STUHINI EXPLORATION

CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
(expressed in Canadian Dollars)
FOR THE THREE MONTHS ENDED MAY 31, 2022 AND 2021

NOTICE OF NO AUDITOR REVIEW
OF THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
FOR THE THREE MONTHS ENDED MAY 31, 2022 & 2021

The accompanying condensed interim consolidated financial statements of Stuhini Exploration Ltd. (the "Company") for the three months ended May 31, 2022 and 2021, have been prepared by, and are the responsibility of, the Company's management.

The Company's independent auditor has not performed a review of these condensed interim consolidated financial statements in accordance with the standards established by the Canadian Institute of Chartered Accountants for a review of the condensed interim consolidated statements by an entity's auditor. These unaudited condensed interim consolidated financial statements include all adjustments, consisting of normal and recurring items, that management considers necessary for a fair presentation of the financial position, results of operations and cash flows.

(Expressed in Canadian Dollars)

As at	Note		May 31, 2022		February 28, 2022
ASSETS					
Current					
Cash		$	293,496	$	953,389
GST receivable			113,990		93,680
Prepaid expenses	10		121,344		149,688
Marketable securities	9		186,000		204,000
Total current			714,830		1,400,757
Exploration and evaluation assets	5		5,524,441		5,018 732
Reclamation bond	5		66,500		48,755
Equipment			130		170
Total assets		$	6,305,901	$	6,468,414
LIABILITIES AND SHAREHOLDERS' EQUITY					
Current					
Accounts payable		$	22,538	$	111,140
Accrued liabilities			59,526		47,071
Due to related parties	7		64,896		77,901
Note payable to related party	8		120,000		120,000
Total liabilities			266,960		356,112
Shareholders' equity					
Share capital	6		7,236,225		7,092,975
Reserves	6		614,077		578,182
Deficit			(1,810,457)		(1,558,855)
Accumulated other comprehensive loss			(904)		-
Total shareholders' equity			6,038,941		6,112,302
Total liabilities and shareholders' equity		$	6,305,901	$	6,468,414

Nature and continuance of operations (Note 1)
Subsequent event (Note 12)

Approved and authorized for issuance on behalf of the Board of Directors on August 2, 2022:

"David O'Brien"
David O'Brien, Director

"Josef Anthony Fogarassy"
Josef Anthony Fogarassy, Director

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

(Expressed in Canadian Dollars)

	Note		Three months ended May 31, 2022		2021
Expenses:					
Advertising and promotion		$	53,118	$	31,275
Amortization			40		88
Consulting fees	7		87,275		23,276
Office expenses			7,169		5,226
Project investigation costs			35,671		2,402
Professional fees	7		13,846		3,000
Regulatory fees			9,423		7,571
Share-based compensation	6,7		23,088		77,833
Travel, meals, and entertainment			3,972		-
Operating expenses			(233,602)		(150,671)
Other items					
Unrealized loss on marketable securities	9		(18,000)		(30,000)
Net loss			(251,602)		(180,671)
Foreign currency translation			(904)		-
Comprehensive loss		$	(252,506)	$	(180,671)
Loss per share, basic and diluted		$	(0.01)	$	(0.01)
Weighted average number of common shares outstanding; basic and diluted			26,114,950		19,822,975

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

STUHINI EXPLORATION LTD.
CONDENSED INTERIM CONSOLIDATED STATEMENTS OF SHAREHOLDERS' EQUITY
(Expressed in Canadian Dollars)
(Unaudited)

	Number of Shares	Share Capital	Reserves	Deficit	Accumulated Other Comprehensive Loss	Total
Balance, February 28, 2021	19,767,853	$ 3,960,800	$ 224,984	$ (953,991)	$ -	$ 3,231,793
Shares issued on exercise of options	290,000	78,474	(17,973)	-	-	60,501
Shares issued on exercise of warrants	5,987	1,820	(623)	-	-	1,197
Share-based compensation	-	-	77,833	-	-	77,833
Net loss for the period ended	-	-	-	(180,671)	-	(180,671)
Balance, May 31, 2021	20,063,840	$ 4,041,094	$ 284,221	$ (1,134,662)	-	3,190,653
Balance, February 28, 2022	25,972,776	$ 7,092,975	$ 578,182	$ (1,558,855)	$ -	$ 6,112,302
Shares issued for property	75,000	62,250	-	-	-	62,250
Shares issued on exercise of options	100,000	81,000	(21,000)	-	-	60,000
Share-based compensation	-	-	56,895	-	-	56,895
Net loss for the period ended	-	-	-	(251,602)	-	(251,602)
Foreign exchange translation	-	-	-	-	(904)	(904)
Balance, May 31, 2022	26,147,776	$ 7,236,225	$ 614,077	$ (1,810,457)	$ (904)	$ 6,038,941

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

(Expressed in Canadian Dollars)

	Three months ended May 31, 2022	2021
Cash flows used in operating activities		
Loss for the period	$ (251,602)	$ (180,671)
Items not affecting cash used in operations		
Amortization	40	88
Options granted for services	33,807	-
Share-based compensation	23,088	77,833
Unrealized loss on marketable securities	18,000	30,000
Changes in non-cash working capital items		
GST receivable	(20,310)	45,195
Prepaid expenses	28,344	3,594
Accounts payable	(88,602)	16,286
Accrued liabilities	12,455	(9,228)
Net cash used in operating activities	(244,780)	(16,903)
Cash flows used in investing activities		
Exploration and evaluation assets, net of tax credits	(443,459)	(431,259)
Funds paid for reclamation bond	(17,745)	-
Net cash used in investing activities	(461,204)	(431,259)
Cash flows provided by financing activities		
Issuance of shares on exercise of options	60,000	60,501
Issuance of shares on exercise of warrants	-	1,197
Due to related parties	(13,005)	653
Net cash provided by financing activities	46,995	62,351
Exchange differences	(904)	-
Change in cash	(659,893)	(385,811)
Cash, beginning	953,389	867,423
Cash, ending	$ 293,496	$ 481,612
Non-cash transactions:		
Shares issued for property	$ 62,250	$ -

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

1. NATURE AND CONTINUANCE OF OPERATIONS

Stuhini Exploration Ltd. (the "Company") was incorporated under the Business Corporations Act (British Columbia) on July 7, 2017. The Company is focused on acquisition, exploration, and development of mineral properties in Western Canada, namely the Provinces of British Columbia ("BC") and Manitoba, and the Yukon. The Company's shares ("Common Shares") are traded on the TSX Venture Exchange (the "Exchange") under the symbol "STU." On April 4, 2022, the Company incorporated Arizada Metals Corp. ("Arizada") under the Arizona Business Corporations Act. The Company holds 100% of the issued and outstanding shares of Arizada Metals Corp.

The Company's head office and registered records office address is 1245 Broadway W., Unit 105, Vancouver, BC V6H 1G7.

These condensed interim consolidated financial statements have been prepared with the going concern assumption, which assumes that the Company will continue in operation for the foreseeable future and, accordingly, will be able to realize its assets and discharge its liabilities in the normal course of operations. The Company's ability to realize its assets and discharge its liabilities is dependent upon the Company obtaining the necessary financing and ultimately upon its ability to achieve profitable operations. These material uncertainties may cast significant doubt on the Company's ability to continue as a going concern. These financial statements do not reflect the adjustments to the carrying values of assets and liabilities, the reported revenues and expenses, and the statement of financial position classifications used, that would be necessary if the Company were unable to realize its assets and settle its liabilities as a going concern in the normal course of operations. Such adjustments could be material.

Failure to arrange adequate financing on acceptable terms and/or achieve profitability may have an adverse effect on the financial position, results of operations, cash flows and prospects of the Company. These financial statements do not give effect to adjustments to assets or liabilities that would be necessary should the Company be unable to continue as a going-concern. These adjustments could be material.

2. STATEMENT OF COMPLIANCE AND BASIS OF PREPARATION

Statement of Compliance and Basis of Presentation

These condensed interim consolidated financial statements have been prepared in accordance with accounting policies consistent with International Financial Reporting Standards ("IFRS") IAS 34 – Interim Financial Reporting as issued by the International Accounting Standards Board ("IASB") and interpretations of the International Financial Reporting Interpretations Committee ("IFRIC"). The condensed interim consolidated financial statements, prepared in conformity with accounting policies consistent with IAS 34, follow the same accounting principles and methods of application as the most recent audited annual financial statements. Since the condensed interim consolidated financial statements do not include all disclosures required by the IFRS for annual financial statements, they should be read in conjunction with the Company's audited annual financial statements for the reporting period ended February 28, 2022.

The condensed interim consolidated financial statements were authorized for issue by the board of directors on August 2, 2022.

Basis of Measurement and Use of Estimates

These condensed interim consolidated financial statements comprise of the Company and its wholly-owned subsidiary, Arizada Metals Corp., (together referred to as "Stuhini", or the "Company"). Arizada is consolidated from the date of its incorporation, as Stuhini is the sole shareholder and therefore has the control and power to govern the financial and operating policies of Arizada as to obtain benefits from its activities. The Company will continue to consolidate until the date Stuhini no longer has control over Arizada. The financial statements of Arizada are prepared for the same reporting period as the parent company, using consistent accounting policies. Balances, transactions, income and expenses between Stuhini and Arizada are eliminated on consolidation.

The condensed interim consolidated financial statements of the Company have been prepared on an accrual basis and are based on historical costs except for cash flow information. The functional currency of the Company is the Canadian dollar. The functional currency of the Company's subsidiary, Arizada, is the United States dollar, which is determined to be the currency of the primary economic environment in which Arizada operates. All amounts in these condensed interim consolidated financial statements are expressed in Canadian dollars, the Company's reporting currency.

The preparation of financial statements in compliance with IFRS requires management to make certain estimates, judgments and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported expenses during the period. Actual results could differ from these estimates.

Accounting standards issued but not yet effective

A number of new accounting standards, amendments to standards, and interpretations have been issued but not yet effective up to the date of issuance of the Company's condensed interim consolidated financial statements. The Company intends to adopt the standards when they become effective. The Company has not yet determined the impact of these standards on its consolidated financial statements but does not anticipate that the impact will be significant.

3. SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

The preparation of these condensed interim consolidated financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities and contingent liabilities at the date of the condensed interim consolidated financial statements and reported amounts of expenses during the reporting period. Estimates and assumptions are continuously evaluated and are based on management's experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. However, actual outcomes can differ from these estimates. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected.

Critical judgments in applying accounting policies

The following are critical judgments that management has made in the process of applying accounting policies and that have the most significant effect on the amounts recognized in the financial statements:

- the classification/allocation of expenses as exploration and evaluation expenditures or operating expenses;
- the assessment of the Company's ability to continue as a going concern and whether there are events or conditions that may give rise to significant uncertainty; and
- the determination whether there have been any events or changes in circumstances that indicate the impairment of its exploration and evaluations assets.

Key sources of estimation uncertainty include the following:

- the recoverability of the carrying value of exploration and evaluation assets when impairment indicators exist;
- provisions for restoration and environmental obligations and contingent liabilities; and
- measurement of share-based payments.

4. FINANCIAL INSTRUMENTS AND RISKS

Financial instruments measured at fair value are classified into one of three levels in the fair value hierarchy according to the relative reliability of the inputs used to estimate the fair values. The three levels at the fair value hierarchy are:

Level 1 — quoted prices in active markets for identical assets and liabilities.
Level 2 — observable inputs other than quoted prices in active markets for identical assets and liabilities.
Level 3 — unobservable inputs in which there is little or no market data available, which require the reporting entity to develop its own assumptions.

The Company has classified its cash and marketable securities as measured at fair value in the statement of financial position, using level 1 inputs.

(Expressed in Canadian Dollars)

Categories of financial instruments

As at:		**May 31, 2022**		**February 28, 2022**
Financial assets:				
FVTPL				
Cash	$	293,496	$	953,389
Marketable securities	$	186,000	$	204,000
Financial liabilities:				
Amortized cost				
Accounts payable	$	22,538	$	111,140
Accrued liabilities	$	59,526	$	47,071
Due to related parties	$	64,896	$	77,901
Notes payable	$	120,000	$	120,000

Assets and liabilities measured at fair value on a recurring basis:

As at May 31, 2022		**Level 1**		**Level 2**		**Level 3**		**Total**
Cash	$	293,496	$	-	$	-	$	293,496
Marketable securities		186,000						186,000
	$	479,496	$	-	$	-	$	479,496

Accounts payable, accrued liabilities, due to related parties, and note payable approximate their fair value due to the short-term nature of these instruments.

Risk management

The Company has exposure to the following risks from its use of financial instruments: credit risk, market risk and liquidity risk. Management, the Board of Directors, and the Audit Committee monitor risk management activities and review the adequacy of such activities.

Credit risk:
Credit risk is the risk of potential loss to the Company if a customer or counter party to a financial instrument fails to meet its contractual obligations. The Company's credit risk is limited to the carrying amount on the statement of financial position and arises from the Company's cash, which is held with a high-credit quality financial institutions in Canada and in Chile. As such, the Company's credit risk exposure is minimal.

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

i. *Interest rate risk:*
Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company has minimal interest rate risk as it has no interest accumulating financial assets that may become susceptible to interest rate fluctuations.

ii. *Currency risk:*
Foreign currency risk is the risk that the fair values of future cash flows of a financial instrument will fluctuate because they are denominated in currencies that differ from the respective functional currency. The Company has minimal financial risk arising from fluctuations in foreign exchange rates as the Company does not own foreign currency denominated financial assets or liabilities.

iii. *Equity price risk:*
Equity price risk is the risk that the fair value of equities decreases as a result of changes in the levels of equity indices and the value of individual stocks. The Company is exposed to equity price risk as a result of its investment in marketable securities following the sale of the Metla Property in exchange for common shares of Brixton.

(Expressed in Canadian Dollars)

Liquidity risk:
Liquidity risk is managed by ensuring sufficient financial resources are available to meet obligations associated with financial liabilities. The Company manages liquidity risk through the management of its capital structure. As at May 31, 2022, the Company had cash of $293,496 to settle current financial liabilities of $266,960.

The following table details the remaining contractual maturities of the Company's financial liabilities as of May 31, 2022:

	Within 1 year	1-5 years	5+ years
Accounts payable and accrued liabilities	$ 82,064	$ -	$ -
Amounts due to related parties	64,896	-	-
Note payable to related party	120,000	-	-
	$ 266,960	$ -	$ -

5. EXPLORATION AND EVALUATION ASSETS

Exploration and evaluation assets consist of the Ruby Creek, the Que, the South Thompson, and the Big Ledge Properties. The costs incurred on the Company's exploration and evaluation assets are summarized as follows:

As at May 31, 2022	Ruby Creek Property	Que Property	South Thompson Property	Big Ledge Property	Total
Total exploration and evaluation assets, February 28, 2022	$ 4,567,297	$ 245,246	$ 31,778	$ 174,411	$ 5,018,732
Mineral tenure/lease payments	49,320	-	401	-	49,721
Acquisition/option payments	-	62,250	3,329	-	65,579
Additions, acquisition costs	49,320	62,250	3,730	-	115,300
Deferred exploration costs:					
Assaying	4,020	-	-	-	4,020
Camp and travel	4,179	-	2,556	-	6,735
Equipment use/rental	1,736	-	-	-	1,736
Geology	304,137	-	750	73,031	377,918
Additions, deferred exploration costs	314,072	-	3,306	73,031	390,409
Total exploration and evaluation assets, May 31, 2022	$ 4,930,689	$ 307,496	$ 38,814	$ 247,442	$ 5,524,441

As at February 28, 2022	Ruby Creek Property	Que Property	South Thompson Property	Big Ledge Property	Total
Total exploration and evaluation assets, February 28, 2021	$ 1,682,065	$ 215,703	$ -	$ -	$ 1,897,768
Mineral tenure/lease payments	49,300	-	2,807	-	52,107
Acquisition/option payments	1,195,000	29,000	-	10	1,224,010
Additions, acquisition costs	1,244,300	29,000	2,807	10	1,276,117
Deferred exploration costs:					
Assaying	161,974	-	-	-	161,974
Camp and travel	187,615	-	5,829	-	193,444
Equipment use/rental	238,581	-	3,668	26	242,275
Geology	1,052,762	543	19,474	174,375	1,247,154
Additions, deferred exploration costs	1,640,932	543	28,971	174,401	1,844,847
Total exploration and evaluation assets, February 28, 2022	$ 4,567,297	$ 245,246	$ 31,778	$ 174,411	$ 5,018,732

(Expressed in Canadian Dollars)

In addition to the above property acquisition and exploration costs, at May 31, 2022, the Company had $87,949 in prepayments on the future exploration programs on its mineral properties (February 28, 2022 - $81,918), which were recorded as part of prepaid expenses (Note 10).

Ruby Creek Property

On July 30, 2019, the Company entered into an option agreement (the "Ruby Creek Option Agreement") with Global Drilling Solutions Inc. ("Global Drilling"), a private BC Company wholly owned by Mr. Hanslit, the Company's co-founder and a major shareholder, whereby the Company was granted a right to acquire a 100% interest in Global Drilling's Ruby Creek Property (the "Ruby Creek Option"). The Ruby Creek Property is located within the Atlin Mining Division of BC approximately 20 kilometres ("km") east of Atlin and, as initially acquired, consisted of 50 contiguous mineral claims of which one is a mining lease.

Based on the Ruby Creek Option Agreement, to fully exercise its Ruby Creek Option, the Company is required to issue a total of 7,300,000 Common Shares and make cash payments for a total of $1,060,000 over a four-year term, as detailed in the table below. Upon exercise of the Ruby Creek Option, Global Drilling would be entitled to a 1% net smelter returns royalty ("NSR") on the Ruby Creek Property.

Date	Common Shares		Cash Payments
December 31, 2019 (Common Shares issued)	800,000	$	-
On or before December 31, 2020 (Common Shares issued)	1,250,000		-
On or before December 31, 2021 (Common Shares issued, note payable issued) (1)	1,750,000		120,000
On or before December 31, 2022	1,750,000		300,000
On or before December 31, 2023	1,750,000		640,000
Total	7,300,000	$	1,060,000

(1) In lieu of the cash payment required to exercise the third Ruby Creek Option, the Company issued to Global Drilling an unsecured promissory note in the amount of $120,000 (Note 8).

In September of 2020, the Company staked additional claims covering a total of 619.38 hectares contiguous to the Ruby Creek Property and added these to the original claims. In July of 2021, with a cash payment of $60,000, the Company acquired from Brixton Metals Corporation ("Brixton") five (5) additional mineral claims (the "Island Claims") that are contiguous with the Ruby Creek Property. 1% NSR is retained by Brixton and 1% NSR is retained by unrelated third parties from whom Brixton originally acquired these claims. The new claims were added to the Ruby Creek Property increasing total claims to 55 claims roughly 28,631 hectares.

During the three-month period ended May 31, 2022, the Company paid $49,320 (February 28, 2022 - $49,300) annual lease payment for the mining claims and spent $314,072 (February 28, 2022 - $1,640,932) in deferred exploration costs associated with the exploratory program.

At May 31, 2022, the Company had $25,000 reclamation bond on deposit with the BC Ministry of Energy, Mines and Low Carbon Innovation in connection with the Ruby Creek Property.

Que Property

On February 17, 2020, the Company entered into an option agreement (the "Que Option Agreement"), whereby the Company was granted a right to acquire a 100% interest in the Que Property (the "Que Option") located in southcentral Yukon. The Que Option Agreement was amended and restated with the vendors on February 28, 2020 (the "Amended Que Option Agreement"). The Que Option Agreement, as amended and restated, was conditional on acceptance for filing by the Exchange, which was received on April 1, 2020. The Que Property consisted of 108 mineral claims and was 2,246 hectares in size. During the year ended February 28, 2021, the Company staked an additional 96 claims (1,996 hectares) bringing the entire claims package to 204 claims (4,243 hectares).

Based on the Amended Que Option Agreement, to fully exercise its Que Option, the Company was required to issue a total of 2,950,000 Common Shares and make cash payments for a total of $380,000 over a four-year term to the Que vendors. Upon receipt of assays showing no significant mineralization from a shallow early stage 2-hole drill program, the Company commenced renegotiating the Amended Que Option Agreement. The further amended and restated option agreement (the "Que Amendment 2") was announced on October 26, 2020, and its material terms are detailed in the table below.

(Expressed in Canadian Dollars)

Date	**Common Shares**	**Cash Payment**
April 1, 2020 (Common Shares issued)	200,000	$ -
1st Anniversary of Approval (Common Shares issued)	50,000	-
2nd Anniversary of Approval (Common Shares issued) (1)	75,000	-
3rd Anniversary of Approval	112,500	-
4th Anniversary of Approval	125,000	35,000
5th Anniversary of Approval	375,000	60,000
Total	**937,500**	**$ 95,000**

(1) The Company issued 75,000 shares representing an option payment on the 2nd Anniversary of Approval on March 25, 2022. The Shares were valued at $62,250.

During the three-month period ended May 31, 2022, the Company did not incur any deferred exploration costs associated with the Que Property (February 28, 2022 - $543).

South Thompson Property

During the year ended February 28, 2022, the Company staked seven mineral exploration licenses ("MEL") totalling approximately 47,509 hectares along the southern extent of the Thompson Nickel Belt, approximately 35 km northwest of Grand Rapids, Manitoba (the "South Thompson Property"). The Company paid $2,807 in staking fees associated with the South Thompson Property.

On March 25, 2022, the Company applied for a 5-year mineral license for an additional MEL totalling 35,490 hectares in size. As of the date of these financial statements, the application is pending the final review. The Company paid $401 in staking fees associated with the additional MEL on the South Thompson Property. In addition, the Company paid $3,328 in acquisition payments which were associated with the licensing negotiations with the local authorities overseeing the staked claims.

During the three-month period ended May 31, 2022, the Company spent $3,306 (February 28, 2022 - $28,971) in deferred exploration costs associated with the South Thompson Property.

At May 31, 2022, the Company had $41,500 reclamation bond on deposit with the Manitoba Ministry of Innovation, Energy and Mines in connection with the South Thompson Property.

Big Ledge Property

On July 26, 2021, the Company acquired the Big Ledge Property located in south-eastern BC roughly 57 km south of the city of Revelstoke. The Big Ledge Property was acquired from a director to the Company for nominal consideration of $10. The Big Ledge Property is roughly 5,094 hectares in size. No royalties, finder's fees or work commitments are associated with this property or the transaction. During the three-month period ended May 31, 2022, the Company spent $73,031 (February 28, 2022 - $174,401) in deferred exploration costs associated with the Big Ledge Property.

Metla Property

On July 7, 2017, the Company acquired from Barry Hanslit, a major shareholder of the Company, a title to the Metla Creek Claims (the "Metla Property"). The Metla Property consisted of seven contiguous mineral claims, located approximately 150 kilometres ("km") south of the town of Atlin, BC. On August 24, 2020, the Company entered into a mineral claim purchase agreement (the "Purchase Agreement") for the sale of 100% of its interest in the Metla Property to Brixton Metals Corporation ("Brixton"). The Purchase Agreement became effective on October 10, 2020. The Company retains a 1.0% NSR on the Metla Property.

(Expressed in Canadian Dollars)

6. SHARE CAPITAL

Authorized share capital

- Unlimited number of Common Shares without par value.

Share issuances during the three-month period ended May 31, 2022

On March 25, 2022, pursuant to the Que Option Agreement, the Company issued 75,000 Common Shares with a fair value of $62,250 to vendors (Note 5).

During the three-month period ended May 31, 2022, the Company issued 100,000 Common Shares on exercise of the options for gross proceeds of $60,000.

Stock purchase options

The Company has adopted a Rolling Stock Option Plan (the "Plan") pursuant to which options may be granted to directors, officers, employees, and consultants of the Company. Under the terms of the Plan, the Company can issue a maximum of 10% of the issued and outstanding Common Shares at the time of the grant. Options granted under the Plan, including vesting and the term, are determined by, and at the discretion of, the Board of Directors.

On April 20, 2022, the Company granted an option to acquire up to 100,000 Common Shares at $0.81 per Common Share to a consultant. The option vested immediately upon grant and expires on April 20, 2024. The Company recognized the fair value of the option of $36,207 using the Black-Scholes option pricing model with the following assumptions:

Expected Life of the Option	2 years
Risk-Free Interest Rate	2.64 %
Expected Dividend Yield	Nil
Expected Stock Price Volatility	84.70%
Grant Date Fair Value	$0.79

The share-based compensation related to the vesting of the options the Company granted during the three-month period ended May 31, 2022, and during the year ended February 28, 2022, was determined to be $56,895 (May 31, 2021 - $77,833). Of total share-based payments, a recovery of $2,400 (May 31, 2021 - $Nil) was recorded as advertising and promotion expenses, and $36,207 (May 31, 2021 - $Nil) was recorded as consulting expense.

A continuity of options are as follows:

	Three months ended May 31, 2022		Year ended February 28, 2022	
	Number of Options	**Weighted Average Exercise Price**	**Number of Options**	**Weighted Average Exercise Price**
Options outstanding, beginning	2,345,000	$0.43	1,830,000	$0.31
Granted	100,000	$0.81	865,000	$0.60
Exercised	(100,000)	$0.60	(350,000)	$0.28
Options outstanding, ending	2,345,000	$0.43	2,345,000	$0.43
Options exercisable, ending	2,208,750	$0.42	2,047,500	$0.40

(Expressed in Canadian Dollars)

The options outstanding and exercisable at May 31, 2022, are as follows:

Number of Options Outstanding	Number of Options Exercisable	Exercise Price	Weighted Average Remaining Life	Expiry Date
535,000	535,000	$ 0.20	2.19	August 6, 2024
380,000	380,000	$ 0.25	2.75	February 28, 2025
625,000	625,000	$ 0.50	1.13	July 18, 2023
100,000	100,000	$ 0.60	0.98	May 23, 2023
445,000	333,750	$ 0.60	1.69	February 6, 2024
100,000	75,000	$ 0.60	1.18	August 6, 2023
60,000	60,000	$ 0.60	1.44	November 9, 2023
100,000	100,000	$ 0.81	1.89	April 20, 2024
2,345,000	2,208,750	$ 0.43	1.78	

7. RELATED PARTY TRANSACTIONS

Related parties include the Board of Directors, officers, key management personnel, close family members and enterprises that are controlled by these individuals. Key management personnel are those having authority and responsibility for planning, directing, and controlling the activities of the Company as a whole.

The Company incurred the following transactions with related parties, including key management personnel:

		May 31, 2022		May 31, 2021
Consulting fees paid or accrued to the Company's CEO	$	6,000	$	6,000
Accounting fees paid or accrued to the Company's CFO		2,869		3,000
Consulting fees paid to the Company's Corporate Secretary		8,654		4,729
Project management and mineral exploration fees paid or accrued to an entity controlled by the common-law spouse of the Company's co-founder and major shareholder		6,000		6,000
Mineral exploration and general business consulting fees paid or accrued to an entity controlled by the VP of Exploration		19,227		26,250
Share-based compensation for options granted to directors and officers		15,480		56,663
Payroll expenses on stock options exercised by directors and officers		-		4,791
Total related party transactions	$	58,230	$	107,433

In addition to the above transactions, on December 28, 2021, the Company issued to Global Drilling an unsecured demand promissory note in the amount of $120,000 in lieu of the cash payment required to exercise the third Ruby Creek Option (Notes 5 and 8).

Amounts due to related parties consist of amounts owed directly to the officers and directors of the Company, or to the companies controlled by them, for the professional services or for the expenses incurred on behalf of the Company. These amounts are unsecured, non-interest bearing, and due on demand. At May 31, 2022, the Company owed a total of $64,896 (February 28, 2022 - $77,901) to its related parties.

8. NOTE PAYABLE TO RELATED PARTY

On December 28, 2021, in lieu of the cash payment required to exercise the third Ruby Creek Option, the Company issued a demand promissory note to Global Drilling in the amount of $120,000 (the "Note Payable"). The initial six-month term of the Note Payable bears no interest. As of June 28, 2022, the interest is accrued at 0.5% per month compounded monthly. The Note Payable is unsecure and, after initial six-month period, payable on demand. As at May 31, 2022, the full $120,000 remained unpaid (February 28, 2022 - $120,000).

(Expressed in Canadian Dollars)

9. MARKETABLE SECURITIES

The Company's marketable securities consist of 1,200,000 common shares of Brixton (the "BBB Shares"). BBB Shares are listed on the TSX Venture Exchange under the symbol "BBB." At initial recognition, the Company recorded the shares at $408,000 (based on the fair market value of the BBB Shares on October 10, 2020, being $0.34 per share).

At May 31, 2022, BBB Shares were valued at $186,000 (February 28, 2022- $204,000) based on the closing market price. During the three-month period ended May 31, 2022, the Company recognized a loss of $18,000 (May 31, 2021 - $30,000) pursuant to change in the fair value of marketable securities.

10. PREPAID EXPENSES

Prepaid expenses consisted of the following:

	May 31, 2022	February 28, 2022
Prepaid exploration costs	$ 87,949	$ 81,918
Prepaid operating expenses	33,395	67,770
Total prepaid expenses	$ 121,344	$ 149,688

11. SEGMENTED INFORMATION

The Company has one operating segment, the exploration of mineral properties, and two geographical segments with all current exploration activities being conducted in Canada. All of the Company's equipment and exploration and evaluation assets are located in Canada as follows:

	May 31, 2022	February 28, 2022
Equipment	$ 130	$ 170
Exploration and evaluation assets	5,524,441	5,018,732
	$ 5,524,571	$ 5,018,902

12. SUBSEQUENT EVENT

Subsequent to May 31, 2022, the Company arranged a non-brokered private placement for up to $1.5 million (the "Private Placement"). The Private Placement will consist of a combination of: (i) flow-through units of the Company ("FT Units") at a price of $0.45 per FT Unit (the "FT Unit Offering"); and (i) non-flow through units of the Company ("NFT Units") at a price of $0.40 per NFT Unit (the "NFT Unit Offering").

Each FT Unit will consist of one flow-through common share of the Company and one half of one common share purchase warrant (each whole warrant, an "FT Warrant"). The FT Units will qualify as "flow-through shares" for the purposes of the Income Tax Act (Canada) (the "Tax Act"). Each FT Warrant will entitle the holder thereof to acquire one common share in the capital of the Company (each, a "Common Share") at a price of $0.60 per Common Share for a period of two years following the closing of the FT Unit Offering.

Each NFT Unit will consist of one Common Share and one-half of one non-flow through common share purchase warrant (each whole warrant, a "NFT Warrant"). Each NFT Warrant will entitle the holder thereof to acquire one Common Share at a price of $0.60 per Common Share for a period of two years following the closing of the NFT Unit Offering.