

FPX NICKEL CORP.

Condensed Consolidated Interim Financial Statements

March 31, 2023 & 2022

(Unaudited)

(Stated in Canadian Dollars)

FPX NICKEL CORP.
Condensed Consolidated Interim Statements of Financial Position
(Unaudited)
(Stated in Canadian Dollars)

	Mar 31, 2023	Dec 31, 2022
	\$	\$
ASSETS		
Current		
Cash and cash equivalents (note 4)	17,244,316	18,016,082
Amounts receivable (note 5)	1,256,823	2,196,988
Prepaid expenses (note 6)	301,588	279,334
Total Current Assets	18,802,727	20,492,404
Reclamation deposits (note 7)	157,970	157,970
Right-of-use asset – office lease (note 10)	124,773	146,791
Exploration and evaluation assets (note 8)	23,073,707	21,469,633
Total Assets	42,159,177	42,266,798
LIABILITIES		
Current		
Accounts payable and accrued liabilities (note 9)	866,568	564,361
Lease liability – current portion (note 10)	91,830	90,129
Total Current Liabilities	958,398	654,490
Lease liability – non-current portion (note 10)	40,335	63,941
Total Liabilities	998,733	718,431
EQUITY		
Share capital (note 11)	75,959,732	75,319,412
Other equity reserve (note 11)	10,288,143	10,493,703
Deficit	(46,653,954)	(45,872,364)
Total shareholders' equity attributable to shareholders of FPX Nickel Corp.	39,593,921	39,940,751
Non-controlling interest (note 3)	1,566,523	1,607,616
Total Shareholders' Equity	41,160,444	41,548,367
Total Liabilities and Shareholders' Equity	42,159,177	42,266,798

Nature and continuance of operations (note 1)
Commitments (note 14)
Subsequent event (note 17)

Approved and authorized by the Board of Directors:

/s/ Peter M. D. Bradshaw

Peter M.D. Bradshaw, Director

/s/ James S. Gilbert

James S. Gilbert, Director

See notes to the condensed consolidated interim financial statements

FPX NICKEL CORP.
Condensed Consolidated Interim Statements of Loss and Comprehensive Loss
For the Three Months Ended March 31,
(Unaudited)
(Stated in Canadian dollars)

	2023	2022
EXPENSES	\$	\$
Accounting, legal and audit	15,440	1,237
Depreciation (note 10)	22,018	22,019
Foreign exchange loss (gain)	1,488	197
General exploration	217,067	43,804
Insurance	9,126	5,199
Interest expense (note 10)	2,752	4,330
Management fees and salaries	336,486	175,764
Office and administration	23,574	35,864
Share-based compensation (note 11)	82,260	234,974
Travel, promotion & communications	246,671	156,873
Trust and filing fees	50,428	48,104
Loss before other items	(1,007,310)	(728,365)
OTHER ITEMS		
Interest income	184,627	26,694
Net loss & comprehensive loss for the period	(822,683)	(701,671)
Net loss & comprehensive loss attributable to:		
Shareholders of FPX Nickel Corp.	(781,590)	(701,671)
Non-controlling interest	(41,093)	-
	(822,683)	(701,671)
Basic and diluted loss per share (note 12)	(\$0.00)	(\$0.00)
Weighted average number of common shares outstanding	242,682,858	214,360,641

See notes to the condensed consolidated interim financial statements

FPX NICKEL CORP.
Condensed Consolidated Interim Statements of Changes in Equity
(Unaudited)
(Stated in Canadian Dollars)

	Share Capital		Other Equity Reserve	Deficit	Attributable to Shareholders of FPX Nickel Corp.	Non- Controlling Interest	Total
	Number of Shares	Amount					
	#	\$	\$	\$	\$	\$	\$
Balance, December 31, 2021	213,857,863	62,531,195	9,473,652	(42,236,261)	29,768,586	-	29,768,586
Options exercised	2,000,000	473,425	(173,425)	-	300,000	-	300,000
Share-based compensation	-	-	234,974	-	234,974	-	234,974
Non-controlling interest	-	-	-	-	-	1,714,758	1,699,750
Loss for the period	-	-	-	(701,671)	(701,671)	-	(701,671)
Balance, March 31, 2022	215,857,863	63,004,620	9,535,201	(42,937,932)	29,601,889	1,714,758	31,316,647
Private placement	24,000,000	12,000,000	-	-	12,000,000	-	12,000,000
Share issue costs	-	(63,823)	-	-	(63,823)	-	(63,823)
Options exercised	1,450,000	378,615	(173,615)	-	205,000	-	205,000
Share-based compensation	-	-	1,132,117	-	1,132,117	-	1,132,117
Non-controlling interest	-	-	-	-	-	(31,837)	(31,837)
Loss for the period	-	-	-	(2,934,432)	(2,934,432)	(75,305)	(3,009,737)
Balance, December 31, 2022	241,307,863	75,319,412	10,493,703	(45,872,364)	39,940,751	1,607,616	41,548,367
Options exercised	2,522,199	640,320	(287,820)	-	352,500	-	352,500
Share-based compensation	-	-	82,260	-	82,260	-	82,260
Non-controlling interest	-	-	-	-	-	(41,093)	(41,093)
Loss for the period	-	-	-	(781,590)	(781,590)	-	(781,590)
Balance, March 31, 2023	243,830,062	75,959,732	10,288,143	(46,653,954)	39,593,921	1,566,523	41,160,444

See notes to the condensed consolidated interim financial statements

FPX NICKEL CORP.
Condensed Consolidated Interim Statements of Cash Flows
For the Three Months Ended March 31,
(Unaudited)
(Stated in Canadian Dollars)

	2023	2022
	\$	\$
Cash provided by (used for):		
Operating activities		
Net loss for the period	(822,683)	(701,671)
Add items not involving cash:		
Depreciation	22,018	22,019
Share-based compensation	82,260	234,974
	(718,405)	(444,678)
Changes in non-cash working capital components:		
Amounts receivable	940,165	94,380
Prepaid expenses	(22,254)	(112,094)
Accounts payable and accrued liabilities	56,055	195,282
	255,561	(267,110)
Financing activities *		
Proceeds from issuance of shares of FPX Nickel Corp.	352,500	300,000
Proceeds from issuance of shares of CO2 Lock Corp.	-	1,699,750
Repayment of lease liability	(21,905)	(20,326)
	330,595	1,979,424
Investing activities *		
Exploration and evaluation expenditures	(1,357,922)	(1,249,474)
	(1,357,922)	(1,249,474)
Net cash and cash equivalents provided (used) during period	(771,766)	462,840
Cash and cash equivalents – beginning of period	18,016,082	14,535,024
Cash and cash equivalents - end of period	17,244,316	14,997,864

** Supplemental disclosure of non-cash financing and investing activities:*

Interest received	117,366	26,635
Accounts payable related to mineral properties	480,811	295,769

See notes to the condensed consolidated interim financial statements

FPX NICKEL CORP.

Notes to the Condensed Consolidated Interim Financial Statements

March 31, 2023

(Unaudited)

(Stated in Canadian Dollars)

1. NATURE AND CONTINUANCE OF OPERATIONS

FPX Nickel Corp. (the “Company”) is incorporated under the *Business Corporations Act* (Alberta) and is involved in the acquisition and exploration of mineral property interests that are considered potential sites of economic mineralization. At the date of these consolidated financial statements, the Company has not identified a known body of commercial grade ore on any of its properties and the ability of the Company to recover the costs it has incurred to date on these properties is dependent upon the Company being able to identify a commercial ore body, to finance its exploration and development costs and to resolve any environmental, regulatory, or other constraints which may hinder the successful development of these properties.

The Company has not generated revenue from operations. The Company incurred a net loss of \$822,683 (2022 – \$701,671) during the three months ended March 31, 2023 and as of that date the Company’s deficit was \$46,653,954 (December 31, 2022 - \$45,872,364). As the Company is in the exploration stage, the recoverability of the costs incurred to date on its exploration properties is dependent upon the existence of economically recoverable reserves, the ability of the Company to obtain the necessary financing to complete the exploration and development of its properties and upon future profitable production or proceeds from the disposition of the properties.

While the Company’s working capital position at March 31, 2023 was \$17,844,329 (December 31, 2022 - \$19,837,914), the Company will periodically have to raise funds to continue operations and, although it has been successful in doing so in the past, there is no assurance it will be able to do so in the future. These consolidated financial statements do not include any adjustments relating to the recoverability and classification of recorded asset amounts and classification of liabilities that might be necessary should the Company be unable to continue in existence.

These consolidated financial statements include the financial statements of the Company and its subsidiaries. They are presented in Canadian dollars, which is the functional currency of the Company and its subsidiary.

The head office and principal address of the Company is Suite 320 – 1155 West Pender Street, Vancouver, British Columbia V6E 2P4. The Company’s registered and records office is 4500 Bankers Hall East, 855 Second Street SW, Calgary, Alberta T2P 4K7.

2. BASIS OF PREPARATION

(a) *Statement of compliance*

The condensed consolidated interim financial statements for the three months ended March 31, 2023, including comparatives for the prior period, were prepared in accordance with International Accounting Standard (“IAS”) 34 *Interim Financial Reporting* as issued by the International Accounting Standards Board (“IASB”) on a basis consistent with those followed in the most recent annual consolidated financial statements. The Company operates in one reportable operating segment being the exploration of mineral properties.

These condensed consolidated interim financial statements do not include all of the information required for full annual financial statements and were approved and authorized for issue by the Board of Directors on May 24, 2022.

FPX NICKEL CORP.

Notes to the Condensed Consolidated Interim Financial Statements

March 31, 2023

(Unaudited)

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2. BASIS OF PREPARATION (continued)

(b) Basis of measurement

These consolidated financial statements have been prepared on a historical costs basis except for financial instruments, which are stated at their fair value. In addition, these consolidated financial statements have been prepared using the accrual basis of accounting.

The preparation of these consolidated financial statements requires management to make certain estimates, judgments and assumptions that affect the reported amounts of assets and liabilities at the date of the consolidated financial statements and the reported expenses during the period. Although management uses historical experience and its best knowledge of the amounts, events or actions to form the basis for judgments and estimates, actual results could differ from these estimates.

In February 2021, the IASB issued amendments to IAS 1, *Presentation of Financial Statements* and the IFRS Practice Statement 2 *Making Materiality Judgements* to provide guidance on the application of materiality judgements to accounting policy disclosures. The amendments to IAS 1 replace the requirement to disclose “significant” accounting policies with a requirement to disclose “material” accounting policies. Guidance and illustrative examples are added in the Practice Statement to assist in the application of materiality concept when making judgements about accounting policy disclosures. The amendments are effective for annual periods beginning on or after January 1, 2023, with early adoption permitted. Prospective application is required on adoption. We do not expect these amendments to have a material effect on the annual consolidated financial statements.

3. INVESTMENT IN CO2 LOCK CORP.

On March 30, 2022, the Company established a new subsidiary company, CO2 Lock Corp. (“CLC”), to pursue opportunities in carbon capture and storage. In exchange for access to the Company’s technical information, exploration database and certain other rights, the Company received 17 million shares of CLC. During the year ended December 31, 2022, CLC issued 2,286,344 common shares at \$0.75 per share to third party investors for gross proceeds of \$1,714,758 and incurred \$31,837 in share issuance costs. As at March 31, 2023, the Company has an 88.2% ownership interest in CLC on an issued and outstanding basis.

The Company controls and therefore includes the accounts of CLC in these consolidated financial statements. A non-controlling interest (“NCI”) was recognized at inception as being equal to the cash raised from the third party investors. As funds are expended by CLC, it is anticipated that initial losses would arise in that entity, which would reduce the collective NCI amount, recorded within equity, by its pro-rata share of such losses. Accordingly, on a consolidated basis, the losses of CLC attributable to the NCI would reduce the Company’s reported loss.

The Company has identified nominal historical costs applicable to its investment in CLC; however, the imputed gain on its receipt of CLC shares was fully eliminated on consolidation.

4. CASH AND CASH EQUIVALENTS

	March 31, 2023	December 31, 2022
Cash on deposit – FPX Nickel Corp.	\$ 471,312	\$ 253,562
Cash on deposit – CO2 Lock Corp.	684,211	1,128,205
Liquid short-term investments – FPX Nickel Corp.	<u>16,088,793</u>	<u>16,634,315</u>
Cash and cash equivalents	<u>\$ 17,244,316</u>	<u>\$ 18,016,082</u>

FPX NICKEL CORP.

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(Unaudited)

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5. AMOUNTS RECEIVABLE

The Company's receivables arise mainly from amounts due from Canadian government taxation authorities in relation to GST receivable and refundable mineral exploration tax credits.

6. PREPAID EXPENSES

The Company's prepaid expenses consist of the following:

	March 31, 2023	December 31, 2022
Insurance	\$ 17,485	\$ 7,525
Vendor prepayments	284,103	271,809
Total	\$ 301,588	\$ 279,334

7. RECLAMATION DEPOSITS

The Company has provided deposits as security against potential future reclamation work relating to three of its mineral properties. As at March 31, 2023, a total of \$157,970 (December 31, 2022 - \$157,970) has been provided in the form of cash and Guaranteed Investment Certificates posted with the Minister of Finance for the Province of British Columbia for the benefit of the provincial Ministry of Energy, Mines and Low-Carbon Innovation.

8. EXPLORATION AND EVALUATION ASSETS

As at March 31, 2023, the Company holds a 100% interest in five nickel properties, four of which are located in British Columbia (Decar, Wale, Orca and Klow), and one located in the Yukon Territory (Mich). With the exception of the Decar district, the Company's nickel properties are all in the early stage of exploration.

Canada

Nickel Properties, British Columbia and Yukon Territory

Under the terms of an option agreement entered into in November 2009, Cliffs Natural Resources Exploration Inc. ("Cliffs") held the right to earn an initial 51% interest in the Decar district by spending US\$4,500,000 on the property over four years. Pursuant to an amended agreement dated September 12, 2011, by agreeing to complete the scoping study within 18 months, Cliffs was deemed to have earned an initial 51% interest in the Decar district and the Company was deemed to have earned a 1% NSR royalty in the Decar district. On delivery of the Preliminary Economic Assessment in April 2013, Cliffs earned an additional 9% interest in Decar, bringing its aggregate interest to 60%. In August 2015, the structure of ownership of the Decar district converted to a contractual joint venture, with initial ownership interests fixed at 60% for Cliffs and 40% for FPX Nickel.

On November 18, 2015, the Company purchased Cliffs' 60% ownership of the Decar district for an acquisition price of US \$4.75 million (CDN \$6.27 million). The Company owns 100% of the Decar district.

During the year ended December 31, 2014, deferred acquisition and exploration costs incurred on three of the Company's British Columbia nickel properties (Wale, Orca and Klow) totaling \$2,441,636 were written off as the Company has no plans at this time to perform significant work on those properties. The Company retains the underlying mineral claims for these properties in good standing. As of March 31, 2023, these properties are carried at a nominal value of \$1 per property.

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Notes to the Condensed Consolidated Interim Financial Statements

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8. EXPLORATION AND EVALUATION ASSETS (continued)

Consolidated Schedule of Costs – Exploration and Evaluation Assets

	Balance December 31, 2021 \$	Acquisition Costs \$	Exploration Costs \$	Recoveries \$	Costs Written Off \$	Balance December 31, 2022 \$
CANADA						
Decar	13,355,358	-	8,091,075	(861,485)	-	20,584,948
Wale	1	-	-	-	-	1
Orca	1	-	-	-	-	1
Klow	1	-	-	-	-	1
Mich	874,602	10,080	-	-	-	884,682
Total Costs – Exploration & Evaluation Assets	14,229,963	10,080	8,091,075	(861,485)	-	21,469,633

Consolidated Schedule of Costs – Exploration and Evaluation Assets

	Balance December 31, 2022 \$	Acquisition Costs \$	Exploration Costs \$	Recoveries \$	Costs Written Off \$	Balance March 31, 2023 \$
CANADA						
Decar	20,584,948	-	1,604,074	-	-	22,189,022
Wale	1	-	-	-	-	1
Orca	1	-	-	-	-	1
Klow	1	-	-	-	-	1
Mich	884,682	-	-	-	-	884,682
Total Costs – Exploration & Evaluation Assets	21,469,633	-	1,604,074	-	-	23,073,707

9. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

Accounts payable and accrued liabilities for the Company are broken down as follows:

	March 31, 2023	December 31, 2022
Trade payables	\$ 839,446	\$ 518,875
Accrued liabilities	27,122	45,486
Total	\$ 866,568	\$ 564,361

FPX NICKEL CORP.

Notes to the Condensed Consolidated Interim Financial Statements

March 31, 2023

*(Unaudited)**(Stated in Canadian Dollars)***10. RIGHT-OF-USE ASSET/LEASE LIABILITY**

(a) Right-of-use asset

As at March 31, 2023, the right-of-use asset recorded for the Company's office premises was as follows:

	March 31, 2023	December 31, 2022
Balance – beginning of the year	\$ 146,791	\$ 234,866
Depreciation	<u>(22,018)</u>	<u>(88,075)</u>
Balance – end of period	<u>\$ 124,773</u>	<u>\$ 146,791</u>

(b) Lease liability

Minimum lease payments in respect of lease liabilities and the effect of discounting are as follows:

	March 31, 2023	December 31, 2022
Undiscounted minimum lease payments		
Less than one year	\$ 98,628	\$ 98,628
Two to three years	<u>41,095</u>	<u>65,752</u>
	139,723	164,380
Effect of discounting	<u>(7,558)</u>	<u>(10,310)</u>
Present value of minimum lease payments	132,165	154,070
Less current portion	<u>(91,830)</u>	<u>(90,129)</u>
Long-term portion	<u>\$ 40,335</u>	<u>\$ 63,941</u>

(c) Lease liability continuity

The net change in the lease liability is as follows:

	March 31, 2023	December 31, 2022
Balance – beginning of year	\$ 154,070	\$ 237,706
Cash flows:		
Principal payments	<u>(21,905)</u>	<u>(83,636)</u>
Balance – end of year	<u>\$ 132,165</u>	<u>\$ 154,070</u>

During the three months ended March 31, 2023, interest of \$2,752 (2022 – \$4,330) is included in interest expense.

FPX NICKEL CORP.

Notes to the Condensed Consolidated Interim Financial Statements

March 31, 2023

(Unaudited)

(Stated in Canadian Dollars)

11. SHARE CAPITAL

(a) Authorized share capital consists of an unlimited number of common shares without par value and an unlimited number of first and second preferred shares. None of the preferred shares have been issued.

(b) Issued and outstanding

During the three months ended March 31, 2023, the Company issued 2,522,199 shares as the result of a like number of options being exercised. The amount recorded as share capital was \$640,320 which amount consisted of cash of \$352,500 and an additional sum of \$287,820, the latter being the fair value originally attributable to the options upon vesting, which amount was reclassified from other equity reserve.

On December 2, 2022, the Company closed a private placement financing with a new corporate strategic investor. Under the terms of the private placement, FPX issued 24,000,000 common shares of the Company at a price of \$0.50 per share, for gross proceeds of \$12,000,000.

During the year ended December 31, 2022, the Company issued 3,450,000 shares as the result of a like number of options being exercised. The amount recorded as share capital was \$852,040 which amount consisted of cash of \$505,000 and an additional sum of \$347,040, the latter being the fair value originally attributable to the options upon vesting, which amount was reclassified from other equity reserve.

(c) Stock options

The Company has an incentive stock option plan that conforms to the requirements of the TSX Venture Exchange. Options to purchase common shares have been granted to directors, employees and consultants of the Company at exercise prices determined by their market value on the date of the grant. The options vest immediately on the date of the grant or as otherwise determined at the discretion of the Board.

On January 9, 2023, the Company granted an employee 250,000 options to purchase shares at an exercise price of \$0.45 per share, all of which vested immediately. The options will expire on January 9, 2028.

FPX NICKEL CORP.

Notes to the Condensed Consolidated Interim Financial Statements

March 31, 2023

(Unaudited)

(Stated in Canadian Dollars)

11. SHARE CAPITAL *(continued)*

(c) Stock options *(continued)*

Stock option transactions during the periods ended March 31, 2023 and December 31, 2022, and the number of stock options outstanding and exercisable at March 31, 2023 are summarized as follows:

	Number of Options	Weighted- Average Exercise Price (\$)	Weighted-Average Contractual Remaining Life (Years)
Balance, December 31, 2021	16,250,000	0.30	2.44
Granted	3,390,000	0.54	
Exercised	<u>(3,450,000)</u>	0.15	
Balance, December 31, 2022	16,190,000	0.39	2.48
Granted	250,000	0.45	
Exercised	<u>(2,600,000)</u>	0.15	
Balance, March 31, 2023	<u>13,840,000</u>	0.43	2.70
Exercisable at March 31, 2023	<u>13,840,000</u>		

Summary of stock options outstanding at March 31, 2023:

Number Outstanding	Exercise Price (\$)	Expiry Date
2,900,000	0.20	March 28, 2024
3,100,000	0.20	March 11, 2025
250,000	0.80	February 10, 2026
3,100,000	0.70	April 9, 2026
600,000	0.60	June 21, 2026
250,000	0.50	July 19, 2026
250,000	0.55	January 10, 2027
250,000	0.70	March 4, 2027
250,000	0.80	April 11, 2027
2,640,000	0.50	July 28, 2027
250,000	0.45	January 9, 2028
<u>13,840,000</u>		

FPX NICKEL CORP.

Notes to the Condensed Consolidated Interim Financial Statements

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(Unaudited)

(Stated in Canadian Dollars)

11. SHARE CAPITAL (continued)

(d) Share-based compensation

The weighted average fair value of stock options granted during the periods ended March 31, 2023 and December 31, 2022 was estimated using the Black-Scholes option pricing model with the following weighted average assumptions:

	2023	2022
Expected dividend yield	0%	0%
Risk-free interest rate	3.22%	1.51 – 2.65%
Expected stock price volatility	103%	107 - 112%
Expected life of options	5 years	5 years
Weighted average fair value per stock option	\$0.33	\$0.39

Share-based compensation expense of \$82,260 was recorded during the three months ended March 31, 2023 (2022 - \$234,974). The offsetting credit was to other equity reserve.

Option pricing models require the input of highly subjective assumptions, particularly as to the expected price volatility of the stock. Changes in these assumptions can materially affect the fair value estimate and therefore it is management's view that the existing models do not necessarily provide a single reliable measure of the fair value of the Company's stock option grants.

(e) Other equity reserve

The following is a summary of the components of other equity reserve at March 31, 2023 and December 31, 2022:

	March 31, 2023	December 31, 2022
Share options	\$ 9,363,324	\$ 9,568,884
Finders' warrants	924,819	924,819
Total other equity reserve	\$ 10,288,143	\$ 10,493,703

12. LOSS PER SHARE

Loss per share has been calculated using the weighted-average number of common shares outstanding during the period. Diluted loss per share has not been calculated as it is anti-dilutive.

13. RELATED PARTY TRANSACTIONS

At March 31, 2023, liabilities included \$103,017 (December 31, 2022 – \$22,669) due to related parties. Amounts due to related parties are unsecured and non-interest bearing.

FPX NICKEL CORP.

Notes to the Condensed Consolidated Interim Financial Statements

March 31, 2023

*(Unaudited)**(Stated in Canadian Dollars)***13. RELATED PARTY TRANSACTIONS** *(continued)*

During the three months ended March 31, 2023, the Company entered into the following related party transactions:

- paid or accrued \$92,500 (2022 - \$77,500) in fees to Martin Turenne Consulting Ltd., a private company controlled by Martin Turenne, the Company's President and Chief Executive Officer, for management and administrative services.
- paid or accrued \$55,000 (2022 - \$54,119) in fees to Adera Company Management Inc., a private company controlled by J. Christopher Mitchell, the Company's Chief Financial Officer and Corporate Secretary, for management and administrative services.
- paid or accrued \$83,400 (2022 – \$68,250) in salary to Andrew Osterloh, the Company's Vice-President, Projects.
- paid or accrued \$34,500 (2022 – nil) to independent directors for director's fees and services.

The amounts charged to the Company for the services provided have been determined by negotiations between the parties and are covered by a signed agreement. These services were in the normal course of operations and management believes that they were incurred on a basis consistent with comparable transactions between other non-related parties.

The Company considers its Officers to be key management personnel. Amounts paid to the key management personnel during the three months ended March 31, 2023 and 2022 are shown in the following table:

	2023	2022
Management fees and salaries	\$ 230,900	\$ 199,869
Share-based payments	-	-
Total key management personnel	\$ 230,900	\$ 199,869

14. COMMITMENTS

As of March 31, 2023, the Company's aggregate commitments are as follows:

	< 1 year	1 – 3 years	4 -6 years	Total
Accounts payable and accrued liabilities	\$ 866,568	\$ -	\$ -	\$ 866,568
Office lease – undiscounted	91,830	40,335	-	132,165
Totals	\$ 958,398	\$ 40,335	\$ -	\$ 998,733

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March 31, 2023

(Unaudited)

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15. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

Fair value

IFRS 7 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).

Financial instruments measured at fair value on the consolidated statements of financial position are summarized in levels of fair value hierarchy as follows:

	March 31, 2023	December 31, 2022
	Level 1	Level 1
Cash and cash equivalents	\$ 17,244,316	\$ 18,016,082

The carrying value of receivables, reclamation deposits and accounts payable and accrued liabilities approximate their fair value because of the short-term nature of these instruments.

Risk Management

The Company is exposed to a variety of financial risks by virtue of its activities, including credit risk, interest rate risk and liquidity risk. The overall risk management program focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on financial performance. Risk management is carried out by management under the direction and guidance of the Board of Directors. Management is responsible for establishing controls and procedures to ensure that financial risks are mitigated to acceptable levels.

The Company's risk exposures and the impact on the Company's financial instruments are summarized below:

Credit risk

Credit risk is the risk of potential loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations. The Company's credit risk is limited to the carrying amount on the statements of financial position and arises from the Company's cash and cash equivalents, receivables, excluding GST receivable and British Columbia mineral exploration tax credits receivable, and reclamation deposits.

The Company's cash and cash equivalents are held in accounts with a Canadian chartered bank and a brokerage firm. Cash in excess of the amounts needed to fund the Company's day-to-day operating expenses is invested in securities guaranteed by the federal or British Columbia government. The reclamation deposits are in the form of Guaranteed Investment Certificates pledged to the Minister of Finance for the Province of British Columbia to cover the estimated cost of reclaiming the Company's exploration projects.

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(Unaudited)

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15. **FINANCIAL INSTRUMENTS AND RISK MANAGEMENT** (continued)

Liquidity risk

Liquidity risk is the risk that the Company will not meet its financial obligations as they fall due. The Company's approach to managing liquidity risk is to ensure that it will have sufficient liquidity to meet liabilities when due. As at March 31, 2023, the Company had cash and cash equivalent balances of \$17,244,316 to settle current liabilities of \$958,398. All of the Company's accounts payable and accrued liabilities have contractual maturities of 30 days or are due on demand and are subject to normal trade terms.

Market risk

Market risk is the risk of loss that may arise from changes in market factors such as interest rates and foreign exchange rates.

(a) Interest rate risk

The Company has cash and cash equivalents balances and periodically monitors the investments it makes and is satisfied with the credit ratings of the financial institutions it deals with and the securities in which its funds are invested.

(b) Foreign currency rate risk

The Company's functional currency is the Canadian dollar and major purchases are transacted in Canadian dollars.

Sensitivity Analysis

The Company works toward its capital management objectives to the extent possible while facing the challenges of market conditions and the public's assessment of the Company's risk profile. Its capital management objectives have not changed over the period presented.

The carrying value of cash and cash equivalents, receivables, excluding GST receivable, refundable mineral exploration tax credits, reclamation deposits, and accounts payable and accrued liabilities approximate their fair values due to the relatively short periods to maturities of these financial instruments.

Based on management's knowledge of and experience in the financial markets, management does not believe that the Company's current financial instruments will be materially affected by credit risk, liquidity risk or market risk.

The Company is not subject to any financial covenants. The Company monitors its financing requirements through cash forecasting, consideration of current economic conditions and reviews of economic and political commentaries in respect of future developments. Financing decisions are based on the timing and extent of expected operating and capital cash outlays. Factors considered when determining whether to issue equity include the amount of cash sought, the availability of these sources and their terms.

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(Unaudited)

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16. CAPITAL MANAGEMENT

At March 31, 2023, the Company had working capital of \$17,844,329 (December 31, 2022 - \$19,837,914). The Company manages its cash, cash equivalents and common shares as capital. The Company's objectives in managing its capital are to:

- Maintain sufficient cash and cash equivalents to last a minimum of one year;
- Have the flexibility to achieve its on-going business objectives, including but not limited to funding work programs on its exploration and evaluation assets and pursuing new business opportunities as they arise, and
- Minimize dilution to existing shareholders.

The Directors have not specified a quantitative return on capital criteria for management, but rather rely on the expertise of management to sustain future development of the business.

The Company's exploration and evaluation assets are in the development stage and the Company does not generate a positive cash flow. As a consequence, the Company relies on accessing the capital markets to obtain the funds needed to carry on its business. It is the Company's intention to utilize its existing working capital and to raise additional funds as needed. The additional funds will be raised primarily through the issuance of its securities in private placements.

17. SUBSEQUENT EVENT

On April 7, 2023, 1,468,188 warrants to purchase common shares of the Company expired unexercised.