Wolfden Resources Corporation

Consolidated Financial Statements
(Stated in Canadian Dollars)

For the years ended December 31, 2022 and 2021

Independent auditor's report

Grant Thornton LLP
11th Floor
200 King Street West, Box 11
Toronto, ON
M5H 3T4

T +1 416 366 0100
F +1 416 360 4949

To the Shareholders of Wolfden Resources Corporation

Opinion

We have audited the consolidated financial statements of Wolfden Resources Corporation and its subsidiaries (the "Company"), which comprise the consolidated statements of financial position as at December 31, 2022 and 2021 and the consolidated statements of loss and comprehensive loss, consolidated statements of changes in equity and consolidated statements of cash flows for the years then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Company as at December 31, 2022 and 2021, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with International Financial Reporting Standards (IFRS).

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained 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 consolidated financial statements, which indicates that the Company has no source of operating cash flows, has not yet achieved profitable production, and has accumulated losses of $40,834,518 as at December 31, 2022. This condition, along with the matters set forth in Note 1, indicate the existence of a material uncertainty that may cast significant doubt about the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Key Audit Maters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Except for the matter described in the *Material Uncertainty Related to Going Concern* section, we have determined that there are no other key audit matters to communicate in our auditor's report.

Information Other than the Consolidated Financial Statements and Auditor's Report Thereon

Management is responsible for the other information. The other information comprises the Management Discussion and Analysis but does not include the consolidated financial statements and our auditor's report thereon.

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

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

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

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

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

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

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

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

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

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

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

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

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the [consolidated] financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because of the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor's report is Mark Irwin**.**

Grant Thornton LLP

Toronto, Canada
April 28, 2023

Chartered Professional Accountants
Licensed Public Accountants

WOLFDEN

(Incorporated under the laws of Ontario)

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

(Stated in Canadian Dollars)

As at	December 31, 2022 $	December 31, 2021 $
ASSETS		
Current assets		
Cash and cash equivalents	**3,511,011**	3,229,005
Amounts receivable *[note 5]*	**134,134**	60,552
Prepaid expenses	**17,535**	12,579
Total current assets	**3,662,680**	3,302,135
Non-current assets		
Equipment *[note 6]*	**550**	745
Total assets	**3,663,230**	3,302,880
LIABILITIES		
Current liabilities		
Accounts payable and accrued liabilities	**568,795**	232,843
Total current liabilities	**568,795**	232,843
EQUITY		
Share capital *[note 8]*	**41,865,575**	39,331,498
Equity settled employee benefits *[note 8]*	**2,350,593**	2,082,236
Other comprehensive loss	**(287,216)**	(196,519)
Deficit	**(40,834,518)**	(38,147,178)
Total equity	**3,094,434**	3,070,037
Total liabilities and equity	**3,663,230**	3,302,880

Going concern [note 1]
Subsequent event [note 17]
See accompanying notes to the consolidated financial statements

These consolidated financial statements are authorized for issue by the Board of Directors on April 27, 2023 and they are signed on the Corporation's behalf by:

"Ron Little"
Director

"John Seaman"
Director

WOLFDEN

(Incorporated under the laws of Ontario)

CONSOLIDATED STATEMENTS OF LOSS AND COMPREHENSIVE LOSS

(Stated in Canadian Dollars)

	For the year ended December 31	
	2022 **$**	**2021** **$**
EXPENSES		
Depreciation *[note 6]*	**195**	265
Exchange loss/(gain)	**(201,272)**	(51,653)
Exploration and evaluation expenses *[note 7]*	**2,953,698**	3,238,735
Flow through interest penalty	**1,853**	492
General and administrative expenses	**1,007,158**	1,198,768
Professional fees	**74,390**	82,567
Share-based payments *[note 8]*	**405,849**	544,022
Loss before the following	**(4,241,871)**	(5,013,196)
INCOME		
Investment income	**2,965**	6,398
Flow-through renunciation	**-**	139,500
Other income *[note 13]*	**1,515,500**	233,316
Loss before income taxes	**(2,723,405)**	(4,633,983)
Income tax expense (recovery) *[note 12]*	**(36,065)**	-
Loss for the year	**(2,687,340)**	(4,633,983)
Cumulative translation adjustment	**(90,697)**	(27,358)
Total comprehensive loss for year	**(2,778,037)**	(4,661,341)
Basic and diluted loss per share *[note 9]*	**(0.02)**	(0.03)

See accompanying notes to the consolidated financial statements

WOLFDEN

(Incorporated under the laws of Ontario)

CONSOLIDATED STATEMENTS OF CASH FLOWS

(Stated in Canadian Dollars)

	For the year ended December 31	
	2022 **$**	2021 $
OPERATING ACTIVITIES		
Loss for the year	**(2,687,340)**	(4,633.983)
Depreciation	**195**	265
Share based payments	**405,849**	544,022
Changes in non-cash working capital related to operations		
Amounts receivable	**(71,286)**	(46,630)
Prepaid expenses	**(4,893)**	1,082
Accounts payable and accrued liabilities	**325,265**	(222,994)
Cash used in operating activities	**(2,032,210)**	(4,358,238)
INVESTMENT ACTIVITIES	**-**	-
FINANCING ACTIVITIES		
Proceeds from shares issued in private placements	**2,299,985**	6,552,500
Proceeds from the exercise of stock options	**96,600**	89,700
Cash provided by financing activities	**2,396,585**	6,642,200
Increase (Decrease) in cash and cash equivalents during year	**364,375**	2,283,962
Cash and cash equivalents, beginning of year	**3,229,005**	972,401
Effect of foreign exchange on cash and cash equivalents	**(82,369)**	(27,358)
Cash and cash equivalents, end of year	**3,511,011**	3,229,005

See accompanying notes to the consolidated financial statements

WOLFDEN
(Incorporated under the laws of Ontario)

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
(Stated in Canadian Dollars)

	Share Capital		Reserves			
Issued and outstanding:	Number of Shares	Share Capital	Equity Settled Employee Benefits	Foreign exchange differences	Deficit	Total Equity
Balance as at December 31, 2020	**130,844,086**	**32,377,150**	**1,850,244**	**(169,062)**	**(33,513,176)**	**545,156**
Share based payments *[note 8]*	-	-	544,022	-	-	544,022
Private Placement #1	6,250,000	2,000,000	-	-	-	2,000,000
Private Placement #2	1,550,000	480,500	-	-	-	480,500
Private Placement #3	12,725,000	4,072,000	-	-	-	4,072,000
Restricted share units *[note 8]*	759,584	231,673	(231,673)	-	-	-
Exercise of stock options *[note 8]*	690,000	170,175	(80,475)	-	-	89,700
Cumulative translation adjustment	-	-	118	(27,457)	(19)	(27,358)
Loss for the year	-	-	-	-	(4,633,983)	(4,633,983)
Balance as at December 31, 2021	152,818,670	39,331,498	2,082,236	(196,519)	(38,147,178)	3,070,037
Share based payments *[note 8]*	-	-	405,849	-	-	405,849
Private Placement	10,952,310	2,299,985	-	-	-	2,299,985
Restricted share units *[note 8]*	356,668	78,467	(78,467)	-	-	-
Exercise of stock options [*note 8*]	690,000	155,625	(59,025)	-	-	96,600
Cumulative translation adjustment	-	-	-	(90,697)	-	(90,697)
Loss for the year	-	-	-	-	(2,687,340)	(2,637,340)
Balance as at December 31, 2022	**164,817,648**	**41,865,575**	**2,350,593**	**(287,216)**	**(40,834,518)**	**3,094,434**

See accompanying notes to the consolidated financial statements

WOLFDEN

(Incorporated under the laws of Ontario)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the years ended December 31, 2022 and 2021
(Stated in Canadian Dollars)

1. NATURE OF BUSINESS

Wolfden Resources Corporation (the "Corporation" or "Wolfden") was incorporated under the laws of the Province of Ontario on August 12, 2009. The principal business activity of the Corporation is the acquisition, exploration and development of mineral properties in Canada and the United States (see note 7 for locations). The office address of the Corporation is 1100 Russell Street, Unit 5 Thunder Bay, Ontario, P7B 5N2.

Going concern

The Corporation, being in the exploration stage, is subject to risks and challenges similar to companies in a comparable stage of development. These risks include the challenges of securing adequate capital for exploration, development and operational risks inherent in the mining industry, global economics, health concerns and metal price volatility and there is no assurance management will be successful in its endeavors. At December 31, 2022, the Corporation has no ongoing source of operating cash flows but has raised $2,299,985 through private placement of shares. The Corporation incurred a net loss of $2,687,340, for the year ended December 31, 2022, (net loss of $4,633,983 for the year ended December 31, 2021) and has accumulated a deficit of $40,834,518 (December 31, 2021 - $38,147,178) since the inception of the Corporation. As at December 31, 2022, the Corporation had working capital of $3,093,885 (December 31, 2021 – $3,069,295). The Corporation's ability to continue as a going concern is largely dependent upon its ability to raise additional capital to continue the development of its mineral properties. Management attempts to raise additional capital whenever favorable market conditions exist (see Note 17, Subsequent Events).

Although the Corporation to date has been successful in raising sufficient funds with its strategic investors and the capital markets to advance its projects, the capital markets continue to be volatile and are largely out of the Corporation's control, and therefore, there remains material uncertainties that cast significant doubt on the Corporation's ability to continue as a going concern. It is not possible to predict whether financing efforts will be successful or if the Corporation will attain profitable levels of operation. These financial statements do not include any adjustments to the carrying values of assets and liabilities and the reported expenses and statement of loss and comprehensive loss classification that would be necessary should the Corporation be unable to continue as a going concern. These adjustments could be material.

2. SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board ("IASB") and interpretations of the IFRS Interpretations Committee ("IFRIC").

The consolidated financial statements of the Corporation for the period ended December 31, 2022 were approved and authorized by the Board of Directors on April 27, 2023.

Basis of consolidation

The Corporation's consolidated financial statements consolidate those of its subsidiaries. The Corporation's subsidiaries are:

	Percentage of ownership	Jurisdiction	Principal activity
Wolfden Resources Canada Inc.	100%	Canada	Mineral exploration
Wolfden USA Inc.	100%	United States	Mineral exploration
Wolfden Mt. Chase LLC	100%	United States	Mineral exploration
Wolfden Big Silver LLC	100%	United States	Mineral exploration

All transactions and balances between the Corporation and its subsidiaries are eliminated on consolidation, including unrealized gains and losses on transactions between the companies.

Foreign currency translation

The consolidated financial statements are presented in Canadian dollars (CAD), which is also the functional currency of the Corporation, as well as its subsidiary Wolfden Resources Canada Inc. The functional currency of the Corporation's subsidiaries, Wolfden USA Inc, Wolfden Mt. Chase LLC, and Wolfden Big Silver LLC is U.S. dollars (USD).

Foreign currency transactions are translated into the functional currency of the respective Corporation, using the exchange rates prevailing at the dates of the transactions (spot exchange rate). Foreign exchange gains and losses resulting from the settlement of such transactions and from the remeasurement of monetary items at year-end exchange rates are recognized in profit or loss.

In the Corporation's consolidated financial statements, all assets, liabilities and transactions of the Corporations' subsidiary are translated into CAD upon consolidation. On consolidation, assets and liabilities have been translated into CAD at the closing rate at the reporting date. Income and expenses have been translated into the Corporation's presentation currency at the average rate over the reporting period. Exchange differences are charged/credited to other comprehensive income and recognized in the currency translation reserve in equity. On disposal of a foreign operation the cumulative translation differences recognized in equity are reclassified to profit or loss and recognized as part of the gain or loss on disposal.

Financial instruments

Financial instruments are measured on initial recognition at fair value, plus, in the case of financial instruments other than those classified as fair value through profit or loss ("FVTPL"), directly attributable transaction costs. Financial instruments are recognized when the Corporation become party to the contracts that gives rise to them and are classified as amortized cost, fair value through profit or loss or fair value through other comprehensive income, as appropriate. The Corporation considers whether a contract contains an embedded derivative when the entity first becomes a party to it. The embedded derivatives are separated from the host contract if the host contract is not measured at fair value through profit or loss and when the economic characteristics and risks are not closely related.to those of the host contract. Reassessment only occurs if there is a change in the terms of the contract that significantly modifies the cash flows that would otherwise be required.

<u>Financial assets at FVTPL</u>

Financial assets at FVTPL include financial assets held for trading and financial assets not designated upon initial recognition as amortized cost or fair value through other comprehensive income ("FVOCI"). A financial asset is classified in this category principally for the purpose of selling in the short term, or if so designated by management.

Transaction costs are expensed as incurred. On initial recognition, a financial asset that otherwise meets the requirements to be measured at amortized cost or FVOCI may be irrevocably designated as FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise. Financial assets measured at FVTPL are measured at fair value with changes in fair value recognized in the consolidated statements of operations.

Financial assets at FVOCI

On initial recognition of an equity investment that is not held for trading, an irrevocable election is available to measure the investment at fair value upon initial recognition plus directly attributable transaction costs and at each period end, changes in fair value are recognized in other comprehensive income ("OCI") with no reclassification to the consolidated statements of earnings. The election is available on an investment-by-investment basis. Investments in equity securities, where the Corporation cannot exert significant influence, are designated as financial assets at FVOCI.

Financial assets at amortized cost

A financial asset is measured at amortized cost if it is held within a business model whose objective is to hold assets to collect contractual cash flows and its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding, and is not designated as FVTPL. Financial assets classified as amortized cost are measured subsequent to initial recognition at amortized cost using the effective interest method. Cash and cash equivalents and amounts receivable are classified as and measured at amortized cost.

Financial liabilities

Financial liabilities are classified as measured at amortized cost or FVTPL. A financial liability is classified as FVTPL if it is classified as held-for-trading, it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognized in profit or loss. Other financial liabilities are subsequently measured at amortized cost using the effective interest method. Gains and losses are recognized in net earnings when the liabilities are derecognized as well as through the amortization process. Borrowing liabilities are classified as current liabilities unless the Corporation has an unconditional right to defer settlement of the liability for at least 12 months after the statement of financial position date. Accounts payable and accrued liabilities are classified as and measured at amortized cost.

Derivative instruments

Derivative instruments, including embedded derivatives, are measured at fair value on initial recognition and at each subsequent reporting period. Any gains or losses arising from changes in fair value on derivatives are recorded in net earnings.

Fair values

The fair value of quoted investments is determined by reference to market prices at the close of business on the statement of financial position date. Where there is no active market, fair value is determined using valuation techniques. These include using recent arm’s length market transactions; reference to the current market value of another instrument that is substantially the same; discounted cash flow analysis; and, pricing models.

Financial instruments that are measured at fair value subsequent to initial recognition are grouped into a hierarchy based on the degree to which the fair value is observable as follows:

Level 1 fair value measurements are quoted prices (unadjusted) in active markets for identical assets or liabilities;

Level 2 fair value measurements are those derived from inputs other than quoted prices included within 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 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

Impairment of financial assets

At each balance sheet date, on a forward-looking basis, the Corporation assesses the expected credit losses associated with its financial assets carried at amortized cost and FVOCI. The impairment methodology applied depends on whether there has been a significant increase in credit risk. The impairment model does not apply to investment in equity instruments. The expected credit losses are required to be measured through a loss allowance at an amount equal to the 12- month expected credit losses (expected credit losses that result from those default events on the financial instrument that are possible within 12 months after the reporting date) or full lifetime expected credit losses (expected credit losses that result from all possible default events over the life of the financial instrument). A loss allowance for full lifetime expected credit losses is required for a financial instrument if the credit risk of that financial instrument has increased significantly since initial recognition.

Derecognition of financial assets and liabilities

A financial asset is derecognised when either the rights to receive cash flows from the asset have expired or the Corporation has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party. If neither the rights to receive cash flows from the asset have expired nor the Corporation has transferred its rights to receive cash flows from the asset, the Corporation will assess whether it has relinquished control of the asset or not. If the Corporation does not control the asset then derecognition is appropriate.

A financial liability is derecognised when the associated obligation is discharged or canceled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in net earnings.

Exploration and Evaluation

The Corporation is in the process of exploring its mineral properties and chooses to expense acquisition costs for property rights. Mineral property acquisition costs include the cash consideration given, direct legal costs incurred for the acquisition, and issuance of shares for mineral property interests. Where the Corporation has entered into an option agreement for the acquisition of an interest in a mineral property which provides for periodic payments, such amounts unpaid are not recorded as a liability since they are payable entirely at the Corporation's discretion.

The Corporation has adopted the policy of expensing exploration costs and periodic maintenance costs incurred prior to the determination that a property has economically recoverable reserves.

Equipment and leaseholds

Equipment and leaseholds are stated at historical cost less accumulated depreciation and any provision for impairment in value. Cost includes the purchase price, any directly attributable costs of bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management, and the present value of the estimated costs of decommissioning and restoration, if applicable. Costs relating to major upgrades are included in equipment and leaseholds if it is probable that future economic benefits associated with the expenditure will flow to the Corporation.

Depreciation on equipment is recognized on a declining balance basis to write down the cost or valuation less estimated residual value of equipment. Depreciation on leaseholds is recognized on the straight-line basis over the term of the lease, which is 5 years. The rates generally applicable are:

Computer equipment	30%
Vehicles	30%
Leaseholds	Straight line over term

Material residual value estimates and estimates of useful life are updated as required, but at least annually.

Gains or losses arising on the disposal of equipment are determined as the difference between the disposal proceeds and the carrying amount of the equipment and are recognized in profit or loss within 'other income' or 'other expenses'.

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and demand deposits, together with other short-term, highly liquid investments that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value.

Impairment of non-financial assets

At each financial position reporting date, the carrying amounts of the Corporation's non-financial assets are reviewed to determine whether there is any indication that those assets are impaired. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment, if any. The recoverable amount is the higher of fair value less costs to sell and value in use. Fair value is determined as the amount that would be obtained from the sale of the asset in an arm's length transaction between knowledgeable and willing parties. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. 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 the profit or loss for the period. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash generating unit to which the assets belong.

When an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) 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 cash-generating unit) in prior years. A reversal of an impairment loss is recognized immediately in profit or loss.

Share capital

Share capital represents the fair value of consideration received. Equity instruments are contracts that give a residual interest in the net assets of the Corporation. Financial instruments issued by the Corporation are classified as equity only to the extent that they do not meet the definition of a financial liability or financial asset. The Corporation’s common shares, reserves, share options and share warrants are classified as equity instruments.

Incremental costs directly attributable to the issue of new shares, options or warrants are shown in equity as a deduction, net of tax, from the proceeds.

The Corporation periodically issues units to investors consisting of common shares and warrants in non-brokered private placements. Each whole warrant issued entitles the holder to acquire a common share of the Corporation, at a fixed Canadian dollar price over a specified term. These warrants are not transferable from the original investor to a new investor. The Corporation’s investor warrants are equity instruments and not financial liabilities or financial obligations. Accordingly, gross investor proceeds received from the issuance of units are accounted for as an increase in share capital. No separate valuation (i.e. "bifurcation") of investor warrants is made for accounting purposes at the time of issuance or at any time thereafter.

When investor or other warrants are exercised, the proceeds received are added to share capital. When investor or other warrants expire unexercised, no accounting entry is recorded.

Share-based payment transactions

The Corporation has two share-based compensation plans: The Share Option Plan and Restricted Share Unit plan, as noted below, and as further discussed in Note 8 of these consolidated financial statements.

All goods and services received in exchange for the grant of any share-based payment are measured at their fair values. Where employees are rewarded using share-based payments, the fair values of employees' services are determined indirectly by reference to the fair value of the equity instruments granted. This fair value is determined at the grant date.

<u>Share Option Plan</u>

Stock options are equity-settled share-based compensation awards. The fair value of stock options at the grant date is estimated using the Black-Scholes option pricing model. Compensation expense is recognized over the stock option vesting period based on the number of units estimated to vest. Vesting periods range from immediate to five years. This expense is recognized as share-based compensation expense with a corresponding increase in contributed surplus. When options are exercised, the proceeds received by the Corporation, together with the amount in contributed surplus, are credited to common shares.

If vesting periods or other vesting conditions apply, the expense is allocated over the vesting period, based on the best available estimate of the number of share options expected to vest. Non-market vesting conditions are included in assumptions about the number of options that are expected to become exercisable. Estimates are subsequently revised if there is any indication that the number of share options expected to vest differs from previous estimates. Any cumulative adjustment prior to vesting is recognized in the current period. No adjustment is made to any expense recognized in prior periods if share options ultimately exercised are less than that estimated on vesting.

<u>Restricted Share Unit Plan</u>

Restricted share units ("RSU") are granted to eligible members of the Board of Directors, eligible employees and eligible contractors. The RSUs are settled in cash or equity at the option of the Corporation. The RSUs vest subject to an RSU award letter but no later than December 31, of the third calendar year following the service year determined based on date of grant. The RSUs granted are accounted for under the equity method as they expected to be settled in equity.

Income taxes

Tax expense recognized in profit or loss comprises the sum of deferred tax and current tax not recognized in other comprehensive income or directly in equity.

Current income tax assets and/or liabilities comprise those obligations to, or claims from, fiscal authorities relating to the current or prior reporting periods, that are unpaid at the reporting date. Current tax is payable on taxable profit, which differs from profit or loss in the financial statements. Calculation of current tax expense is based on tax rates and tax laws that have been enacted or substantively enacted by the end of the reporting period.

Deferred income taxes are calculated using the liability method on temporary differences between the carrying amounts of assets and liabilities and their tax bases. However, deferred tax is not provided on the initial recognition of goodwill, or on the initial recognition of an asset or liability unless the related transaction is a business combination or affects tax or accounting profit. Deferred tax on temporary differences associated with investments in subsidiaries and joint ventures is not provided if reversal of these temporary differences can be controlled by the Corporation and it is probable that reversal will not occur in the foreseeable future.

Deferred tax assets and liabilities are calculated, without discounting, at tax rates that are expected to apply to their respective period of realization, provided they are enacted or substantively enacted by the end of the reporting period. Deferred tax liabilities are always provided for in full.

Deferred tax assets are recognized to the extent that it is probable that they will be able to be utilised against future taxable income. To the extent that the Corporation does not consider it probable that a future tax asset will be recovered, it provides a valuation allowance against the excess.

Deferred tax assets and liabilities are offset only when the Corporation has a right and intention to offset current tax assets and liabilities from the same taxation authority.

Changes in deferred tax assets or liabilities are recognized as a component of taxable income or expense in profit or loss, except where they relate to items that are recognized in other comprehensive income or directly in equity, in which case the related deferred tax is also recognized in other comprehensive income or equity, respectively.

Provisions

Provisions are recognized when the Corporation has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. The amount recognized as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period. If the effect of the time value of money is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognized as a finance cost. Contingent liabilities are not recognized in the financial statements, if not estimable and probable, and are disclosed in notes to the financial information unless their occurrence is remote. Contingent assets are not recognized in the financial statements, but are disclosed in the notes if their recovery is deemed probable.

Environmental rehabilitation provision

Provisions for environmental rehabilitation are made in respect of the estimated future costs of closure and restoration and for environmental rehabilitation costs (which include the dismantling and demolition of infrastructure, removal of residual materials and remediation of disturbed areas) in the accounting period when the related environmental disturbance occurs. The provision is discounted using a pre-tax rate, and the unwinding of the discount is included in finance costs. At the time of establishing the provision, a corresponding asset is capitalized and is depreciated over future production from the mining property to which it relates. The provision is reviewed on an annual basis for changes in cost estimates, discount rates and operating lives. Changes to estimated future costs are recognized in the statement of financial position by adjusting the rehabilitation asset and liability. If, for mature mines, the revised mine assets net of rehabilitation provisions exceeds the carrying value, that portion of the increase is charged directly to expenses. For closed sites, changes to estimated costs are recognized immediately in the profit and loss.

Loss per share

The Corporation presents basic and diluted loss per share data for its common shares, calculated by dividing the loss attributable to common shareholders of the Corporation by the weighted average number of common shares outstanding during the period. Diluted loss per share is determined by adjusting the profit or loss attributable to common shareholders and the weighted average number of common shares outstanding for the effects of all dilutive potential common shares.

Interest

Interest income and expenses are reported on an accrual basis using the effective interest method.

Operating expenses

Operating expenses are recognized in profit or loss upon utilization of the service or at the date of their origin.

Segment reporting

An operating segment is a component of an entity (i) that engages in business activities from which it may earn revenues and incur expenses (including revenues and expenses relating to transactions with other components of the same entity), (ii) whose operating results are regularly reviewed by the entity's management, and (iii) for which discrete financial information is available. The Corporation's operating segments are its separately identifiable exploration and evaluation properties [See note 4 & note 7].

Significant accounting judgements and estimates

In the application of the Corporation’s accounting policies, which are described in Note 2 of the audited consolidated financial statements for the year ending December 31, 2022, management is required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

<u>Significant estimates</u>

The preparation of these financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and reported amounts of expenses during the reporting period. Actual outcomes could differ from these estimates. The financial statements include estimates, which by their nature are uncertain. The impacts of such estimates are pervasive throughout the consolidated financial statements and may require accounting adjustments based on future occurrences. Revisions to accounting estimates are recognized in the period in which the estimate is revised, and the revision affects both current and future periods. Significant estimates include:

i. the inputs used in accounting for share purchase option expense in the statement of loss and comprehensive loss;

ii. the provision for income taxes which is included in the statements of income and comprehensive income and composition of deferred income tax assets and liabilities included in the statement of financial position which have not yet been confirmed by the taxation authorities, and

iii. the estimated useful lives of equipment and leaseholds which are included in the statement of financial position and the related depreciation included in the statement of loss and comprehensive loss.

Flow through shares

Under Canadian income tax legislation, a company is permitted to issue flow through shares whereby the company agrees to incur qualifying expenditures and renounce the related income tax deductions to the investors. The Corporation allocates the proceeds from the issuance of these shares between the offering of shares and the sale of tax benefits. The allocation is made based on the difference between the quoted price of the shares and the amount the investor pays for the shares. A deferred flow through premium liability is recognized for the difference. The liability is reversed though other income in the income statement. The spending also gives rise to a deferred tax timing difference between the carrying value and tax value of the qualifying expenditure.

Government grants

Government grants are recorded as other income when there is reasonable assurance that the Company has complied with and will continue to comply with, all necessary conditions to obtain the grants. These grants are used to reduce the related exploration expenditures.

Timber sales

The Company engages with third parties for sale of its Royalty on timber. The proceeds from these sales have been recorded as other income.

Functional currency

Management uses its judgement to determine the functional currency that most faithfully represents the economic effects of the underlying transactions, events and conditions. As part of this approach, management gives priority to indicators like the currency that mainly influences costs and the currency in which those costs will be settled and the currency in which funds from financing activities are generated. Management also assesses the degree of autonomy the foreign operation has with respect to operating activities.

3. RECENT ACCOUNTING PRONOUNCEMENTS

There have been no new standards and interpretations adopted since the release of the Company's financial statements for the year ended December 31, 2022.

New standards and interpretations not yet adopted

Disclosure of Accounting Policies (Amendments to IAS 1)

The IASB has issued amendments to IAS 1 *Presentation of Financial Statements* which require entities to disclose their "material" accounting policy information rather than their "significant" accounting policies. The amendments explain that accounting policy information is material if omitting, misstating or obscuring that information could reasonably be expected to influence decisions that the primary users of the financial statements make on the basis of those financial statements. The amendments also clarify that accounting policy information may be material because of its nature, even if the related amounts are immaterial. This amendment is effective for annual periods beginning on or after January 1, 2023. Earlier application is permitted. The extent of the impact of adoption of these amendments has not yet been determined.

Definition of Accounting Estimates (Amendments to IAS 8)

The IASB has issued amendments to IAS 8 *Accounting Policies, Changes in Accounting Estimates and Errors* which introduce a definition of accounting estimates and provide other clarifications to help entities distinguish accounting policies from accounting estimates. Under the amendments, accounting estimates are defined as "monetary amounts in financial statements that are subject to measurement uncertainty". The amendments also emphasize that a change in an accounting estimate that results from new information or new developments is not an error correction, and that changes in an input or a measurement technique used to develop an accounting estimate are considered changes in accounting estimates if those changes in an input or measurement technique are not the result of an error correction. This amendment is effective for annual periods beginning on or after January 1, 2023. Earlier application is permitted. The extent of the impact of adoption of these amendments has not yet been determined.

Deferred Tax related to Assets and Liabilities arising from a Single Transaction (Amendments to IFRS 1 and IAS 12)

(Stated in Canadian Dollars)

The IASB has issued amendments to IFRS 1 *First-time Adoption of International Financial Reporting Standards* and IAS 12 *Income Taxes* which clarify that the initial recognition exemption set out in IAS 12 does not apply to transactions that give rise to equal taxable and deductible temporary differences. The aim of the amendments is to reduce diversity in the reporting of deferred tax on leases and decommissioning obligations. This amendment is effective for annual periods beginning on or after January 1, 2023. Earlier application is permitted. The extent of the impact of adoption of this amendment has not yet been determined.

Classification of Liabilities as Current or Non-Current (Amendments to IAS 1)

The IASB has published *Classification of Liabilities as Current or Non-Current (Amendments to IAS 1)* which clarifiesthe guidance on whether a liability should be classified as either current or non-current. The amendments:

i. clarify that the classification of liabilities as current or non-current should only be based on rights that are in place "at the end of the reporting period"

ii. clarify that classification is unaffected by expectations about whether an entity will exercise its right to defer settlement of a liability

iii. make clear that settlement includes transfers to the counterparty of cash, equity instruments, other assets or services that result in extinguishment of the liability.

iv. This amendment is effective for annual periods beginning on or after January 1, 2024. Earlier application is permitted. The extent of the impact of adoption of this amendment has not yet been determined.

4. SEGMENTED INFORMATION

The Corporation's significant segments are represented by its separately identifiable exploration and evaluation properties (see note 7 for disclosure by property). The Corporation also operates in two distinct geographic areas. The Canadian operations are managed from the Corporation's head office in Thunder Bay. The U.S. operations are managed from an office in Maine.

For the year ended December 31, 2022

	Canada $	USA $	Total $
Segmented Assets	2,757,217	906,013	**3,663,230**
Segmented Liabilities	290,248	278,547	**568,795**
Operating activities			
Depreciation	195	-	**195**
Exchange loss	(114,365)	(86,907)	**(201,272)**
Exploration and evaluation expenses	1,605,301	1,348,397	**2,953,698**
Flow-through interest penalty	1,853	-	**1,853**
General and administrative	705,447	299,861	**1,005,308**
Professional fees	75,046	1,194	**76,240**
Share-based payments	405,849	-	**405,849**
Income tax expense	32,909	(68,974)	**(36,065)**
Total	**2,712,235**	**1,493,570**	**4,205,805**
Other items	246,021	1,272,444	1,518,465
Loss for the year	**(2,466,214)**	**(221,127)**	**(2,687,340)**

(Stated in Canadian Dollars)

For the year ended December 31, 2021

	Canada $	USA $	Total $
Segmented Assets	2,266,023	1,036,857	**3,302,880**
Segmented Liabilities	139,621	93,222	**232,843**
Operating activities			
Depreciation	265	-	265
Exchange loss	(44,783)	(6,869)	(51,653)
Exploration and evaluation expenses	1,284,869	1,953,866	3,238,735
Flow-through interest penalty	492	-	492
General and administrative	793,574	405,194	1,198,768
Professional fees	82,567	-	82,567
Share-based payments	509,130	34,893	544,022
Total	**2,626,113**	**2,387,084**	**5,013,196**
Other items	378,294	920	379,214
Loss for the year	**(2,247,819)**	**(2,386,164)**	**(4,633,983)**

5. AMOUNTS RECEIVABLE

For the years ended December 31, 2022 and 2021

	2022 **$**	2021 $
Recoverable taxes (i)	**134,134**	60,552

(i) Recoverable taxes include Canadian harmonized sales tax receivable, refund for overpayment of flow through taxes and a balance of income tax overpayment for 2020.

(Stated in Canadian Dollars)

6. EQUIPMENT

	Computer Equipment $
Cost	
Balance, December 31, 2021	13,120
Balance, December 31, 2022	**13,120**
Accumulated depreciation	
Balance, January 1, 2021	12,110
Depreciation for the year	265
Balance, December 31, 2021	12,375
Depreciation for the year	195
Balance, December 31, 2022	**12,570**
Carrying amounts	
December 31, 2021	745
December 31, 2022	**550**

7. EXPLORATION AND EVALUATION

For the year ended December 31, 2022

	Manitoba Nickel	Pickett Mountain	Teta-gouche	Big Silver	Total for 2022	Total to date from inception
Analysis	-	27,915	14,487	-	**42,402**	998,784
Geological	71,123	32,215	22,338	30,333	**156,008**	3,800,437
Geophysical	74,440	-	47,715	107,437	**229,591**	3,237,891
Geochemical	27,188	1,570	30,468	57,189	**116,414**	454,005
Travel	58,755	43,088	12,455	12,434	**126,732**	880,933
Drilling	944,541	888	780	3,883	**950,091**	8,786,919
Property Work	-	16,123	175,008	-	**191,131**	1,013,828
Ops Support	5,375	17,441	21,095	37,212	**81,124**	605,585
Administration	5,533	832	9,242	-	**15,607**	767,729
General expense	5,599	399	19,232	196	**25,426**	60,200
Site Acquisition costs	50,000	-	-	-	**50,000**	167,837
Mine Permitting expense	10,000	959,169	-	-	**969,169**	1,239,858
Total Exploration	1,252,553	1,099,641	352,821	248,684	**2,953,698**	22,014,009
Other costs	-	-	-	-	**-**	21,133,497
Total	1,252,553	1,099,641	352,821	248,684	**2,953,698**	43,147,506

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the years ended December 31, 2022 and 2021
(Stated in Canadian Dollars)

For the year ended December 31, 2021

	Manitoba Nickel	Pickett Mountain	Teta-gouche	Big Silver	Total for 2021	Total to date from inception
Analysis	581	102,776	13,978	8,522	**125,857**	956,382
Geological	205,300	204,650	117,859	31,070	**558,879**	3,644,429
Geophysical	147,903	1,006	99,210	92,272	**340,391**	3,008,300
Geochemical	50	-	25,158	28,674	**53,883**	337,591
Travel	8,246	54,185	11,248	25,751	**99,429**	754,201
Drilling	292,610	860,815	210,888	7,649	**1,371,960**	7,836,828
Property Work	-	14,190	27,055	61,072	**102,317**	822,697
Ops Support	12,586	89,208	41,941	18,468	**162,203**	524,461
Administration	-	-	516	-	**516**	752,122
General expense	750	17,403	13,992	2,630	**34,774**	34,774
Site Acquisition costs	55,000	-	-	62,837	**117,837**	117,837
Mine Permitting expense	-	270,689	-	-	**270,689**	270,689
Total Exploration	723,025	1,614,922	561,844	338,944	**3,238,735**	19,060,312
Other costs	-	-	-	-	**-**	21,133,497
Total	723,025	1,614,922	561,844	338,944	**3,238,735**	40,193,809

Mineral property acquisitions and agreements

Maine, U.S.A.

Pickett Mountain Property

On November 16, 2017, the Corporation acquired a 100% interest in the Pickett Mountain Property (the “Property”), located in Penobscot County, northern Maine, U.S.A for a cash purchase price of $11,292,055 (US$8.5 million) (the “Acquisition”).

To fund the acquisition of the Property, the Corporation entered into a Royalty Agreement that granted a 1.35% gross sales royalty on the Property to Altius Resources Inc. (“Altius”), a wholly owned subsidiary of Altius Minerals Corporation, for cash consideration of $7,663,800 (US$6,000,000) and completed a non-brokered private placement (the "Offering") of 20,200,000 subscription receipts ("Subscription Receipts") at a price of $0.25 per Subscription Receipt for gross proceeds of $5,050,000, with Altius subscribing for 14,200,000 Subscription Receipts. The subscription receipts were converted into 14,200,000 common shares of the Corporation.

Pursuant to the Royalty Agreement, Altius has the option to purchase an additional 0.50% gross sales royalty at any time before the first anniversary of commercial production for US$7,500,000. In addition, the Corporation granted Altius certain rights to convert the Pickett Mountain Royalty to equity under certain terms, or to exchange the royalty for a similar royalty on the Corporation's Orvan Brook property. Furthermore, the Corporation agreed to use its best efforts to sell or transfer the timber from the project for gross proceeds of US$5,000,000 or such other amount as agreed to by Wolfden and Altius, acting reasonably (the "Timber Proceeds"). Wolfden is required to pay Altius 20% of the Timber Proceeds. These terms as shown were amended from the original agreement on October 7, 2020.

On January 22, 2020, the Corporation secured up to US$4.5 million in non-dilutive funding by selling-forward $5 million worth of timber from its Pickett Mountain Property. Under the terms of the agreement the Corporation received

US$3 million and is entitled to receive an additional US$1.5 million between the 4th and 5th anniversary of the agreement. The timber company has the right to harvest US$5 million of timber from the property over 5 years. For the year ended December 31, 2020, the Corporation recorded net timber sales proceeds of $3,140,880 (US$ 2,400,000), that are net of 20% (US$600,000) that was passed onto to Altius as per the Royalty Agreement (2019 - $252,326). The entire amount of the proceeds was recognized as no further performance obligation is required by the Corporation. These funds are not being placed in escrow and have been included in the working capital of the Corporation.

Pursuant to the Royalty Agreement, Altius has a conversion right and exchange right. The Call Right, which related to Altius's call option on the Timber Rights, was eliminated in the October 7, 2020 amendment of the Royalty Agreement as a direct result of the Corporations January 22, 2020 $4.5 million timber sale agreement which by effect, eliminated the possibility for any potential call option on those Timber Rights. Each or the other two rights are valid and are summarized below.

Conversion Right

At any time after November 14, 2023, Altius will have the right to convert the Pickett Mountain Royalty, in accordance with the terms of the Royalty Agreement, to cash or Common Shares, or a combination thereof (the "Conversion Right"). Upon the exercise of the Conversion Right, the Common Share consideration to be received by Altius will be equal to the lesser of: (a) the number of Common Shares that is equal in Royalty Value; and (b) the number of Common Shares that does not exceed 19.99% of all outstanding Common Shares on a partially diluted basis. The remaining balance of the Royalty Value is to be paid to Altius in cash. Under the Royalty Agreement, "Royalty Value" means an amount equal to the aggregate of: (i) all amounts paid by Altius to Wolfden (including the purchase price consideration paid by Altius) in respect of the Pickett Mountain Royalty, minus (ii) all timber Proceeds received by Altius, minus (iii) all other payments received by Altius in respect of the Pickett Mountain Royalty. The Common Share conversion price is the greater of: (i) $0.05 per Common Share; and (ii) the volume weighted average trading price of the Common Shares on the TSXV (or any other principal exchange on which the Common Shares are trading) for the twenty consecutive trading days immediately preceding the date of the exercise of the Conversion Right. Upon the exercise of the Conversion Right and satisfaction of the payment thereof by Wolfden, any remaining Escrowed Proceeds will be released to Wolfden.

Exchange Right

Under the Royalty Agreement, Altius has the right to exchange the Pickett Mountain Royalty to a gross sales royalty in respect of the Orvan Brook property, which will be calculated and payable on the same terms as the terms of the Pickett Mountain Royalty in effect on the date of exchange, mutatis mutandis.

During the period ending September 30, 2019, Altius and Wolfden agreed to an amendment to their Offering and Subscription Agreements, dated November 14, 2017 whereby during any period when the common shares of Wolfden are trading on the Toronto Stock Exchange Venture Exchange at a volume-weighted average trading price of not less than $0.60 per common share for at least 20 consecutive trading days, it will, upon written request by Wolfden during such period, exercise its warrants. Altius currently holds 7,100,000 Wolfden common share purchase warrants priced at $0.35 per share with a termination date of November 15, 2022.

Timber Agreements

On January 22, 2020, the Corporation secured up to US$4.5 million in non-dilutive funding for its exploration projects by selling-forward timber from its wholly owned Pickett Mountain Zn-Pb-Cu-Ag-Au Project in Maine, USA. Under the terms of a 5 year stumpage agreement with a privately owned Maine timber company, the Corporation received US$3 million upon closing and is entitled to receive an additional US$1.5 million between the 4th and 5th anniversary of the agreement. The timber company has the right to harvest US$5 million of timber from the property over 5 years. In addition, the timber company also granted Wolfden an option to earn a 100% interest (less an NSR) in the mineral rights of the property that adjoins Pickett Mountain as well as long-term road access rights for the current forest road used to reach the Pickett Mountain deposit from the state highway #11. As part of the Altius Royalty agreement on

Pickett Mt., dated November 2017 and as amended on October 7, 2020 and on February 8, 2022, Altius and the Corporation executed an amendment to their Pickett Mountain Royalty Agreement where Altius increased its royalty for the payment of US$1 million to the Corporation on signing. As per the terms of the agreement, Altius will receive the next US$1.2 million in net timber revenues and thereafter increases its future timber royalties from 20% to 30%. The 30% royalty will also apply to any revenue generated from the sale of any timber related carbon credits from the Property.

Other properties, Maine USA

On April 6, 2019, the Corporation's U.S. subsidiary entered into a mineral rights earn-in agreement on a property located in Maine, U.S.A. The agreement called first and second year lease payments of $25,000 USD, both of which have been paid.

On November 30, 2020, the Corporation’s U.S. subsidiary entered into a mineral rights earn-in agreement on a property in Maine referred to as the Big Silver Project. The agreement called for a first-year payment of $50,000 which has been paid. The Corporation is assessing the project, including the positive results of its 2021 and 2022 programs and the potential economic impact of a new town ordinance that would restrict commercial mining of this project in the future. .

<u>New Brunswick, Canada</u>

Tetagouche Property

On January 6, 2014, the Corporation closed a definitive purchase agreement (the ""Agreement"") to acquire a large strategic land package (the ""Property"") situated in the Bathurst Mining Camp and surrounding area in northeastern New Brunswick. Wolfden acquired the Property from 8100896 Canada Inc., a wholly owned subsidiary of GeoVenCap Inc. (the “Vendor”). Pursuant to the terms of the Agreement, the Corporation purchased all of the Vendor's right, title and interest to and in the Property for cash consideration of $125,000 and 571,428 common shares of Corporation (the "Consideration Shares") having a value of $100,000. The Consideration Shares were subject to a four month hold period under applicable securities laws in Canada.

Orvan Brook Property

On January 3, 2017, the Corporation acquired through claim staking the Orvan Brook property located in the Bathurst Mining Camp, west of the town of Bathurst, New Brunswick. Orvan Brook is included under the Tetagouche Properties.

Clarence Stream Property Agreements

On August 2, 2016, the Corporation entered into a definitive option agreement with 2520885 Ontario Inc. and Galway Metals Inc., whereby Galway could earn a 100% interest in the property, located in southwestern New Brunswick.

As per the terms of the agreement, and as of July 9, 2019 Galway successfully completed exploration expenditures and made cash payments to Wolfden totaling $3,250,000 to earn a 100% interest in the property less a 1% Net Smelter Return Royalty held by Wolfden that can purchased at any time for the sum of $2,000,000.

Brunswick No. 6 West Property

On April 29, 2015, the Corporation acquired, by claim staking, the Brunswick No. 6 West property (the “Property). The wholly owned Property is located southwest of the City of Bathurst, in the heart of the Bathurst Mining Camp.

Manitoba Nickel Properties, Canada

Rice Island Property

On September 15, 2015, the Corporation acquired a 100% interest in the Rice Island nickel-copper deposit situated on the Rice Island property (the "Property") through claim staking. The Property is located in west-central Manitoba at Wekusko Lake, just east of the Snow Lake concentrator complex owned by Hudbay Minerals Inc.

During the fourth quarter of 2015, a Notice of Dispute (the "Notice") was filed with the Province of Manitoba with respect to the Rice Island, Manitoba claims. Specifically, the Notice states that an individual (the "Disputant") has taken the position that one of the claims recorded in favour of Wolfden is invalid due to the existence of the Disputant's claims on the land prior to Wolfden's staking of the claim. Wolfden has responded to the Notice and is confident that it has clear and legal title to the subject claim as confirmed by the issuing of the recording certificate by the Manitoba Mining Recorder. This matter was brought to a resolution in conjunction with the signing of the Rice Island Tie-On Property ("RITOP") agreement described below. On September 21, 2016, the Corporation entered into an option agreement to expand the Rice Island property by earning a 100% interest in the Rice Island Tie-On Property, located adjacent to Wolfden's existing Rice Island property. Under terms of the option agreement with the Vendor, to earn a 100% interest in the RITOP, the Corporation must make cash payments totaling $250,000 and issue 500,000 common shares of Wolfden annually over a five year period, on or before the anniversary date of the signing of the agreement. A $25,000 cash payment and the issuance of 100,000 common shares was completed on signing. In addition, the Corporation must incur $1,000,000 in exploration expenditures over the same five year period including $100,000 in the first year. As at December 31, 2019, the exploration commitments have been completed and, in 2021 the cash annual cash payments to earn into the project were completed. Starting in September 2022, an annual cash payment of $50,000 as an advance royalty payment, shall be paid to a maximum of $250,000. Under an amendment to the agreement, the first payment was deferred and paid in January 2023.

Upon earning a 100% interest in the RITOP, the Vendor retains a 2.5% Net Smelter Royalty on the RITOP as well as on the Rice Island property; of which, Wolfden can purchase 1.5% of the Net Smelter Royalty for the sum of $1,500,000 (0.5% increments at $500,000 per each increment) for each of the properties. Wolfden also retains the right of first refusal on the remaining 1.0% Net Smelter Royalty held by the Vendor for each of the RITOP and Rice Island property.

8. SHARE CAPITAL AND RESERVES

i. Authorized

The Corporation is authorized to issue an unlimited number of common shares.

ii. Details of share issuances

2022

Private Placement

On December 16, 2022, the Corporation completed a non-brokered (no agent) private placement of 10,952,310 Common shares of the Corporation at a price of $0.21 per Common Share for gross proceeds of $2,299,985.

2021

Private Placement # 1

On January 27, 2021, the Corporation completed a non-brokered (no agent) private placement of 6,250,000 common shares of the Corporation at a price of $0.32 per Common Share with Altius Mineral Corporation (“Altius”) and Kinross

(Stated in Canadian Dollars)

Gold Corporation("Kinross") for gross proceeds of $2,000,000("the Offering"). Altius now holds approximately 12.6% and Kinross holds approximately 11.4% of the issued and outstanding shares of the Corporation.

Private Placement # 2

On February 24, 2021, the Corporation completed a non-brokered (no agent) private placement of 1,550,000 common shares of the Corporation that are "flow through shares" within the meaning in the Income Tax Act (Canada) at a price of $0.40 per Common Share for gross proceeds of $620,000. The proceeds from the financing ($620,000) were allocated between share capital ($480,500) and flow-through liability ($139,500) using residual method. All flow-through expenditures were completed during the year.

Private Placement # 3

On March 30, 2021, the Corporation completed a non-brokered (no agent) private placement of 12,725,000 unit of the Corporation at a price of $0.32 per unit for gross proceeds of $4,072,000. Each unit is comprised of one common share of the Corporation (a "Common Share") and one half of a common share purchase warrant of the Corporation (each whole warrant, a "Warrant"). Each whole purchase warrant can be converted in one common share of the Corporation at a price of $0.45 for two years, subject to acceleration in certain circumstances. No purchase value was allocated to the warrants.

iii. Warrants

The following table reflects the continuity of warrants as at December 31, 2022:

Expiry Date	Exercise Price	2022 Opening Balance	Warrants Issued	Warrants Exercised	Warrants Expired	2022 Closing Balance
	$	#	#	#	#	#
November 15, 2022	0.35	10,100,000	-	-	(10,100,000)	**-**
January 15, 2023	0.61	375,000	-	-	-	**375,000**
March 30,2023	0.45	6,362,500	-	-	-	**6,362,500**
Total		16,837,500	-	-	(10,100,000)	**6,737,500**
Weighted average exercise price		0.39	-	-	0.35	**0.46**

The following table reflects the continuity of warrants as at December 31, 2021:

Expiry Date	Exercise Price	2021 Opening Balance	Warrants Issued	Warrants Exercised	Warrants Expired	2021 Closing Balance
	$	#	#	#	#	#
November 15, 2022	0.35	10,100,000	-	-	-	10,100,000
January 15, 2023	0.61	375,000	-	-	-	375,000
March 30, 2023	0.45	-	6,362,500	-	-	6,362,500
Total		10,475,000	6,362,500	-	-	16,837,500
Weighted average exercise price		0.35	0.45	-	-	0.39

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the years ended December 31, 2022 and 2021
(Stated in Canadian Dollars)

iv. Share purchase option compensation plan

Share-based payments consists of the following amounts:

	For the year ended	
Share Based Payments	**2022** **$**	2021 $
Share purchase Options	**393,813**	462,220
Restricted Share Units (RSU's)	**12,036**	81,802
Total	**405,849**	544,022

The Corporation has a share incentive plan (the "Plan"), which is restricted to directors, officers, key employees and consultants of the Corporation. The number of common shares subject to options granted under the Plan (and under all other management options and employee stock purchase plans including RSU's) is limited to 10% in the aggregate and 5% with respect to any one optionee of the number of issued and outstanding common shares of the Corporation at the date of the grant of the option. Options issued under the Plan may be exercised during a period determined by the Board of Directors which cannot exceed ten years.

The following table reflects the stock options outstanding as at December 31, 2022:

Expiry Date	**Exercise Price**	**2022 Opening Balance**	**Granted**	**Exercised**	**Expired/ Cancelled**	**2022 Closing Balance**
	$	**#**	**#**	**#**	**#**	**#**
March 9, 2022	0.75	1,000,000	-	-	(1,000,000)	**-**
July 20, 2022	0.14	690,000	-	(690,000)	-	**-**
December 29, 2022	0.53	600,000	-	-	(600,000)	**-**
July 10, 2023	0.30	2,390,000	-	-	-	**2,390,000**
April 29, 2024	0.30	530,000	-	-	-	**530,000**
June 26, 2024	0.20	200,000	-	-	-	**200,000**
September 1, 2024	0.20	200,000	-	-	-	**200,000**
July 13, 2025	0.20	200,000	-	-	-	**200,000**
February 4, 2026	0.32	1,750,000	-	-	-	**1,750,000**
April 27, 2026	0.32	200,000	-	-	-	**200,000**
September 1, 2027	0.25		3,155,000			**3,155,000**
Total		7,760,000	3,155,000	(690,000)	(1,600,000)	**8,625,000**
Weighted Average exercise price		0.36	0.25	0.14	0.67	**0.28**

(Stated in Canadian Dollars)

The following table reflects the stock options outstanding as at December 31, 2021:

Expiry Date	Exercise Price	2021 Opening Balance	Granted	Exercised	Expired/ Cancelled	2021 Closing Balance
	$	#	#	#	#	#
March 09, 2022	0.75	1,080,000	-	-	(80,000)	**1,000,000**
August 18, 2021	0.13	710,000	-	(690,000)	(20,000)	**-**
July 20, 2022	0.14	710,000	-	-	(20,000)	**690,000**
December 29, 2022	0.53	600,000	-	-	-	**600,000**
July 10, 2023	0.30	2,390,000	-	-	-	**2,390,000**
April 29, 2024	0.30	600,000	-	-	(70,000)	**530,000**
June 26, 2024	0.20	200,000	-	-	-	**200,000**
September 1, 2024	0.20	200,000	-	-	-	**200,000**
July 13, 2025	0.20	200,000	-	-	-	**200,000**
February 04, 2026	0.32	-	1,750,000	-	-	**1,750,000**
April 27, 2026	0.32	-	200,000	-	-	**200,000**
Total		6,690,000	1,950,000	*(690,000)	(190,000)	**7,760,000**
Weighted Average exercise price		0.34	0.32	0.13	0.45	**0.36**

The Corporation applies the fair value method of accounting for all stock based compensation awards. During the year 3,155,000 stock options were granted, out of which 3,055,000 vested immediately and related compensation of $ 393,813 was recorded (2021 -$10,077 was recorded as compensation for the July 17, 2025 options that vested during the period, $409,459 for the February 4, 2026 options that vested during the period and $42,684 for the April 27,2026 options that vested during the period). As of December 31, 2022, there were 100,000 unvested stock options (December 31, 2021 - 0 unvested stock options).

* 690,000 options were exercised during the year with a weighted average share price of $0.14 (December 31, 2021 - 690,000 options were exercised during the year with a weighted average share price of $0.13). The Corporation credited $155,625 to the share capital in respect of the 690,000 shares issued (December 31, 2021 – credited $170,175 to share capital in respect of 690,000 shares issued).

** The weighted average remaining life of the outstanding stock options is 2.33 years (December 31, 2021 – 2.03 years).

For purposes of the options granted, the fair value of each option was estimated on the date of grant using the Black-Scholes option pricing model, with the following assumptions:

	2022	2021
Risk-free interest rate	**0.95%- 3.23%**	0.48%- 0.95%
Annualized volatility	**86.87%**	113.91% - 85.15%
Expected dividend	**Nil**	Nil
Expected option life	**5 years**	5 years
Forfeiture rate	**Nil**	Nil

(Stated in Canadian Dollars)

v. Restricted Share Units

1,070,000 Restricted Share Units ("RSUs") were issued in 2020 under the restricted share unit plan of the Corporation. The RSUs vest equally over a three year period, vesting on August 31 2020, April 29, 2021 and April 29, 2022. Each RSU has the same value as one Wolfden Resources Corporation common share. Additional, 1,208,750 Restricted Share Units ("RSUs") were issued under the restricted share unit plan of the Corporation in 2019. The RSUs vest equally over a three year period, vesting on June 26, 2019, April 29, 2020 and April 29, 2021.The RSUs are expected to be settled in equity and are therefore accounted for as equity instruments.

A share based payment expense of $12,036 ($81,802 for December 31, 2021) was recorded for the year ended December 31, 2022. During the year, 356,668 shares vested at $0.22 per share and the Corporation credited $78,467 to share capital in respect of the shares issued. As at December 31, 2022, there were no RSU's outstanding (December 31, 2021 – 356,668). The RSU's may be converted into common shares of the Corporation, at the option of the Corporation.

9. LOSS PER SHARE

Both the basic and diluted earnings per share have been calculated using the loss attributable to shareholders of the Corporation as the numerator. No adjustments to loss were necessary in 2022 or 2021.

For the year ended December 31

	2022	2021
Numerator: Loss for the year	**(2,637,341)**	**(4,633,983)**
Denominator: Weighted average number of common shares	**164,817,648**	**152,818,670**
Basic and diluted loss per share	**(0.02)**	**(0.03)**

10. RELATED PARTY TRANSACTIONS

The Corporation's related parties include key management personnel and entities over which they have control or significant influence as described below. There were no related party transactions in 2022.

Key management personnel remuneration includes the following amounts:

For the years ended December 31	2022 $	2021 $
Salary and wages	**429,921**	420,033
Share-based payments	**376,116**	297,406
Other compensation	**28,630**	21,658
Directors' fees	**72,861**	81,100
Total	**907,528**	820,197

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the years ended December 31, 2022 and 2021
(Stated in Canadian Dollars)

11. COMMITMENTS

Flow-through Renunciation

On February 24, 2021, the Corporation completed a flow-through financing to raise $620,000. The Corporation renounced 100% of the flow-through raised at year end. The Corporation had until February 1, 2022 to incur expenditures before monthly interest charges begin to accrue on unspent funds. Interest charges incurred by the Corporation as a result of this income tax legislation are charges to income in the period incurred. The Corporation incurred more than $620,000 in the flow-through eligible exploration expenses prior to December 31, 2021.

12. INCOME TAX EXPENSE

(a) The Corporation's income tax expense differs from the amount computed by applying the combined federal and provincial income tax rates to loss before income taxes as a result of the following:

	2022 $	2021 $
Loss for the year	**(2,687,340)**	(4,633,983)
Statutory rates	**26.50%**	26.50 %
Income tax recovery computed at statutory rates	**(712,145)**	(1,228,006)
Increase in deferred tax assets not recognized	**-**	1,067,205
Non-deductible items	**9,061**	131,465
Effect of change in tax rates	**699,391**	65,702
Change in estimates	**(38,000)**	-
Income tax expense (recovery)	**(38,000)**	0

(b) Deferred tax assets not recognized

Management believes that it is not likely to be sufficient taxable profits in the next few years to allow the benefit of the following deferred tax assets to be utilized:

	2022 $	2021 $
Non - capital losses	**5,188,383**	4,912,045
Common share issue costs	**-**	951
Equipment and leaseholds	**33,863**	33,812
Exploration and evaluation	**5,389,205**	4,651,698
Deferred tax assets not recognized	**10,611,452**	9,598,506
Unused operating tax losses expiring 2030 to 2041	**14,494,264**	14,369,659
Unused operating tax losses with indefinite expiration	**5,628,356**	4,645,848
Deductible temporary differences	**21,864,469**	18,985,183
Total unused operating tax losses	**41,987,089**	38,000,690

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the years ended December 31, 2022 and 2021
(Stated in Canadian Dollars)

13. OTHER INCOME

Other income for the year ended December 31, 2022 includes the sale of any increased timber and renewable energy royalty on the Pickett Mt. Project to Altius in addition to the receipt of exploration incentive grants received from the Manitoba Mineral Development Fund and the Government of New Brunswick. The amount of each grant will be deducted from the the total eligible exploration costs, for the related project, that can used in the future to offset any taxable income, taxable gains or eligible flow through flow expenditures.

	2022 **$**	2021 **$**
CEBA Loan	**-**	20,000
Manitoba Mineral Development Fund	**207,000**	115,000
Government of New Brunswick Grant	**36,900**	12,000
Wolfden USA Inc. 2018 Tax Refund	**-**	81,694
Proceeds from Timber Sales from Pickett Mt. project	**1,267,430**	-
Other Items	**4,170**	4,622
Total Other Income	**1,515,500**	233,316

14. FINANCIAL INSTRUMENTS AND RELATED RISKS

The Corporation's operations include the acquisition and exploration of mineral properties in Canada. The Corporation examines the various financial risks to which it is exposed and assesses the impact and likelihood of occurrence. These risks may include credit risk, liquidity risk, currency risk, interest rate risk and other risks. Where material, these risks are reviewed and monitored by the Board of Directors.

Credit risk

Counterparty credit risk is the risk that the financial benefits of contracts with a specific counterparty will be lost if a counterparty defaults on its obligations under the contract. This includes any cash amounts owed to the Corporation by those counterparties, less any amounts owed to the counterparty by the Corporation where a legal right of offset exists and also includes the fair values of contracts with individual counterparties which are recorded in the financial statements.

Trade credit risk

The Corporation closely monitors its financial assets and does not have any significant concentration of trade credit risk. The historical level of defaults is negligible and, as a result, the credit risk associated with trade receivables is considered to be negligible. Accounts receivable is made up of recoverable taxes which is deemed collectable and minimal risk.

Liquidity risk

Liquidity risk is the risk that the Corporation will not be able to meet its financial obligations as they fall due. The Corporation manages liquidity risk through the management of its capital structure.

Accounts payable and accrued liabilities are due within the current operating period.

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The risk that the Corporation will realize a significant loss as a result of a decline in the fair market value is limited as the Corporation holds all of its funds in cash and guaranteed investment certificates.

Currency risk

The Corporation is exposed to the financial risk related to the fluctuation of foreign exchange rates. The functional and reporting currency of the Corporation is the Canadian dollar; however, it has operations located in the United States, and as such is subject to fluctuations in that currency. Changes in the currency exchange rates between the Canadian dollar relative to the US dollar could have an effect on the Corporation's results of operations, financial position or cash flows. The Corporation has not hedged its exposure to currency fluctuations.

The Corporation does not invest in derivatives to mitigate these risks.

15. MANAGEMENT OF CAPITAL RISK

The Corporation manages its common shares, stock options and warrants as capital, that as at December 31, 2022 totaled $ 44,216,168 (2021 - $41,413,734). The Corporation's objectives when managing capital are to safeguard the Corporation's ability to continue as a going concern in order to pursue the exploration of its mineral properties and to maintain a flexible capital structure which optimizes the costs of capital at an acceptable risk.

The Corporation manages the capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust the capital structure, the Corporation may attempt to issue new shares and acquire or dispose of mineral properties.

In order to maximize ongoing exploration efforts, the Corporation does not pay out dividends. The Corporation's investment policy is to invest its short-term excess cash in highly liquid short-term interest-bearing investments with short-term maturities, selected with regard to the expected timing of expenditures from continuing operations.

16. COVID 19

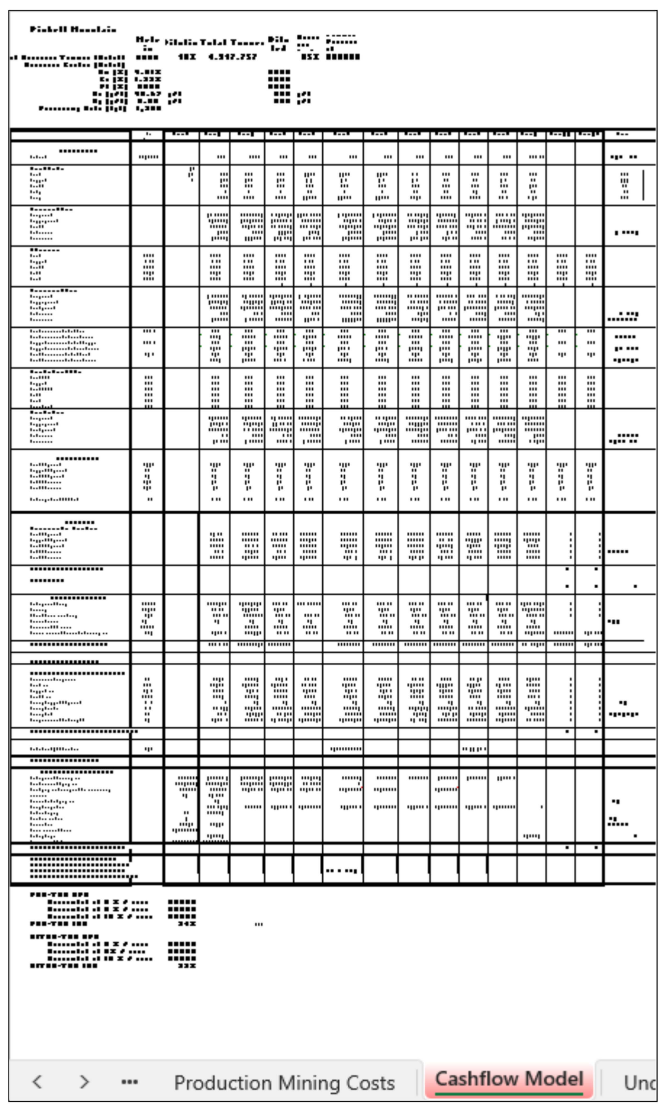
The spread of COVID-19 has severely impacted many local economies around the globe. In many countries, including Canada and the United States, businesses are being forced to cease or limit operations for long or indefinite periods of time. Global stock markets have also experienced great volatility and a significant weakening. Governments and central banks have responded with monetary and fiscal interventions to stabilize economic conditions.

The Corporation has been monitoring the COVID-19 outbreak since March 2020 and the potential impact at all of its operations and has put measures in place to ensure the wellness of all of its employees and surrounding communities where the Corporation works while continuing to operate. Field work programs and the field work personnel were adjusted. Programs in Manitoba were deferred due to localized outbreaks, and programs in Maine experienced some delays and cost increases due to cross border travel restrictions and requirements.

17. SUBSEQUENT EVENT

On March 9, 2023, the Corporation reached an agreement with Advance Lithium Corp (“Advance Lithium”). Advance Lithium acquired a 100% interest in the Tetagouche project in the Bathurst Mining Camp of New Brunswick. Upon closing, Advance Lithium will issue to Wolfden 19.9% of its current 83,520,000 issued and outstanding shares. In addition, the Corporation shall spend $3 million and make additional payments in cash or shares totalling $750,000. Wolfden shall retain up to a 2% Net Smelter Return on all claims subject to a buy back option of 1% NSR for $2 million to Advance Lithium. Wolfden shall have first rights of refusal with respect to any claims that are sold, dropped or transferred and a right to an Advance Lithium board seat so long as it maintains a 10% shareholding in the Corporation. Some terms of the agreement remain subject to regulatory approval.

Tab 4: Cashflow Model



Pickett Mountain

	Metric Tonnes	Dilution	Total Tonnes	Diluted Grade	Recovery Factor	Tonnes Processed
Underground Resource Tonnes (Diluted)	4,470,688	10%	4,917,757		85%	4,180,094
Resource Grades (Diluted)						
Zn (%)	9.51%			8.56%		
Cu (%)	1.23%			1.11%		
Pb (%)	3.77%			3.40%		
Au (g/t)	98.67	g/t		88.80 g/t		
Ag (g/t)	0.88	g/t		0.79 g/t		
Processing Rate (tpd)	1,200					

	Unit Value	Year -2	Year -1	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10	Year 11	Year 12	Total
PRODUCTION																
Ore Mined	4,917,757		64,800	367,200	432,000	432,000	432,000	432,000	432,000	432,000	432,000	432,000	292,094	0	0	**4,180,094**
Mined Grades		1,200														
Zinc (%)		15.000	8.43	8.43	8.43	11.79	11.46	11.46	9.04	6.43	6.52	5.93	4.93	-	-	8.56
Copper (%)		80.00	1.52	1.52	1.52	1.01	1.02	1.02	1.03	0.92	0.97	1.08	0.98	-	-	1.11
Lead (%)			3.47	3.47	3.47	4.64	4.53	4.53	3.56	2.48	2.53	2.36	1.89	-	-	3.40
Gold (g/t)			0.80	0.80	0.80	0.92	0.90	0.90	0.78	0.76	0.71	0.65	0.59	-	-	0.79
Silver (g/t)			94.34	94.34	94.34	118.82	116.62	116.62	92.17	65.88	67.44	59.08	50.19	-	-	88.80
Contained Metal																
Zinc (pounds)			12,047,222	68,267,591	80,314,813	112,308,667	109,157,443	109,157,443	86,063,121	61,228,610	62,123,605	56,503,097	31,715,324	0	0	**788,886,934**
Copper (pounds)			2,172,871	12,312,938	14,485,809	9,653,767	9,717,803	9,717,803	9,821,717	8,727,484	9,204,407	10,265,105	6,326,178	0	0	**102,405,882**
Lead (%)			4,962,890	28,123,042	33,085,931	44,207,212	43,162,162	43,162,162	33,908,519	23,620,439	24,109,205	22,432,386	12,183,221	0	0	**312,957,169**
Gold (ounces)			1,669	9,456	11,125	12,810	12,537	12,537	10,836	10,509	9,898	8,982	5,522	0	0	**105,881**
Silver (ounces)			196,541	1,113,730	1,310,271	1,650,262	1,619,795	1,619,795	1,280,132	915,074	936,702	820,506	471,327	0	0	**11,934,135**
Mill Recovery																
Zinc (%)	89.5%		89.5%	89.5%	89.5%	89.5%	89.5%	89.5%	89.5%	89.5%	89.5%	89.5%	89.5%	89.5%	89.5%	
Copper (%)	80.5%		80.5%	80.5%	80.5%	80.5%	80.5%	80.5%	80.5%	80.5%	80.5%	80.5%	80.5%	80.5%	80.5%	
Lead (%)	77.5%		77.5%	77.5%	77.5%	77.5%	77.5%	77.5%	77.5%	77.5%	77.5%	77.5%	77.5%	77.5%	77.5%	
Gold (%)	38.1%		38.1%	38.1%	38.1%	38.1%	38.1%	38.1%	38.1%	38.1%	38.1%	38.1%	38.1%	38.1%	38.1%	
Silver (%)	68.6%		68.6%	68.6%	68.6%	68.6%	68.6%	68.6%	68.6%	68.6%	68.6%	68.6%	68.6%	68.6%	68.6%	
					0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	
Recovered Metal																
Zinc (pounds)			10,782,264	61,099,494	71,881,757	100,516,257	97,695,911	97,695,911	77,026,493	54,799,606	55,600,627	50,570,271	28,385,215	0	0	**706,053,806**
Copper (pounds)			1,749,161	9,911,915	11,661,076	7,771,282	7,822,831	7,822,831	7,906,482	7,025,624	7,409,547	8,263,410	5,092,573	0	0	**82,436,735**
Lead (pounds)			3,846,240	21,795,357	25,641,597	34,260,589	33,450,676	33,450,676	26,279,102	18,305,840	18,684,634	17,385,099	9,441,996	0	0	**242,541,806**
Gold (ounces)			636	3,603	4,239	4,880	4,777	4,777	4,128	4,004	3,771	3,422	2,104	0	0	**40,341**
Silver (ounces)			193,549	1,096,775	898,846	1,132,080	1,111,179	1,111,179	878,171	627,740	642,578	562,867	323,331	0	0	**8,578,294**
Zinc Concentrate Grade (% Zinc)	55.70%		56%	56%	56%	56%	56%	56%	56%	56%	56%	56%	56%	56%	56%	
Zinc Concentrate Produced (tonnes)			8,781	49,757	58,537	81,856	79,559	79,559	62,727	44,626	45,279	41,182	23,116	0	0	**574,980**
Copper Concentrate Grade (% Copper)	24.80%		25%	25%	25%	25%	25%	25%	25%	25%	25%	25%	25%	25%	25%	
Copper Concentrate Produced (tonnes)			3,199	18,129	21,328	14,214	14,308	14,308	14,461	12,850	13,552	15,114	9,314	0	0	**150,778**
Lead Concentrate Grade (% Lead)	51.0%		51%	51%	51%	51%	51%	51%	51%	51%	51%	51%	51%	51%	51%	
Lead Concentrate Produced (tonnes)			3,421	19,385	22,806	30,472	29,751	29,751	23,373	16,281	16,618	15,462	8,398	0	0	**215,718**
Payability of Metal - HG Cu																
Zinc (NSR %)	85%		85%	85%	85%	85%	85%	85%	85%	85%	85%	85%	85%	85%	85%	
Copper (%)	95%		95%	95%	95%	95%	95%	95%	95%	95%	95%	95%	95%	95%	95%	
Lead (NSR%)	95%		95%	95%	95%	95%	95%	95%	95%	95%	95%	95%	95%	95%	95%	
Gold (%)	95%		95%	95%	95%	95%	95%	95%	95%	95%	95%	95%	95%	95%	95%	
Silver (%)	95%		95%	95%	95%	95%	95%	95%	95%	95%	95%	95%	95%	95%	95%	
Silver in Zinc (%)	65%		65%	65%	65%	65%	65%	65%	65%	65%	65%	65%	65%	65%	65%	
Payable Metal																
Zinc (pounds)			9,164,924	51,934,570	61,099,494	85,438,818	83,041,524	83,041,524	65,472,519	46,579,665	47,260,533	42,984,731	24,127,433	0	0	**600,145,735**
Copper (pounds)			1,661,703	9,416,319	11,078,023	7,382,718	7,431,690	7,431,690	7,511,158	6,674,343	7,039,070	7,850,239	4,837,944	0	0	**78,314,898**
Lead (pounds)			3,653,928	20,705,589	24,359,517	32,547,560	31,778,142	31,778,142	24,965,147	17,390,548	17,750,402	16,515,844	8,969,897	0	0	**230,414,715**
Gold (ounces)			604	3,423	4,027	4,636	4,538	4,538	3,922	3,804	3,583	3,251	1,999	0	0	**38,324**
Silver (ounces)			180,822	1,024,659	853,904	1,075,476	1,055,620	1,055,620	834,262	596,353	610,449	534,724	307,164	0	0	**8,129,054**
METAL PRICES																
Zinc (US $ / pound)	$1.15		$1.15	$1.15	$1.15	$1.15	$1.15	$1.15	$1.15	$1.15	$1.15	$1.15	$1.15	$1.15	$1.15	
Copper (US $ / pound)	$3.00		$3.00	$3.00	$3.00	$3.00	$3.00	$3.00	$3.00	$3.00	$3.00	$3.00	$3.00	$3.00	$3.00	
Lead (US $ / pound)	$1.00		$1.00	$1.00	$1.00	$1.00	$1.00	$1.00	$1.00	$1.00	$1.00	$1.00	$1.00	$1.00	$1.00	
Gold (US $ / ounce)	$1,500		1,500	1,500	1,500	1,500	1,500	1,500	1,500	1,500	1,500	1,500	1,500	1,500	1,500	
Silver (US $ / ounce)	$18.00		18	18	18	18	18	18	18	18	18	18	18	18	18	
Exchange Rate (US $ / Cdn. $)	0.77		$0.77	$0.77	$0.77	$0.77	$0.77	$0.77	$0.77	$0.77	$0.77	$0.77	$0.77	$0.77	$0.77	
REVENUE																
Revenue From Metal Sales																
Zinc (US $ / pound)			$10,540,000	$59,725,000	$70,264,000	$98,255,000	$95,498,000	$95,498,000	$75,293,000	$53,567,000	$54,350,000	$49,432,000	$27,747,000	$0	$0	**690,169,000**
Copper (US $ / pound)			$4,985,000	$28,249,000	$33,234,000	$22,148,000	$22,295,000	$22,295,000	$22,533,000	$20,023,000	$21,117,000	$23,551,000	$14,514,000	$0	$0	**$234,944,000**
Lead (US $ / pound)			$3,654,000	$20,706,000	$24,360,000	$32,548,000	$31,778,000	$31,778,000	$24,965,000	$17,391,000	$17,750,000	$16,516,000	$8,970,000	$0	$0	**230,416,000**
Gold (US $ / ounce)			$906,000	$5,134,000	$6,040,000	$6,955,000	$6,807,000	$6,807,000	$5,883,000	$5,706,000	$5,374,000	$4,877,000	$2,998,000	$0	$0	**57,487,000**
Silver (US $ / ounce)			$3,255,000	$18,444,000	$15,370,000	$19,359,000	$19,001,000	$19,001,000	$15,017,000	$10,734,000	$10,988,000	$9,625,000	$5,529,000	$0	$0	**146,323,000**
TOTAL SALES REVENUE			**$23,340,000**	**$132,258,000**	**$149,268,000**	**$179,265,000**	**$175,379,000**	**$175,379,000**	**$143,691,000**	**$107,421,000**	**$109,579,000**	**$104,001,000**	**$59,758,000**	**$0**	**$0**	**$1,359,339,000**
ROYALTIES														**$0**	**$0**	**$0**
OPERATING COSTS																
Underground Mining	$53.42		$3,461,850	$19,617,150	$23,079,000	$23,078,993	$23,079,000	$23,079,000	$23,079,000	$23,079,000	$23,079,000	$23,079,000	$15,604,716	$0	$0	**$223,315,706**
Processing	$31.25		$2,025,000	$11,475,000	$13,500,000	$13,499,996	$13,500,000	$13,500,000	$13,500,000	$13,500,000	$13,500,000	$13,500,000	$9,127,938	$0	$0	**$130,627,934**
Dry Stack Placement of Tailings	$1.30		$84,096	$476,544	$560,640	$560,640	$560,640	$560,640	$560,640	$560,640	$560,640	$560,640	$379,073	$0	$0	**$5,424,833**
Surface Services	$1,000,000		$1,000,000	$1,000,000	$1,000,000	$1,000,000	$1,000,000	$1,000,000	$1,000,000	$1,000,000	$1,000,000	$1,000,000	$1,000,000			**$11,000,000**
General and Administration	$3,323,000			$3,323,000	$3,323,000	$3,323,000	$3,323,000	$3,323,000	$3,323,000	$3,323,000	$3,323,000	$3,323,000	$3,323,000			**$33,230,000**
Environmental and Sustainable Development	$2.10		$136,080	$771,120	$907,200	$907,200	$907,200	$907,200	$907,200	$907,200	$907,200	$907,200	$613,397	$279,474	$190,274	**$9,247,944**
TOTAL OPERATING COSTS			$6,707,026	$36,662,814	$42,369,840	$42,369,828	$42,369,840	$42,369,840	$42,369,840	$42,369,840	$42,369,840	$42,369,840	$30,048,124	$279,474	$190,274	**$412,846,417**
OPERATING CASHFLOW			**$16,632,974**	**$95,595,186**	**$106,898,160**	**$136,895,172**	**$133,009,160**	**$133,009,160**	**$101,321,160**	**$65,051,160**	**$67,209,160**	**$61,631,160**	**$29,709,876**	**-$279,474**	**-$190,274**	**$946,492,583**
SMELTER CONTRACT CHARGES																
Concentrate Transportation	$40.00		$616,000	$3,491,000	$4,107,000	$5,062,000	$4,945,000	$4,945,000	$4,022,000	$2,950,000	$3,018,000	$2,870,000	$1,633,000	$0	$0	**$37,659,000**
Zinc Smelter	$250.00		$2,195,000	$12,439,000	$14,634,000	$20,464,000	$19,890,000	$19,890,000	$15,682,000	$11,157,000	$11,320,000	$10,296,000	$5,779,000	$0	$0	**$143,746,000**
Copper Smelter	$105.00		$336,000	$1,904,000	$2,239,000	$1,492,000	$1,502,000	$1,502,000	$1,518,000	$1,349,000	$1,423,000	$1,587,000	$978,000	$0	$0	**$15,830,000**
Lead Smelter	$275.00		$941,000	$5,331,000	$6,272,000	$8,380,000	$8,182,000	$8,182,000	$6,428,000	$4,477,000	$4,570,000	$4,252,000	$2,309,000	$0	$0	**$59,324,000**
Refining - Copper ($US / pound)	$0.07		$0	$1,000	$1,000	$1,000	$1,000	$1,000	$1,000	$1,000	$1,000	$1,000	$1,000	$0	$0	**$10,000**
Refining - Silver $/oz.)	$0.50		$90,411	$512,330	$426,952	$537,738	$527,810	$527,810	$417,131	$298,177	$305,224	$267,362	$153,582	$0	$0	**$4,064,527**
Refining Gold	$5.00		$3,020	$17,114	$20,134	$23,182	$22,689	$22,689	$19,610	$19,019	$17,913	$16,256	$9,993	$0	$0	**$191,618**
Assaying Insurance & Marketting ($/dmt)	$10.00		$154,007	$872,708	$1,026,716	$1,265,416	$1,236,187	$1,236,187	$1,005,610	$737,578	$754,492	$717,586	$408,279	$0	$0	**$9,414,767**
TOTAL SMELTER CONTRACT COSTS			**$4,335,439**	**$24,568,152**	**$28,726,801**	**$37,225,335**	**$36,306,686**	**$36,306,686**	**$29,093,351**	**$20,988,773**	**$21,409,630**	**$20,007,204**	**$11,271,854**	**$0**	**$0**	**$270,239,912**
Less : Federal (21%) & State Taxes	21%						$15,794,394.69	$17,784,586.87	$13,079,196.42	$6,061,038.21	$7,011,013.07	$5,874,327.78	$3,762,751.67			**$69,367,309**
CASH FLOW AFTER TAX			**$12,297,536**	**$71,027,035**	**$78,171,359**	**$99,669,836**	**$80,908,079**	**$78,917,887**	**$59,148,613**	**$38,001,349**	**$38,788,518**	**$35,749,629**	**$14,675,270**	**-$279,474**	**-$190,274**	**$606,885,363**
CAPITAL EXPENDITURES																
Underground Development		6,745,987	14,689,701	15,533,815	15,236,152	9,381,831	8,453,491	8,535,734	4,734,586	1,468,628	1,468,628	1,174,903				**$87,423,456**
Mine Facilities and Equipment		$3,214,351	$6,953,154	$4,417,577	$1,794,115	$809,788	$0									**$17,188,986**
Mine Equipment Leasing and Remanufacturing		$987,430	$987,430	$3,175,078	$3,175,078	$3,175,078	$2,187,648	$2,187,648		$1,376,923						**$17,252,313**
Infrastructure		$10,000,000	$10,652,000													**$20,652,000**
Surface Mobile Equipment			$1,000,000													**$1,000,000**
Tailings Storage Facility			$2,406,171	$247,860	$1,176,509	$1,528,449	$1,176,509	$1,528,449	$1,176,509	$1,528,449	$1,176,509	$1,528,449	$0			**$13,473,863**
Build and equip mill		$9,000,000	$25,581,000													**$34,581,000**
Water Treatment Plant		10,000,000														**$10,000,000**
Owners Indirects		$2,217,000	$4,116,000													**$6,333,000**
Reclamation and Closure		$13,644,688														**$13,644,688**
Working Capital			$12,221,000										-$12,221,000			**$0**
Contingency @ 20%		$11,161,891	$15,721,291													**$26,883,182**
TOTAL CAPITAL EXPENDITURES		**66,971,347**	**$94,327,746**	**$23,374,330**	**$21,381,854**	**$14,895,147**	**$11,817,648**	**$12,251,832**	**$5,911,095**	**$4,374,001**	**$2,645,137**	**$2,703,352**	**-$12,221,000**	**$0**	**$0**	**$248,432,488**
ANNUAL PRE-TAX CASH FLOW		**-66,971,347**	**-82,030,210**	**47,652,705**	**56,789,505**	**84,774,689**	**84,884,826**	**84,450,642**	**66,316,715**	**39,688,387**	**43,154,394**	**38,920,605**	**$30,659,022**	**-$279,474**	**-$190,274**	**$427,820,184**
CUMULATIVE PRE-TAX CASH FLOW		**-66,971,347**	**-149,001,557**	**-101,348,852**	**-44,559,348**	**40,215,342**	**125,100,167**	**209,550,810**	**275,867,524**	**315,555,911**	**358,710,304**	**397,630,909**	**$428,289,931**	**$428,010,457**	**$397,440,635**	
ANNUAL AFTER-TAX CASH FLOW		**-66,971,347**	**-82,030,210**	**47,652,705**	**56,789,505**	**84,774,689**	**69,090,431**	**66,666,055**	**53,237,518**	**33,627,348**	**36,143,381**	**33,046,277**	**$26,896,270**	**-$279,474**	**-$190,274**	**$358,452,875**
CUMULATIVE AFTER-TAX CASH FLOW		**-66,971,347**	**-$149,001,557**	**-$101,348,852**	**-$44,559,348**	**$40,215,342**	**$109,305,773**	**$175,971,828**	**$229,209,346**	**$262,836,695**	**$298,980,075**	**$332,026,352**	**$358,922,622**	**$358,643,149**	**$331,836,078**	

PRE-TAX NPV	
Discounted at 5 % / year	$276,028,000
Discounted at 8 % / year	$212,068,000
Discounted at 15 % / year	$111,785,000
PRE-TAX IRR	34%
AFTER-TAX NPV	
Discounted at 5 % / year	$229,010,000
Discounted at 8% / year	$174,378,000
Discounted at 15 % / year	$88,574,000
AFTER-TAX IRR	32%

Master Spreadsheet Tabs

All tabs feed into the master cash flow model (Tab 4)

1. Smelter Terms – Sales and smelting terms submitted by interested metals purchaser.
2. Production Schedule – Schedule that identifies the production rate by year and associated metal grades/values.
3. Production Mining Costs – Cost construction table for all mining activities. Generated using quotes and industry experience by A-Z mining consultants.
4. **Cashflow Model** – Summary of ore production, recovery, concentrate sales, capital costs, operating costs, and cash flow. See detail on page 1.
5. Underground Infrastructure – Underground capital infrastructure costs generated by A-Z mining consultants using similar examples and experience.
6. Closure – Details related to closure and reclamation cost as well as details related to worst case trust fund.
7. TSF Costing by Year – Annual cost details for operating the Tailings Management Facility (TMF).
8. Infrastructure – Cost details related to capital infrastructure on surface.
9. Owners Costs – Summary of general administration costs and other corporate costs associated to the project.
10. G&A – Details related to general and administration costs including salaried payroll.
11. Mill Capital – Capital costs for the concentrator.
12. Environmental Summary – Table summarizing all environmental cost inputs including monitoring and sampling.
13. Dry Stack Capex and Opex – Cost details related to filter pressing, placing and compacting tailings on the TMF.
14. TSF Costing (Total) – Capital Cost to construct the Tailings Management Facility including all liners, earthworks, etc.
15. Development and Labour Costs – Details related to mining consumables, supplies and labour costs.
16. Development Schedule – Development details by year.
17. Baseline Sampling Backup – Details related to annual environmental sampling programs and costs.
18. Equipment Leasing – Mining heavy equipment details including the number of units, costs and payment schedule.
19. Consumables – Operating consumables costs related to mining heavy equipment.
20. Power Costs – Electricity costs related to mining operations broken down by major consumers.
21. Services Equipment – Annual fuel, maintenance and tire costs for mining heavy equipment.
22. Atkinson's Calculations – Calculation tab used to calculate restrictive losses throughout the ventilation systems.
23. Heating Costs – Costing calculations related to heating the mine air during winter months.
24. UG Electrical – Capital and operating costs related to electrical equipment underground. Including all cabling, electrical substations, and electrician's tools.
25. Labour Rates – Details related to Mining, Technical, Maintenance and Supervision personnel.