appropriate requires management to take into account all available information about the future, which is at least, but is not limited to, 12 months from the end of the reporting period. In evaluating whether the going concern assumption is appropriate, management considers cash on hand at year end and makes judgments related to planned expenditures for at least 12 months from the end of the reporting period. The Company is aware that material uncertainties related to events or conditions may cast significant doubt upon the Company’s ability to continue as a going concern.

Impairment

The assessment of whether there are any indicators of impairment or recovery of right-of-use assets, plant and equipment and exploration and evaluation assets is dependent upon factors such as reserves, economic and market conditions and the useful lives of assets. Judgment is required in assessing the appropriate level of cash generating units (“CGU”) to be tested for such impairment, if facts and circumstances suggest that the carrying amount exceeds the recoverable amount.

(c) Cash and cash equivalents

Cash and cash equivalents are comprised of cash on hand and guaranteed investment certificates with maturities of three months or less.

(d) Right-of-use asset and Leases

The Company assesses whether a contract is or contains a lease at inception of a contract. The Company recognizes a right-of-use asset (“ROU asset”) and a corresponding lease liability with respect to all lease arrangements in which it is the lessee, at the commencement of the lease, with the following exceptions:

(i) the Company has elected not to recognize ROU assets and liabilities for leases where the total lease term is less than or equal to 12 months: or

(ii) for leases of low value.

The ROU asset is initially measured based on the present value of lease payments, lease payments made at or before the commencement day, and any initial direct costs. They are subsequently measured at cost less accumulated amortization and impairment losses. The ROU asset is depreciated over the shorter of the lease term or the useful life of the underlying asset. The ROU asset is subject to testing for impairment if there is an indicator of impairment.

The lease liability is initially measured at the present value of lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the Company uses its incremental borrowing rate. Lease payments include fixed payments and any variable lease payments where variability depends on an index or rate, less any lease incentives. When the lease contains an extension or purchase option that the Company considers reasonably certain to be exercised, the cost of the option is included in the lease payments.

Variable lease payments that do not depend on an index or rate are not included in the measurement of the ROU assets and lease liabilities. The related payments are recognized as an expense in the period in which the triggering event occurs and are included in the consolidated statements of loss and comprehensive loss.

(e) Exploration and evaluation assets

The Company capitalizes exploration and evaluation expenditures, net of recoveries, for expenditures incurred after it has obtained legal rights to explore a specific area and before technical feasibility and commercial viability of extracting mineral resources are demonstrable. Plant and equipment used in exploration activities is recognized as exploration and evaluation assets. The Company recognizes the payment or receipt of amounts required under option agreements as an addition or reduction, respectively, in the carrying amount of the property under option when paid or received.

Once the technical feasibility and commercial viability of the extraction of mineral resources in an area of interest are demonstrable, exploration and evaluation assets attributable to that area of interest are first tested for impairment and then reclassified to mineral interest assets within plant and equipment. Once operating in the manner intended by management, mineral interest assets are amortized over the estimated productive lives of the properties using the unit-of-production method.

Recoverability of the carrying amount of the exploration and evaluation assets is dependent on successful development and commercial exploitation or, alternatively, sale of the respective areas of interest. If the properties are abandoned, allowed to lapse, there is little prospect of further work being carried out by the Company or if circumstances suggest that an asset's carrying amount is not recoverable, the exploration and evaluation assets are written down immediately to their recoverable amount.

(f) Impairment of non-financial assets

At each reporting date the carrying amounts of the Company's non-financial assets are reviewed to determine whether there is any indication that those assets are impaired or that a previous impairment may need to be reversed. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment, if any. When it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the CGU to which the asset belongs. For the purposes of impairment testing, exploration and evaluation assets are allocated to CGUs to which the exploration activity relates.

The recoverable amount is the fair value less cost of disposal and value in use. In determining fair value less cost of disposal, recent market transactions are taken into account, if available. If no such transactions can be identified, an appropriate valuation model is used.

If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount and the impairment loss is recognized in profit or loss for the period.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or CGU) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset (or CGU) in prior years. A reversal of an impairment loss is recognized immediately in profit or loss.

(g) Provisions

General

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

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

Decommissioning obligations

The Company recognizes liabilities for statutory, contractual, constructive or legal obligations associated with the decommissioning of an asset, when those obligations result from the acquisition, construction, development or normal operation of the assets. Such costs are discounted to their net present value using an appropriate risk-free rate, and are provided for and capitalized as soon as the obligation to incur such costs arises. These costs are recognized as exploration and evaluation assets and the unwinding of the discount on the provision is recognized in profit or loss.

Estimates of the timing and amount of undiscounted cash flows required to fulfill decommissioning obligations are updated periodically to reflect significant changes in facts and circumstances, and the obligations are remeasured to incorporate any resulting change in these estimates. The capitalized decommissioning cost recognized as exploration and evaluation assets is correspondingly increased or decreased by the amount of remeasurement.

(h) Deferred share units

The Company has a 10% rolling Long-Term Performance Incentive Plan (“LTIP”) which allows the Company to grant various awards, including deferred share units (“DSUs”), to directors, officers, employees and consultants of the Company.

DSU awards are initially charged to profit or loss using the market value of the Company’s common shares when the award is granted, with the corresponding liability recorded as deferred share units.

At each reporting date, the liability is revalued using the market value of the Company’s common shares, with the corresponding increase or decrease recorded to profit or loss as a revaluation of deferred share units.

Upon separation from the Company, a participants can, at their election, receive either the equivalent number of common shares in the Company, or the cash equivalent of the fair market value of the DSUs based on a 5-day volume weighted average closing price of the Company's shares.

(i) Stock option expense

The fair value of equity-settled share options at the date of grant, as determined using the Black-Scholes option pricing model, is recognized as an expense, with a corresponding increase in equity, over the vesting period. Performance vesting conditions are taken into account by adjusting the number of equity instruments expected to vest at each reporting date so that, ultimately, the cumulative amount recognized over the vesting period is based on the number of options that eventually vest. Non-market vesting conditions and market vesting conditions are factored into the fair value of the options granted.

Where the terms and conditions of options are modified, any incremental increase in the fair value of the options, measured immediately before and after the modification, is also charged to profit or loss over the remaining vesting period.

Upon exercise, shares are issued from treasury and the amount related to the equity-settled share option reflected in share-based payments reserve is credited to share capital along with any consideration paid.

Where a grant of options is cancelled or settled during the vesting period, excluding forfeitures when vesting conditions are not satisfied, the Company immediately accounts for the cancellation as an acceleration of vesting and recognizes the amount that otherwise would have been recognized for services received over the remainder of the vesting period.

(j) Warrants

Proceeds received on issuance of units, consisting of common shares and warrants, are allocated first to common shares based on the market trading price of the common shares, and any excess is allocated to warrants.

(k) Flow-through shares

The Company has financed a portion of its exploration expenditures through the issuance of flow-through shares. Canadian income tax law permits the Company to transfer the tax deductibility of qualifying resource expenditures financed by such shares to the flow-through shareholders, resulting in no exploration deductions for tax purposes to the Company. The shares are usually issued at a premium to the trading price of the Company's shares.

On issuance, the Company allocates the flow-through share proceeds to i) share capital, ii) warrants, and iii) a flow-through share premium, if any, using the residual value method. The premium is a reflection of the value of the income tax benefits that the Company must pass on to the flow-through shareholders. Any premium is recorded as a flow-through share premium liability which is reversed into profit or loss as other income when the eligible expenditures are incurred.

At the end of a period, the flow-through share premium liability consists of the portion of the premium on flow-through shares that corresponds to the portion of qualifying exploration expenditures that have not yet been incurred.

Proceeds received from the issuance of flow-through shares are restricted to be used only for Canadian resource property exploration expenditures within a prescribed period.

The Company may also be subject to a Part XII.6 tax on flow-through proceeds renounced under the Lookback Rule, in accordance with Government of Canada flow-through regulations. When applicable, this tax is accrued as a financial expense until paid.

(l) Government grants

Government grants received or receivable in respect of mineral exploration and evaluation assets is reflected as a reduction of the cost of the mineral exploration and evaluation asset.

(m) Income taxes

Income tax expense comprises current and deferred tax. Current tax and deferred tax are recognized in net loss, except to the extent that they relate to a business combination, or items recognized directly in equity or in other comprehensive loss.

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

Deferred tax assets and liabilities are recognized where the carrying amount of an asset or liability differs from its tax base, except for taxable temporary differences arising on the initial recognition of goodwill, and temporary differences arising on the initial recognition of an asset or liability in a transaction that is not a business combination and at the time of the transaction affects neither accounting nor taxable profit or loss.

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 period, 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) Foreign currency translation

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

In preparing the financial statements, transactions in currencies other than the functional currency (foreign currencies) are recorded at the rates of exchange prevailing at the dates of the transactions. At each reporting date, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value is determined. Non-monetary items that are measured at historical cost in a foreign currency are not retranslated. Foreign currency differences are recognized in profit or loss.

(o) Basic and diluted loss per share

Loss per share is calculated using the weighted average number of common shares outstanding. When the effects of issuance of potential shares under options and warrants would be anti-dilutive, basic and diluted loss per share are the same.

(p) Financial instruments

(i) Financial assets

(a) Recognition and measurement of financial assets

The Company recognizes a financial asset when it becomes a party to the contractual provisions of the instrument.

(b) Classification of financial assets

The Company classifies financial assets at initial recognition as financial assets: measured at amortized cost, measured at fair value through other comprehensive income or measured at fair value through profit or loss.

(i) *Financial assets measured at amortized cost*

A financial asset that meets both of the following conditions is classified as a financial asset measured at amortized cost.

- The Company's business model for such financial assets is to hold the assets in order to collect contractual cash flows, and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the amount outstanding.

A financial asset measured at amortized cost is initially recognized at fair value plus transaction costs directly attributable to the asset. After initial recognition, the carrying amount of the financial asset measured at amortized cost is determined using the effective interest method, net of impairment loss, if necessary.

(ii) *Financial assets measured at fair value through other comprehensive income ("FVTOCI")*

A financial asset measured at fair value through other comprehensive income is recognized initially at fair value plus transaction costs directly attributable to the asset. After initial recognition, the asset is measured at fair value with changes in fair value included in other comprehensive income. On initial recognition of an equity investment that is not held for trading, the Company may irrevocably elect to present subsequent changes in the investment's fair value in OCI. This election is made on an investment-by-investment basis. These assets are subsequently measured at fair value. Dividends are recognized as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognized in OCI and are never reclassified to profit or loss.

(iii) *Financial assets measured at fair value through profit or loss ("FVTPL")*

A financial asset measured at fair value through profit or loss is recognized initially at fair value with any associated transaction costs being recognized in profit or loss when incurred. Subsequently, the financial asset is re-measured at fair value, and a gain or loss is recognized in profit or loss in the reporting period in which it arises.

(c) *Derecognition of financial assets*

The Company derecognizes a financial asset if the contractual rights to the cash flows from the asset expire, or the Company transfers substantially all the risks and rewards of ownership of the financial asset. Any interests in transferred financial assets that are created or retained by the Company are recognized as a separate asset or liability. Gains and losses on derecognition are generally recognized in profit or loss. However, gains and losses on derecognition of financial assets classified as FVTOCI remain within accumulated other comprehensive income (loss).

(ii) Financial liabilities

(a) *Recognition and measurement of financial liabilities*

The Company recognizes financial liabilities when it becomes a party to the contractual provisions of the instruments.

(b) *Classification of financial liabilities*

The Company classifies financial liabilities at initial recognition as financial liabilities: measured at amortized cost or measured at fair value through profit or loss.

(i) Financial liabilities measured at amortized cost

A financial liability at amortized cost is initially measured at fair value less transaction cost directly attributable to the issuance of the financial liability. Subsequently, the financial liability is measured at amortized cost based on the effective interest rate method.

(ii) Financial liabilities measured at fair value through profit or loss

A financial liability measured at fair value through profit or loss is initially measured at fair value with any associated transaction costs being recognized in profit or loss when incurred. Subsequently, the financial liability is re-measured at fair value, and a gain or loss is recognized in profit or loss in the reporting period in which it arises.

(c) Derecognition of financial liabilities

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

(iii) Offsetting financial assets and liabilities

Financial assets and liabilities are offset and the net amount is presented in the consolidated statement of financial position only when the Company has a legally enforceable right to set off the recognized amounts and intends either to settle on a net basis, or to realize the asset and settle the liability simultaneously.

(iv) 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 the consolidated statement of loss and comprehensive 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 of expected credit losses (or reversal) that is required to be recognized.

(Expressed in thousands of Canadian dollars, except share information)

(q) Recently issued accounting pronouncements

(i) IAS 12, Income Taxes

In September 2021, IAS 12 was amended to narrow the scope of the recognition exemption so that it no longer applies to transactions that, on initial recognition, give rise to equal taxable and deductible temporary differences such as deferred taxes on leases and decommissioning obligations. The amendment is effective for annual periods beginning on or after January 1, 2023 and applied retrospectively. The Company will perform an assessment of the amendment on its financial statements prior to the effective date of January 1, 2023.

(ii) IAS 16, Property, Plant and Equipment

In May 2020, the IASB issued amendments to IAS 16 Property, Plant and Equipment that clarify the accounting for the net proceeds from selling any items produced while bringing an item of property, plant and mine development to the location and condition necessary for it to be capable of operating in the manner intended by management. The amendments prohibit entities from deducting amounts received from selling items produced from the cost of property, plant and mine development while the Company is preparing the asset for its intended use. Instead, sales proceeds and the cost of producing these items will be recognized in the consolidated statements of loss. The amendments are effective for annual reporting periods beginning on or after January 1, 2022. The amendments apply retrospectively, but only to assets 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. The Company has performed an assessment and concluded that the adoption of these amendments does not have an impact on its consolidated financial statements.

4. RIGHT-OF-USE ASSET AND LEASES

The continuity of the ROU asset and lease liability for the years ended December 31, 2021 and 2020 is as follows:

		December 31, 2021		December 31, 2020
Right-of-use asset				
ROU asset, beginning of the year	$	49	$	147
Additions		1,883		-
Depreciation		(490)		(98)
ROU asset, end of the year	$	1,442	$	49
Leases				
Leases, beginning of the year	$	54	$	154
Additions		1,883		-
Interest		1		3
Payments		(848)		(103)
Leases, end of the year	$	1,090	$	54

Future minimum lease payments of $778 are expected to be made during the year ending December 31, 2022, and the remaining payments of $312 during the year ending December 31, 2023.

(Expressed in thousands of Canadian dollars, except share information)

5. EXPLORATION AND EVALUATION ASSETS

A summary of the changes in exploration and evaluation assets is as follows:

	McIlvenna Bay	Other Saskatchewan Properties	Total
Balance, December 31, 2019	$ 34,439	$ 5,387	$ 39,826
Administration[(1)]	381	9	390
Surface prep and exploration decline	-	-	-
Camp costs	3	-	3
Consulting	76	63	139
Drilling	11	-	11
Feasibility studies	431	-	431
Equipment	-	-	-
Geophysics	-	-	-
Permitting and licenses	24	-	24
Staking	-	-	-
Balance, December 31, 2020	$ 35,365	$ 5,459	$ 40,824
Administration[(1)]	2,543	1,412	3,955
Surface prep and exploration decline	19,114	-	19,114
Camp costs	1,584	424	2,008
Consulting	2,293	491	2,784
Drilling	9,505	1,952	11,457
Feasibility studies	5,551	-	5,551
Equipment	1,345	-	1,345
Geophysics	244	-	244
Permitting and licenses	309	1	310
Staking	-	62	62
Total exploration expenditures	42,488	4,342	46,830
Balance, December 31, 2021	$ 77,853	$ 9,801	$ 87,654

(1) Includes $979 (2020: $53) of share-based compensation

(a) McIlvenna Bay, Saskatchewan

The Company owns a 100% interest in the McIlvenna Bay mineral property located in Saskatchewan, Canada (“McIlvenna Bay”).

Certain claims that make up McIlvenna Bay are subject to a Net Tonnage Royalty (“NTR”) of $0.75 per tonne of ore extracted, with the Company holding a right of first refusal if an offer to purchase the NTR is made.

Cameco Corporation and BHP Billiton Limited collectively hold a 1% net smelter return (“NSR”) royalty interest on McIlvenna Bay, which can be repurchased by the Company at any time for $1,000.

(b) Other Saskatchewan Properties

The Company holds interests ranging from 65% to 100% in seven mining claims groups in its Saskatchewan property portfolio, exclusive of McIlvenna Bay (“Other Saskatchewan Properties”).

The Company has committed, through previous mineral property ownership agreements associated with certain of its Other Saskatchewan Properties, to pay various NSR and net profits interest (“NPI”) royalties. The NSR royalties range from 2% to 2.5%, with buyout provisions for up to one-half of some of these NSR royalties. The NPI royalties range from 6% to 10%.

(Expressed in thousands of Canadian dollars, except share information)

(c) Manitoba Property

The Company holds a 100% interest in one Manitoba property consisting of one claim, which has a carrying value of $nil at December 31, 2021 (December 31, 2020 - $nil).

As at December 31, 2021, accounts payable and accrued liabilities included $9,157 (December 31, 2020: $138) related to exploration and evaluation asset expenditures.

6. FLOW THROUGH SHARE PREMIUM LIABLIITY

A summary of the changes in the Company's flow-through share premium liability was as follows:

		December 31, 2021
Balance, December 31, 2020	$	-
Premium on issuance of flow-through common shares		5,068
Reduction due to qualifying expenditures		(5,068)
Balance, December 31, 2021	$	-

7. DEFERRED SHARE UNITS

The Company has a LTIP that allows the Company to grant various awards, including DSUs to directors, officers, employees and consultants of up to an aggregate maximum of 10% of the common shares outstanding.

A continuity of the changes in the DSUs outstanding is as follows:

	Number of units		Value
Outstanding, December 31, 2019	2,425,800	$	684
Granted	1,312,650		226
Exercised	(2,514,474)		(1,047)
Revaluation	-		847
Outstanding, December 31, 2020	1,223,976		710
Granted	695,977		730
Exercised	(603,564)		(639)
Revaluation	-		2,529
Outstanding, December 31, 2021	1,316,389	$	3,330

8. DECOMMISSIONING OBLIGATION

The decommissioning obligation represents the estimated cost for restoration and rehabilitation for environmental disturbances at McIlvenna Bay. The total undiscounted estimated future cash flows required to settle the obligation as at December 31, 2021 are $709 (Nil – December 31, 2020), which have been inflated at an average rate of 1.82% per annum and discounted at an average rate of 1.68% per annum. The measurement of the obligation assumes settlement of the decommissioning obligation at the end of currently estimated reserve life in 2042. The nature, cost and timing of the work to be completed requires estimation and is subject to change with future changes to costs, environmental laws and regulations, and remediation practices. Actual outcomes may differ materially from these estimates.

9. SHARE CAPITAL

(a) Authorized and issued

The Company is authorized to issue an unlimited number of common shares, non-voting shares and preference shares with no par value. At December 31, 2021, 209,767,920 common shares and 27,777,778 non-voting shares were issued and outstanding.

The rights, privileges, restrictions and conditions of the non-voting shares are identical to those of the common shares, except that the non-voting shares will not entitle the holder thereof to vote at a shareholder meeting and that the non-voting shares may be converted, at the option of the holder, on a one-to-one basis into common shares. Once a non-voting share is converted into a common share, it shall have all the rights and privileges that attach to the common shares.

The subscription agreement entered into between the Company and affiliates of Fairfax Financial Holdings Limited (collectively, "Fairfax"), as described in further detail below, contains certain restrictions on the conversion of the 27,777,778 non-voting shares held by Fairfax. Such non-voting shares can only be converted to common shares upon a change of control event or upon disposal of the non-voting shares by Fairfax.

(b) Private placement financings

On February 2, 2021, the Company completed a non-brokered private placement financing totaling 30,665,000 common shares for gross proceeds of $25,001. The Company issued 11,539,000 common shares at a price of $0.65 per share for gross proceeds of $7,500 and 19,126,000 common shares on a flow-through basis at a price of $0.915 per flow-through share for gross proceeds of $17,500.

As a result of subscribers paying a premium for the flow-through shares, the Company allocated $5,068 of the gross proceeds of the flow-through shares to the flow-through share premium liability and the remaining $12,432 to share capital. Share issue costs totaled $1,583.

On August 6, 2021, the Company completed a $100,000 private placement with certain affiliate entities of Fairfax (the "Fairfax Placement"). The Fairfax Placement consisted of 27,777,778 units ("Units") of the Company at a price of $1.80 per Unit, for gross proceeds of $50,000, with each Unit comprised of one common share and 0.288 of a warrant, to purchase an aggregate 8,000,000 additional common shares at an exercise price of $2.09 expiring on August 6, 2026. The Fairfax Placement also consisted of 27,777,778 non-voting share units ("Non-Voting Units") at a price of $1.80 per Non-Voting Unit for gross proceeds of $50,000, with each Non-Voting Unit comprised of one non-voting share and 0.288 of a warrant to purchase an aggregate of 8,000,000 additional common shares at an exercise price of $2.09 per common share, expiring on August 6, 2026. Share issue costs totaled $233.

(Expressed in thousands of Canadian dollars, except share information)

(c) Stock options

The Company's LTIP allows the Company to grant various awards, including stock options, to directors, officers, employees and consultants of up to an aggregate maximum of 10% of the common shares outstanding. The exercise price, term and vesting period of each option are determined by the Board within regulatory guidelines.

A continuity of the stock options is as follows:

	Number of options	Weighted average exercise price
Outstanding, December 31, 2019	7,908,333	0.34
Granted	7,620,000	0.18
Exercised	(2,125,000)	0.13
Expired	(626,666)	0.31
Forfeited	(206,667)	0.39
Outstanding, December 31, 2020	12,570,000	0.28
Granted	4,450,000	1.22
Exercised	(2,429,331)	0.28
Forfeited	(756,668)	1.07
Outstanding, December 31, 2021	13,834,001	$ 0.52

The following stock options were outstanding as at December 31, 2021:

Outstanding	Exercisable	Weighted average Exercise Price	Expiry Date	Weighted average remaining life (in years)
844,000	844,000	$ 0.40	March 9, 2022	0.19
241,667	150,000	0.35	June 21, 2022	0.47
1,010,000	1,010,000	0.57	January 31, 2023	1.08
100,000	100,000	0.41	August 23, 2023	1.64
1,071,667	1,071,667	0.34	March 27, 2024	2.24
1,016,667	677,778	0.09	April 3, 2025	3.26
6,000,000	6,000,000	0.20	November 7, 2025	3.85
200,000	66,667	1.05	March 24, 2026	4.23
500,000	-	1.15	April 5, 2026	4.26
500,000	-	1.15	April 20, 2026	4.30
1,325,000	441,667	1.05	April 21, 2026	4.31
600,000	-	1.33	May 5, 2026	4.35
100,000	33,333	2.13	September 13, 2026	4.70
200,000	66,667	2.02	September 28, 2026	4.75
125,000	41,667	2.43	October 18, 2026	4.80
13,834,001	10,503,446	$ 0.52		3.31

(Expressed in thousands of Canadian dollars, except share information)

The fair value of the stock options that were granted during the years ended December 31, 2021 and 2020 was calculated using the Black-Scholes option pricing model with the following weighted average assumptions:

	2021	2020
Risk-free interest rate	0.71%-1.23%	0.38%
Expected stock price volatility	84%-88%	88%
Expected dividend yield	0.0%	0.0%
Expected option life in years	5.0	5.0

(d) Share purchase warrants

A continuity of the outstanding share purchase warrants is as follows:

	Number of warrants		Weighted average exercise price
Outstanding, December 31, 2019	-		-
Granted	9,264,285		0.21
Exercised	(100,000)		0.15
Outstanding, December 31, 2020	9,164,285		0.21
Granted	16,000,000		2.09
Exercised	(20,000)		0.15
Outstanding, December 31, 2021	25,144,285	$	1.41

The following warrants were outstanding at December 31, 2021:

Warrants outstanding and exercisable	Expiry Date		Weighted average exercise price
3,430,000	April 29, 2023	$	0.15
5,714,285	November 25, 2025		0.25
16,000,000	August 6, 2026		2.09
25,144,285		$	1.41

10. FINANCIAL INSTRUMENTS

The Company examines the various financial instruments to which it is exposed and assesses the impact and likelihood of those risks. These risks include credit risk, liquidity risk and market risk (including interest rate, currency and other price risk). The risk related to financial instruments is managed by senior management of the Company under policies and directions approved by the Board. Relevant policies include the Treasury Management Policy and the approval allowing a portion of the Company’s cash to be held in US dollars at the discretion of the Chief Executive Officer and the Chief Financial Officer. The Board monitors these policies on an annual basis. The Company’s Board has not approved the use of derivative financial products.

(a) Fair value of financial instruments

The fair value hierarchy established by IFRS 13 *Fair Value Measurement* has three levels to classify the inputs to valuation techniques used to measure fair value as described below:

Level 1 – unadjusted quoted prices in active markets for identical assets or liabilities;

Level 2 – inputs other than quoted market prices that are observable for the assets or liabilities either directly or indirectly; and

Level 3 – inputs that are not based on observable market data.

The Company's accounts and other receivables, cash and cash equivalents, and accounts payable and accrued liabilities are carried at amortized cost, and the fair values of these financial instruments approximate their carrying values due to their short-term nature. Investments, which are measured at FVOCI, are valued using Level 1 inputs.

(b) Credit risk

Credit risk is the risk of an unexpected loss if a party to a financial instrument fails to meet its contractual obligation. The credit risk associated with cash and cash equivalents is minimized as these financial instruments are held with major Canadian commercial banks. In respect of accounts receivable, the Company is not exposed to significant credit risk as the majority consists of amounts due from Canadian governmental agencies.

(c) Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they become due. The Company has in place a planning and budgeting process to determine the funds required to support the Company's operating requirements as well as its planned capital expenditures. The Company manages its financial resources to ensure there is sufficient working capital to fund near term planned exploration work and operating expenditures. The Company has considerable discretion to reduce or increase plans or budgets depending on current or projected liquidity.

(d) Market risk

(i) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in market interest rates. The Company is exposed to short-term interest rates through the interest earned on cash and cash equivalents. A 1% change in short-term interest rates would not have a material impact on net loss or comprehensive loss.

(ii) 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 currency exchange rates. The Company holds substantially all of its cash resources in Canadian dollars with an insignificant amount held in US dollars, making currency risk minimal.

(iii) Other price risk

Other price risk is the risk that the fair value or future cash flows of a financing 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 in terms of its investment and the deferred share units. There is not material impact to deferred share units resulting from a 10% change in market prices.

11. CAPITAL MANAGEMENT

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern, so that it can provide returns for shareholders and benefits for other stakeholders. The Company's strategy remains unchanged from the year ended December 31, 2020.

The Company considers the items included in equity as capital. The Company manages the capital structure and makes adjustments to it in response to changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Company may issue new shares, or acquire or dispose of assets.

(Expressed in thousands of Canadian dollars, except share information)

In order to facilitate the management of its capital requirements, the Company prepares annual or interim expenditure budgets that are updated as necessary. The budgets are approved by the Board.

In order to maximize ongoing exploration efforts, the Company does not pay dividends. The Company's treasury management policy allows for the investment of cash in highly rated liquid short-term interest-bearing investments with an initial term to maturity of two years or less.

The Company is not subject to externally imposed capital requirements.

12. INCOME TAXES

Income tax expense differs from the amount that would result from applying the Canadian federal and provincial income tax rates to loss before income taxes. These differences result from the following items for the years ended December 31:

		2021		2020
(Loss) before Income taxes	$	(3,690)	$	(2,052)
Canadian federal and provincial income tax rates		27.00%		27.00%
		(996)		(554)
Increases (decreases) due to				
Non-deductible expenses and other permanent differences		1,272		378
Flow-through shares		3,357		-
Change in unrecognized tax assets		(2,960)		176
Net income tax expense	$	673	$	-

The components of recognized deferred tax assets (liabilities) are as follows:

		December 31, 2021		December 31, 2020
Exploration and evaluation assets	$	(5,584)	$	(1,270)
ROU assets		(389)		(13)
Decommissioning obligation		135		-
Leases		293		15
Non-capital losses		5,545		1,268
Deferred income tax assets (liabilities)		-		-

The temporary differences and losses for which no deferred tax asset has been recognized are as follows:

		December 31, 2021		December 31, 2020
Share issue costs	$	1,510	$	135
Marketable securities		347		376
Capital losses		4,705		4,705
Non-capital losses		-		13,018
Temporary differences and losses for which no deferred tax asset has been recognized	$	6,562	$	18,234

(Expressed in thousands of Canadian dollars, except share information)

In assessing the ability to realize deferred tax assets, management considers whether it is probable that some portion or all of the deferred tax assets will be realized. The ultimate realization of deferred tax assets is dependent upon the generation of future taxable income during the periods in which those deferred tax assets are deductible.

At December 31, 2021, the Company has non-capital losses that expire as follows:

Between 2025 and 2035	$	7,634
Between 2036 and 2041		12,902
	$	20,536

13. RELATED PARTY TRANSACTIONS

Key management personnel at the Company are the current Directors and Officers of the Company. Key management personnel, or their related parties, may hold positions in other entities that result in them having control or significant influence over the financial or operating policies of those entities. These transactions are in the normal course of operations and are measured at their exchange amount, which is the amount agreed upon by the transacting parties.

The Company's related party transactions for the years ended December 31 were as follows:

		2021		2020
Short-term benefits(1)	$	1,008	$	436
Directors' fees(2)		61		48
Consulting fees(3)		521		62
Office rent		7		15
Stock option expense(4)		1,875		240
Total	$	3,472	$	801

(1) Short-term benefits consisted of salaries and bonuses for key management personnel, some of which have been capitalized to exploration and evaluation assets.

(2) Directors' fees consist exclusively of DSUs awarded to the independent directors

(3) Consulting fees consist of fees paid to Myerson Holdings AG, a company controlled by the CEO, in the form of DSUs, and fees payable to the Executive Director.

(4) Stock option expense consist of the fair value of stock options that had been granted to key management personnel, some of which have been capitalized to exploration and evaluation assets.

As at December 31, 2021, the Company has no outstanding balances payable to related parties for office rent (December 31, 2020 - $10).