REGENCY SILVER CORP.

CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020

(Expressed in Canadian Dollars)

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INDEPENDENT AUDITORS' REPORT

To the Shareholders and Directors of Regency Silver Corp.

Opinion

We have audited the consolidated financial statements of Regency Silver Corp. and its subsidiaries (the "Company") which comprise the consolidated statements of financial position as at December 31, 2021 and 2020, and the consolidated statements of loss and comprehensive loss, changes in shareholders' equity and cash flows for the years then ended, and the related notes comprising a summary of significant accounting policies and other explanatory information (together, the "Financial Statements").

In our opinion, the accompanying Financial Statements present fairly, in all material respects, the financial position of the Company as at December 31, 2021 and 2020, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board.

Basis for Opinion

We conducted our audits in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audits of the Financial Statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of Matter - Material Uncertainty Related to Going Concern

We draw attention to Note 2 of the accompanying Financial Statements, which describes matters and conditions that 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.

Other Information

Management is responsible for the other information, which comprises the information included in the Company's Management Discussion & Analysis to be filed with the relevant Canadian securities commissions.

Our opinion on the 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 Financial Statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the Financial Statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

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

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

Management is responsible for the preparation and fair presentation of the Financial Statements in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board, and for such internal control as management determines is necessary to enable the preparation of Financial Statements that are free from material misstatement, whether due to fraud or error.

In preparing the Financial Statements, management is responsible for assessing the 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.

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

- Identify and assess the risks of material misstatement of the Financial Statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the 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 auditors' report to the related disclosures in the Financial Statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the Financial Statements, including the disclosures, and whether the Financial Statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the 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.

The engagement partner on the audit resulting in this independent auditors' report is Fernando J. Costa.

Manning Elliott LLP

CHARTERED PROFESSIONAL ACCOUNTANTS
Vancouver, Canada
April 29, 2022

Regency Silver Corp.
Consolidated Statements of Financial Position
(Expressed in Canadian dollars)

	Note		December 31, 2021		December 31, 2020
ASSETS					
Current Assets					
Cash		$	1,478	$	12,798
Amounts receivable			67,492		37,311
Prepaid expenses			10,000		14,384
			78,970		64,493
Non-current Assets					
Deposit			10,000		10,000
Exploration and evaluation assets	5		1,005,882		1,155,179
TOTAL ASSETS		**$**	**1,094,852**	**$**	**1,229,672**
LIABILITIES					
Current Liabilities					
Accounts payable and accrued liabilities	8	$	458,156	$	269,177
Note payable	7		53,750		-
			511,906		269,177
SHAREHOLDERS' EQUITY					
Share capital	6		4,718,756		3,989,231
Reserves	6		7,379		7,379
Accumulated deficit			(4,143,189)		(3,036,115)
Total shareholders' equity			582,946		960,495
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		**$**	**1,094,852**	**$**	**1,229,672**

Nature of operations – Note 1
Going concern – Note 2
Contingency – Note 12
Commitments – Note 13
Subsequent events – Note 16

Approved on behalf of the Board of Directors:

"Gijsbert Groenewegen", Director

"Bruce Bragagnolo", Director

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

Regency Silver Corp.
Consolidated Statements of Loss and Comprehensive Loss
(Expressed in Canadian dollars)

	Note		Years ended December 31, 2021		December 31, 2020
EXPENSES					
Consulting	8	$	30,000	$	15,300
Exchange and filing fees			19,198		13,107
Management fees	8		237,446		202,247
Office			135,792		128,977
Professional fees			328,792		284,488
Rent			20,278		15,666
Share-based payments			-		124,900
Travel			-		732
			(771,506)		(785,417)
OTHER ITEMS					
Impairment of exploration and evaluation assets	5		(303,125)		-
Interest expense	7		(8,750)		-
Foreign exchange			(23,693)		23,765
LOSS AND COMPREHENSIVE LOSS		$	(1,107,074)	$	(761,652)
Loss per share, basic and diluted		$	(0.02)	$	(0.02)
Weighted average number of common shares outstanding			**47,962,619**		**38,555,653**

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

Regency Silver Corp.
Consolidated Statements of Changes in Shareholders' Equity
(Expressed in Canadian dollars)

		Share Capital					
	Note	Number	Amount	Subscriptions received in advance	Reserves	Deficit	Total
			$	$	$	$	$
Balance, December 31, 2019		**31,776,201**	**2,861,060**	**22,500**	**-**	**(2,274,463)**	**609,097**
Shares issued in private placement	**6**	9,345,000	884,600	(22,500)	-	-	862,100
Share issuance costs	**6**	-	(31,329)	-	7,379	-	(23,950)
Shares issued for services	**6**	1,500,000	150,000	-	-	-	150,000
Share based payments	**6**	1,250,000	124,900	-	-	-	124,900
Net loss for the year		-	-	-	-	(761,652)	(761,652)
Balance, December 31, 2020		**43,871,201**	**3,989,231**	**-**	**7,379**	**(3,036,115)**	**960,495**
Shares issued in private placement	**6**	5,782,167	752,325	-	-	-	752,325
Share issuance costs	**6**	-	(22,800)	-	-	-	(22,800)
Net loss for the year		-	-	-	-	(1,107,074)	(1,107,074)
Balance, December 31, 2021		**49,653,368**	**4,718,756**	**-**	**7,379**	**(4,143,189)**	**582,946**

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

Regency Silver Corp.
Consolidated Statements of Cash Flows
(Expressed in Canadian dollars)

	Years ended December 31, 2021	December 31, 2020
OPERATING ACTIVITIES:		
Net loss	$ (1,107,074)	$ (761,652)
Items not affecting cash:		
Share-based payments	-	124,900
Impairment of exploration and evaluation assets	303,125	-
Interest expense not paid in cash	3,750	-
Net changes in non-cash working capital items:		
Amounts receivable	(30,181)	(30,092)
Prepaid expenses	4,384	(14,384)
Accounts payable and accrued liabilities	188,979	58,307
Cash used in operating activities	(637,017)	(622,921)
INVESTING ACTIVITIES		
Exploration and evaluation assets	(153,828)	(227,466)
Cash used in investing activities	(153,828)	(227,466)
FINANCING ACTIVITIES		
Proceeds received from issuance of note	50,000	-
Proceeds from issuance of common shares, net of issuance costs	729,525	860,650
Cash provided by financing activities	779,525	860,650
Change in cash	(11,320)	10,263
Cash, beginning of year	12,798	2,535
Cash, end of year	**$ 1,478**	**$ 12,798**

Supplemental disclosure with respect to cash flows - Note 14

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

1. NATURE OF OPERATIONS

Regency Silver Corp. (the "Company") was incorporated on March 23, 2017 under the laws of the Province of British Columbia, Canada, and its principal activity is the identification, evaluation, acquisition and exploration of mineral properties in Mexico and Peru. The corporate head office, principal address and registered and records offices of the Company are located at Suite 1100, 570 Granville Street, Vancouver, British Columbia, V6C 3P1, Canada.

The recoverability of amounts shown as exploration and evaluation assets is dependent upon the discovery of economically recoverable reserves, the Company's ability to obtain financing to develop the properties and the ultimate realization of profits through future production or sale of the properties. Realized values may be substantially different than carrying values as recorded in these consolidated financial statements.

In March 2020 the World Health Organization declared coronavirus COVID-19 a global pandemic. This contagious disease outbreak, which has continued to spread, and any related adverse public health developments, has adversely affected workforces, economies, and financial markets globally, potentially leading to an economic downturn. At this point, the impact on the Company has been minimal. The Company continues to monitor the situation and is taking all necessary precautions in order to follow rules and best practices as set out by the federal and provincial governments.

The Company completed an initial public offering ("IPO") as further described in note 16.

2. GOING CONCERN

These consolidated financial statements are presented on a going concern basis, which assumes the Company will continue to realize its assets and discharge its liabilities in the normal course of operations. There are conditions and events that cast significant doubt on the validity of this assumption. The Company has a working capital deficit at December 31, 2021 of $432,936 (December 31, 2020 – $204,684) and an accumulated deficit of $4,143,189 (December 31, 2020 - $3,036,115). The Company has no source of revenue and does not have sufficient cash resources to meet its administrative overhead. The Company does not generate cash flows from operations and has therefore relied principally on the issuance of equity securities to finance its operation activities to the extent that such instruments are issuable under terms acceptable to the Company. If future financing is unavailable, the Company may not be able to meet its ongoing obligations, in which case the realizable values of its assets may decline materially from current estimates. These material uncertainties may cast significant doubt as to the ability of the Company to continue as a going concern. The consolidated financial statements do not include any adjustments to the amounts and classification of assets and liabilities that might be necessary should the Company be unable to continue operations.

Although the Company has been successful in the past in obtaining financing, there can be no assurances that the Company will continue to obtain the additional financial resources necessary and/or achieve profitability or positive cash flows from its future operations. If the Company is unable to obtain adequate additional financing, the Company would be required to curtail its planned operations, and exploration and development activities.

3. BASIS OF PRESENTATION

These consolidated financial statements have been prepared on a historical cost basis. In addition, these consolidated financial statements have been prepared using the accrual basis of accounting, except for cash flow information. The accounting policies below have been applied to all periods presented in these consolidated financial statements and are based on International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and Interpretations of the International Financial Reporting Interpretation Committee ("IFRIC").

These consolidated financial statements were authorized for issue by the Board of Directors on April 29, 2022.

3.1. Basis of Consolidation

These consolidated financial statements include the financial statements of the Company and its wholly-owned subsidiaries, Regency Silver S.A. de C.V., incorporated and located in Mexico ("Regency Mexico") and Regency Mining SAC, incorporated and located in Peru ("Regency Peru"). All significant intercompany transactions and balances have been eliminated on consolidation.

3.2. Significant judgments, estimates and assumptions

The preparation of the Company's consolidated financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. Estimates and assumptions are continually evaluated and are based on management's experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Actual results could differ from these estimates.

Functional currency
Determination of an entity's functional currency involves judgment taking into account the transactions, events, and conditions relevant to the entity. Determination of functional currency involves evaluating evidence about the primary economic environment in which the entity operations and is re-evaluated when facts and circumstances indicate that conditions have changed.

Going concern
The assessment of the Company's ongoing viability as an operating entity and determination of the related disclosures require significant judgment. The assumption that the Company will be able to continue as a going concern is subject to critical judgments by management with respect to assumptions surrounding the short and long-term operating budget, expected profitability, investing and financing activities and management's strategic planning. Should those judgments prove to be inaccurate, management's continued use of the going concern assumption could be inappropriate.

Impairment of exploration and evaluation assets
The Company is required to make significant judgments regarding the capitalization of the costs incurred in respect to its exploration and evaluation assets. The Company is also required to make significant judgments on the ongoing feasibility of mineral exploration, and whether there are indicators

that the development of a specific area is unlikely, and exploration and evaluation assets should be impaired.

Critical Accounting Estimates

Income Taxes
The determination of income tax is inherently complex and requires making certain estimates and assumptions about future events. While income tax filings are subject to audits and reassessments, the Company has adequately provided for all income tax obligations. However, changes in facts and circumstances as a result of income tax audits, reassessments, jurisprudence and any new legislation may result in an increase or decrease in our provision for income taxes.

Provision for Litigation
Management has assessed the future obligation of the Company in relation to the claim disclosed in Note 12. Provisions are measured at their best estimate (including risks and uncertainties) of the expenditure required to settle the present obligation, and reflects the present value of expenditures required to settle the obligation where the time value of money is material. As of the date of these financial statements, uncertainty exists relating to the timing and amounts of any possible cash settlements. Accordingly, management has not recorded a provision in these consolidated financial statements for the claim.

Valuation of share-based compensation
The Company uses the Black-Scholes option pricing model for valuation of share-based. Option pricing models require the input of subjective assumptions including expected price volatility, interest rate, and forfeiture rate. Changes in input assumptions can materially affect the fair value estimate and the Company's earnings and equity reserves. Common shares issued for compensation are valued based on the most recent third-party financing values.

4. SIGNIFICANT ACCOUNTING POLICIES

4.1 Exploration and Evaluation Assets

(i) Pre-license costs:

Costs incurred before the Company has obtained the legal right to explore are expensed as incurred.

(ii) Exploration and evaluation costs:

Once the legal right to explore has been acquired, exploration and evaluation expenditures are capitalized as incurred, unless future economic benefit is not expected to be realized. The Company capitalizes, on a property by property basis, the costs of acquiring, maintaining its interest in, and exploring and evaluating mineral properties until such time as the lease expires, it is abandoned, sold or considered impaired in value. Indirect administrative costs are expensed as incurred. Exploration and evaluation properties are not depreciated during the exploration and evaluation stage. From time to time, the Company may acquire or dispose of properties pursuant to the terms of the option agreements. Due to the fact that the options are exercisable entirely at the discretion of the optionee, the amounts payable or receivable are not accrued, but rather recorded when payment is made or received.

Recovery of capitalized costs is dependent on successful development of economic mining operations or the disposition of the related mineral property.

Although the Company has taken steps to verify title to mineral properties in which it has an interest, these procedures do not guarantee the Company's title. Such properties may be subject to prior agreements or transfers, non-compliance with regulatory requirements or title may be affected by undetected defects.

4.2 Decommissioning and Restoration

The Company is subject to various governmental laws and regulations relating to the protection of the environment. The environmental regulations are continually changing and are generally becoming more restrictive.

Decommissioning and restoration obligations encompass legal, statutory, contractual or constructive obligations associated with the retirement of a long-lived tangible asset (for example, mine reclamation costs) that results from the acquisition, construction, development and/or normal operation of a long-lived asset. The retirement of a long-lived asset is reflected by an other-than-temporary removal from service, including sale of the asset, abandonment or disposal in some other manner.

The fair value of a liability for decommissioning and restoration is recorded in the period in which the obligation first arises. The Company records the estimated present value of future cash flows associated with site closure and reclamation as a long-term liability and increases the carrying value of the related assets for that amount. Over time, the liability is increased to reflect an interest element in the estimated future cash flows (accretion expense) considered in the initial measurement of fair value. The capitalized cost is depreciated on either the unit-of-production basis or the straight-line basis, as appropriate. The Company's estimates of its provision for decommissioning and restoration obligations could change as a result of changes in regulations, changes to the current market-based discount rate, the extent of environmental remediation required, and the means of reclamation or cost estimates. Changes in estimates are accounted for in the period in which these estimates are revised.

As at December 31, 2021 and 2020, the Company has determined that it does not have any decommissioning and restoration obligations related to current or former operations.

4.3 Impairment of exploration and evaluation assets

Management reviews the carrying values of its exploration and evaluation assets on an annual basis, or when an impairment indicator exists, to determine whether an impairment should be recognized. In making its assessment, management considers, among other things, exploration results to date and future exploration plans for a particular property. In addition, acquisition costs related to relinquished property rights are written off in the period of relinquishment. Capitalized acquisition costs in respect of the Company's exploration and evaluation assets may not be recoverable and there is a risk that these costs may be written down in future periods. Impairment is charged through profit or loss.

The recoverability of amounts shown as exploration and evaluation assets is dependent upon the discovery of economically recoverable reserves, the Company's ability to obtain financing to develop the properties, and the ultimate realization of profits through future production or sale of the properties.

Where 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 to an amount that 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.

4.4 Functional Currency

The functional currency is the currency of the primary economic environment in which an entity operates and may differ from the currency in which the entity enters transactions. The reporting currency of the Company is the Canadian dollar. The functional currency of Company and its subsidiaries is the Canadian dollar.

Transactions in currencies other than the functional currency are translated to the functional currency at exchange rates prevailing on the dates of the transactions. Monetary assets and liabilities that are denominated in currencies other than the functional currency are translated to the functional currency using the exchange rate prevailing on the date of the consolidated statement of financial position, while non-monetary assets and liabilities are translated at historical rates.

Exchange gains and losses arising from the translation of foreign currency-denominated transactions or balances are recorded in profit or loss in the period in which they occur.

4.5 Provisions

Liabilities are recognized when the Company has a present obligation (legal or constructive) that has arisen as a result of a past event and it is probable that a future outflow of resources will be required to settle the obligation, provided that a reliable estimate can be made of the amount of the obligation. A provision is a liability of uncertain timing or amount.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects the current market assessments of the time value of money and the risk specific to the obligation. The increase in the provision due to the passage of time is recognized as a financing expense.

4.6 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 tax assets and 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 is based on tax rates and tax laws that have been enacted or substantively enacted by the end of the reporting period.

Deferred taxes are based on temporary differences between the carrying amounts of assets and liabilities and their tax bases. 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 taxable profit or accounting profit. Deferred tax liabilities on temporary differences associated with shares in subsidiaries and joint ventures is not provided for if reversal of these temporary differences can be controlled by the Company and it is probable that reversal will not occur in the foreseeable future.

Deferred tax assets and liabilities are measured using substantively enacted tax rates expected to apply to taxable income in the years in which those temporary differences are likely to reverse. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in profit or loss in the period that includes the substantive enactment date. Deferred tax assets are recognized for all temporary differences, carry-forward of unused tax credits and unused tax losses to the extent that it is probable that future taxable profits will be available against which they can be utilized.

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 assets and liabilities are offset only when the Company has a right and intention to offset current tax assets and liabilities from the same taxation authority and the deferred tax assets and liabilities relate to income taxes levied by the same taxation authority on either the same entity or different entities which intend to settle current tax assets and liabilities on a net basis or simultaneously in each future period in which significant amounts of deferred tax assets or liabilities are expected to be recovered or settled.

Changes in deferred tax assets or liabilities are recognized as a component of 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.

4.7 Share capital

The Company records proceeds from share issuances net of issue costs and any tax effects in shareholders' equity. Common shares issued for consideration other than cash are valued based on their market value at the date the shares were granted. Common shares held by the Company are classified as treasury stock and recorded as a reduction to shareholders' equity.

The Company has adopted a residual value method with respect to the measurement of shares and warrants issued as private placement units. The residual value method first allocates value to the more easily measurable component based on fair value and then the residual value, if any, to the less easily measurable component. The Company considers the fair value of common shares issued in private placements to be the more easily measurable component of unit offerings and the common shares are valued at their fair value, as determined by the closing quoted bid price on the announcement date. The balance, if any, is allocated to any attached warrants or other features. Any fair value attributed to warrants is recorded as reserves.

4.8 Share-based Payments

Share-based payment arrangements in which the Company receives goods or services as consideration for its own equity instruments are accounted for as equity-settled transactions and, when determinable, are recorded at the value of the goods and services received. If the value of the goods and services received is not determinable, then the fair value of the share-based payment is used.

The Company uses a fair value-based method (Black-Scholes Option Pricing Model) for all share options granted to directors, employees and certain non-employees. For directors and employees, the fair value of the share options is measured at the date of grant. For grants to non-employees where the fair value of the goods or services is not determinable, the fair value of the share options is measured on the date the services are received.

The fair value of share-based payments is charged either to profit or loss or exploration and evaluation properties, with the offsetting credit to reserves. For directors, employees and consultants, the share options are recognized over the vesting period based on the best available estimate of the number of share options expected to vest. If options vest immediately, the expense is recognized when the options are issued. 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 where vested. For non-employees, the share options are recognized over the related service period. When share options are exercised, the amounts previously recognized in reserves are transferred to share capital.

In the event share options are forfeited prior to vesting, the associated fair value recorded to date is reversed. The fair value of any vested share options that expire remain in reserves.

4.9 Related Party Transactions

Parties are related if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions. Parties are also considered to be related if they are subject to common control or common significant influence. Related parties may be individuals or corporate entities. A transaction is a related party transaction when there is a transfer of resources or obligations between related parties. Related party transactions that are in the normal course of business and have commercial substance are measured at the exchange amount.

4.10 Earnings (Loss) per Share

Basic earnings (loss) per share is computed by dividing net income (loss) (the numerator) by the weighted average number of outstanding common shares for the period (denominator). In computing diluted earnings per share, an adjustment is made for the dilutive effect of outstanding share options, warrants and other convertible instruments. In the periods when the Company reports a loss, the effect of potential issuances of shares under share options and other convertible instruments is anti-dilutive. Therefore, basic and diluted loss per share are the same. When diluted earnings per share is calculated, only those share options and other convertible instruments with exercise prices below the average trading price of the Company's common shares for the period will be dilutive.

4.11 Financial Instruments

(i) Classification

The Company classifies its financial instruments in the following categories: at fair value through profit or loss ("FVTPL"), at fair value through other comprehensive income (loss) ("FVTOCI") or at amortized cost. The Company determines the classification of financial assets at initial recognition. The classification of debt instruments is driven by the Company's business model for managing the financial assets and their contractual cash flow characteristics. Equity instruments that are held for trading are classified as FVTPL. For other equity instruments, on the day of acquisition the Company can make an irrevocable election (on an instrument-by-instrument basis) to designate them as at FVTOCI. Financial liabilities are measured at amortized cost, unless they are required to be measured at FVTPL (such as instruments held for trading or derivatives) or if the Company has opted to measure them at FVTPL.

(ii) Measurement

Financial assets and liabilities at amortized cost are initially recognized at fair value plus or minus transaction costs, respectively, and subsequently carried at amortized cost less any impairment. Financial assets and liabilities carried at FVTPL are initially recorded at fair value and transaction costs are expensed in profit or loss. Realized and unrealized gains and losses arising from changes in the fair value of the financial assets and liabilities held at FVTPL are included in profit or loss in the period in which they arise. Financial assets and liabilities carried at FVTOCI are initially recorded at fair value. Unrealized gains and losses arising from changes in the fair value of the financial assets and liabilities held at FVOCI are included in compressive income or loss in the period in which they arise.

(iii) Impairment of financial assets at amortized cost

The Company recognizes a loss allowance for expected credit losses on financial assets that are measured at amortized cost. At each reporting date, the Company measures the loss allowance for the financial asset at an amount equal to the lifetime expected credit losses if the credit risk on the financial asset has increased significantly since initial recognition. If at the reporting date, the financial asset has not increased significantly since initial recognition, the Company measures the loss allowance for the financial asset at an amount equal to the twelve month expected credit losses. The Company shall recognize in profit or loss, as an impairment gain or loss, the amount of expected credit losses (or reversal) that is required to adjust the loss allowance at the reporting date to the amount that is required to be recognized.

(iv) Derecognition

The Company derecognizes financial assets only when the contractual rights to cash flows from the financial assets expire, or when it transfers the financial assets and substantially all of the associated risks and rewards of ownership to another entity. Gains and losses on derecognition are generally recognized in profit or loss.

4.12 Share Issuance Costs

Share issuance costs, which include commissions, facilitation payments, professional fees and regulatory fees, are charged directly to share capital.

(Expressed in Canadian dollars)

4.13 Comprehensive Income (Loss)

Total comprehensive income comprises all components of profit or loss and other comprehensive income. Other comprehensive income includes items such as gains and losses on re-measuring available-for-sale financial assets and the effective portion of gains and losses on hedging instruments in a cash flow hedge.

4.14 Accounting standards and amendments issued but not yet adopted

The Company has performed an assessment of new standards issued by the IASB that are not yet effective and has determined that any new standards that have been issued would have no or very minimal impact on the Company's consolidated financial statements.

5. EXPLORATION AND EVALUATION ASSETS

A continuity of the Company's exploration and evaluation assets is as follows:

	Dios Padre	El Tule	Total Expenditures
	$	$	$
Balance, December 31, 2019	**773,845**	**152,368**	**926,213**
Acquisition cost	34,468	61,663	96,131
Assaying	5,483	-	5,483
Consulting and professional fees	52,573	9,952	62,525
Geologist fees	8,883	-	8,883
Property taxes and payments	33,687	18,217	51,904
Other payments	4,040	-	4,040
Balance, December 31, 2020	**912,979**	**242,200**	**1,155,179**
Acquisition cost	38,191	52,233	90,424
Consulting and professional fees	30,218	763	30,981
Property taxes and payments	24,297	8,126	32,423
Impairment of exploration and evaluation assets	-	(303,125)	(303,125)
Balance, December 31, 2021	**1,005,685**	**197**	**1,005,882**

Dios Padre Property, Mexico

The Company's subsidiary, Regency Mexico, entered into an Option to Purchase and Promise to Assignment Agreement dated November 27, 2017 ("Option Agreement"), subsequently amended, with Minera Pena Blanca, S.A. de C.V. ("Minera Pena"), pursuant to which Regency Mexico was granted an option to purchase 100% title to the mineral concessions comprising the Dios Padre mineral property located in Yecora, Sonora, Mexico in consideration of:

1. the payment of US$145,000 plus Value-Added Tax ("VAT") as follows:
   - US$25,000 on the date of signing (paid);
   - US$30,000 on or before November 27, 2018 (paid);
   - US$30,000 on or before November 27, 2019 (paid);

- US$30,000 on or before November 27, 2020 (paid); and
- US$30,000 on or before November 27, 2021 (paid).

2. incurring aggregate exploration expenditures of not less than US$1,000,000 as follows:
   - US$250,000 on or before November 27, 2018; (incurred)
   - US$500,000 on or before November 27, 2021 (extended – see disclosure below);
   - US$250,000 on or before April 30, 2022 (extended – see disclosure below).

Pursuant to the Option Agreement, Minera Pena will retain a 3% net smelter return royalty, 2% of which can be purchased by the Company for US$1.5 million. Minera Pena may be obligated to pay an underlying 2.5% net smelter return royalty in favour of a third party. In the event the underlying royalty is valid, Regency may not be able to reduce the NSR to 1%. The Dios Padre Property is also subject to advance minimum royalty payments of US$100,000 due January 1st of each year, payable by Minera Pena to third parties.

During the four-year option period, Regency Mexico is required to maintain all concessions in good standing including making tax payments and filing proper documents with the Dirección General de Minas (DGM). The Option Agreement also stipulates a two km Area of Influence requiring that any third-party concession(s) acquired by Minera Pena by filing or contract be made a part of the Option Agreement. Within this Area of Influence, however, Regency Mexico is not obligated to make any concessions they acquire part of the Option Agreement.

The Option Agreement was amended by an extension agreement dated September 1, 2019 (the "**Extension Agreement**") wherein Minera Pena granted Regency Mexico an extension until November 27, 2020, for the balance of the aggregate exploration expenditures originally due by November 27, 2019. As consideration for the extension, the Company issued 250,000 common shares.

The Option Agreement was further amended by extension agreements dated November 24, 2020, June 10, 2021, October 12, 2021, and February 15, 2022 (collectively, the "Amended Extension Agreements") wherein Minera Pena granted Regency Mexico an extension until June 30, 2022, for the expenditure of the balance of US$500,000 in aggregate exploration expenditures. In addition, the time for the expenditure of the balance of US$250,000 in exploration expenditures due by February 28, 2022, was extended until April 30, 2023. As consideration for the extensions, the Company has agreed to pay the sum of US$20,000 to Minera Pena on the earlier of the date which is 10 days from the listing of the Company's shares on any recognized exchange in Canada or June 30, 2022.

Ejido La Trinidad Agreement

To acquire necessary surface access and use, Regency Mexico executed a four-year agreement with the Ejido "La Trinidad" on November 29, 2017 requiring the Company to make annual payments of US$6,000 and minor improvement costs. During the year ended December 31, 2021, the Ejido La Trinidad Agreement has expired and no further amendments were made.

El Tule Property, Mexico

Regency Mexico entered into a Promissory Assignment of Exploration and Exploitation Rights and Option Agreement with Mr. Alberto Marcos Carrillo Armenta dated February 22, 2018 (the "Armenta Agreement") to acquire a 100% interest in the El Tule property located in Northern Nayarit, Mexico.

As consideration, the Company will pay a total of US$600,000 whereby US$100,000 will be paid within the first four months, US$400,000 will be paid over 4 years (in 6-month increments) and US$100,000 will be paid upon execution and formalization of the El Tule Assignment Agreement.

The Armenta Agreement also calls for a bonus payment of US$1,000,000 on delivery of a NI 43-101 report which identifies one million ounces of gold on the property. Pursuant to the Armenta Agreement, in the event that the shares of the Company get listed on a stock exchange, the Company may issue common shares for payments in an amount totaling US$200,000.

During the year ended December 31, 2019, the agreement was amended whereby the Company paid an additional US$25,000 to keep the Armenta Agreement in good standing.

On December 14, 2020, August 14, 2020, and April 5, 2021, the Armenta Agreement was amended and the payments were changed to US$604,000 as follows:

- US$20,000 paid to date;
- US$6,000 per month for the months of December 2020 to June 2021 (paid);
- US$42,000 by July 14, 2021; and
- US$50,000 by October 14, 2021 and every 6 months thereafter until a total of US$400,000 has been paid and a final payment of US$100,000 upon execution and formalization of the El Tule Assignment Agreement.

Due to a lack of access to the El Tule Property due to COVID, on August 18, 2021 the Company claimed force majeure under the Armenta Agreement. Mr. Carrillo Armenta has disputed force majeure. The Company will seek to negotiate a resolution to this issue after completion of the Offering (see note 16). The Company plans to make the payment of US$42,000 which was due by July 14, 2021 and the payments of US$150,000 due by October 14, 2022, from the proceeds of the Offering. It also plans to expend US$100,000 on a first phase mapping and sampling program. In the event Mr. Carrillo Armenta commences legal action to have the Armenta Agreement cancelled, the Company will defend such action.

The El Tule Property is comprised of certain concessions in the State of Nayarit, Mexico.

During the year ended December 31, 2021, the Company recorded an impairment of $303,125 on the El Tule Property.

La Libertad Project, Peru

The Company, through Regency Peru, holds title to certain claims located in the La Libertad Mining District in north-central Peru in proximity to the Lagunas Norte and La Arena mines.

6. SHARE CAPITAL

Authorized Capital

The authorized capital of the Company consists of an unlimited number of common shares without par value.

Issued Share Capital

During the year ended December 31, 2021, the Company issued a total of 5,782,167 common shares as follows:

- In January 2021, the Company closed a private placement through the issuance of 1,500,000 units at $0.10 per unit for total proceeds of $150,000. Each unit consists of one common share and one share purchase warrant. Each warrant entitles the holder to purchase one additional common share of the Company at a price of $0.30 per warrant in the first year, and $0.35 per warrant in the second year, expiring two years from the date of the listing of the Company's shares on any recognized exchange in Canada. In connection with the private placement, the Company paid $15,000 in share issuance costs.

- In January 2021, the Company closed a private placement through the issuance of 800,000 common shares at $0.10 per common share for gross proceeds of $80,000.

- In March 2021, the Company closed a private placement through the issuance of 680,000 common shares at $0.15 per common share for gross proceeds of $102,000.

- In April 2021, the Company closed a private placement through the issuance of 729,500 common shares at $0.15 per common share for total proceeds of $109,425.

- In May 2021, the Company closed a private placement through the issuance of 816,000 common shares at $0.15 per common share for total proceeds of $122,400.

- In August 2021, the Company closed a private placement through the issuance of 600,000 common shares at $0.15 per common share for total proceeds of $90,000. The Company paid a finder's fee of $6,000 in connection with the private placement.

- In September 2021, the Company closed a private placement through the issuance of 656,667 common shares at $0.15 per common share for total proceeds of $98,500. The Company paid a finder's fee of $1,800 in connection with the private placement.

During the year ended December 31, 2020, the Company issued a total of 12,095,000 common shares as follows:

- In January 2020, the Company closed a private placement through the issuance of 1,500,000 units at a price of $0.10 per share for gross proceeds of $150,000. Each unit consists of one common share and one share purchase warrant. Each warrant entitles the holder to purchase one additional common share of the Company at a price of $0.10 per warrant, expiring two years from the date of the listing of the Company's shares on any recognized exchange in Canada.

- In May 2020, the Company issued 1,000,000 common shares to principals at a value of $0.10 per share and received proceeds of $100 (Note 8). A balance of $99,900 was recorded as share-based payments expense. The Company received proceeds based on $0.0001 per common share and recorded the difference between $0.0001 per common share and the fair value of $0.10 per common share as share-based payments expense.

- In May 2020, the Company closed private placements through the issuance of 1,000,000 common shares at a value of $0.05 per share for gross proceeds of $50,000 (Note 8) and 250,000 common shares at a value of $0.10 per share for gross proceeds of $25,000.

- In June 2020, the Company closed a private placement through the issuance of 3,795,000 common shares at a value of $0.10 per share for gross proceeds of $379,500. The Chairman and the CEO of the Company assigned $150,000 in amounts owed for outstanding management fees. These amounts were satisfied by the issuance of 1,500,000 common shares to the assignees at a price of $0.10 per share, which has been included in the June 2020 share issuance.

- In June 2020, the Company issued 2,000,000 common shares, pursuant to a brokered financing, at a value of $0.10 per share for gross proceeds of $200,000. In connection with the financing, the Company paid $23,950 in cash finders fees and other share issuance costs and issued 140,000 brokers warrants with a fair value of $7,379. Each broker warrant entitles the holder to purchase one common share at a price of $0.10 for a period of 24 months from the date of issuance.

- In July 2020 the Company closed a private placement through the issuance of 1,000,000 common shares at a value of $0.10 per share for gross proceeds of $100,000.

- In July 2020, the Company issued 250,000 common shares with a value of $0.10 per share as a signing bonus to a newly appointed officer. A balance of $25,000 was recorded as share-based payments expense (Note 7).

- In August 2020, the Company closed a private placement through the issuance of 500,000 common shares at a value of $0.10 per share for gross proceeds of $50,000.

- In November 2020, the Company closed a private placement through the issuance of 100,000 common shares at a value of $0.10 per share for gross proceeds of $10,000.

- In December 2020, the Company closed a private placement through the issuance of 700,000 common shares at a value of $0.10 per share for gross proceeds of $70,000.

(Expressed in Canadian dollars)

Warrants

A summary of the changes in warrants is presented below:

	Share Purchase Warrants	
	Number	Weighted average exercise price
Outstanding, December 31, 2019	-	$ -
Granted	1,640,000	0.10
Outstanding, December 31, 2020	1,640,000	0.10
Granted	1,500,000	0.30
Outstanding, December 31, 2021	3,140,000	0.20
Exercisable, December 31, 2021	3,140,000	$ 0.20

The following warrants were outstanding as at December 31, 2021:

Number	Exercise price	Expiry Term
140,000	$ 0.10	*24 months
1,500,000	$ 0.10	*24 months
1,500,000	$ 0.30	**24 months
3,140,000		

*These warrants expire 24 months from the date the Company is listed on a Canadian stock exchange.
** These warrants expire 24 months from the date the Company is listed on a Canadian stock exchange and have an exercise price of $0.35 in year two of the warrant term.

As part of a finders' fee agreement, the Company issued 140,000 warrants of the Company during fiscal 2020, each warrant entitling the holder to purchase one additional common share of the Company at a price of $0.10 per warrant expiring two years from the date of the listing of the Company's shares on any recognized exchange in Canada. These warrants were valued at $7,379 using the Black-Scholes Option Pricing Model using the following assumptions: expected volatility: 100%, expected life of the warrants: 2 years, expected dividend yield: 0%, and risk-free interest rate: 1.38%.

Stock Option Plan

The Company adopted a Stock Option Plan where directors, officers, employees, consultants and related persons of the Issuer, or persons engaged in investor relations activities on behalf of the Issuer are eligible to receive grants of options under the Stock Option Plan. The maximum number of common shares reserved for issuance upon exercise of options granted pursuant to the provisions of the Stock Option Plan at any time shall not exceed 10% of the issued and outstanding common shares of the Issuer at the relevant time less any common shares required to be reserved with respect to any other options granted prior to the adoption and implementation of the Stock Option Plan. The exercise price of any options granted is determined by the Board of Directors in its sole discretion as of the date the Board of Directors grants the options, and shall not be less than the discounted Market Price as calculated and defined in accordance with the policies of the TSX Venture Exchange. Vesting terms are also determined by the Board of Directors.

(Expressed in Canadian dollars)

During the year ended December 31, 2020, the Company granted 4,100,000 incentive stock options at a purchase price equal to the price of the Company's IPO exercisable for a period of five years.

During the year ended December 31, 2021, the Company agreed to grant a total of an additional 750,000 incentive stock options to its directors subject to the completion of the IPO. Since the stock options are contingent on the IPO closing, the share-based compensation expense was not recognized as at December 31, 2020 and 2021.

7. NOTE PAYABLE

On January 18, 2021, the Company issued a promissory note to an arm's length party for a $50,000 loan with interest of $5,000. The principal amount plus interest was originally due by March 31, 2021. The Company paid the interest of $5,000 on April 8, 2021 and received an extension until July 30, 2021 for the repayment of the principal amount of $50,000 plus interest at the rate of 10% per annum from April 1, 2021. On October 14, 2021, the promissory note was amended such that the Company received an extension until January 31, 2022.

8. RELATED PARTY TRANSACTIONS

Key management personnel include the members of the Board of Directors and officers of the Company who have the authority and responsibility for planning, directing and controlling the activities of the Company. Amount paid and accrued to directors, former directors and officers are as follows:

		For the years ended December 31, 2021		December 31, 2020
Management and director compensation:				
Management fees	$	266,000	$	196,900
Consulting fees		30,000		15,000
Total management compensation	$	296,000	$	211,900

Included in accounts payable and accrued liabilities is $77,346 (2020 - $29,367) owed to the directors and officers of the Company. These amounts are non-interest bearing with no specific terms of repayment.

During the year ended December 31, 2021, the Company did not issue common shares to officers or directors of the Company.

During the year ended December 31, 2020, the Company:

i) issued 250,000 common shares with a value of $0.10 per share as a signing bonus to a newly appointed officer. A balance of $25,000 was recorded as share-based payments expense;

ii) issued 1,000,000 common shares to a director of the Company at a value of $0.10 per share and received proceeds of $100. A balance of $99,900 was recorded as share-based payments expense. The Company received proceeds based on $0.0001 per common share and recorded the difference between $0.0001 per common share and the fair value of $0.10 per common share as share-based payments expense; and

iii) issued 1,000,000 common shares at a value of $0.05 per share for gross proceeds of $50,000 to key management personnel pursuant to the private placement.

9. MANAGEMENT OF CAPITAL

The Company defines the capital that it manages as its cash and share capital.

The Company's objective when managing capital is to maintain corporate and administrative functions necessary to support the Company's operations and corporate functions; and to seek out and acquire new projects of merit.

The Company manages its capital structure in a manner that provides sufficient funding for operational and capital expenditure activities. Funds are secured, when necessary, through debt funding or equity capital raised by means of private placements. There can be no assurances that the Company will be able to obtain debt or equity capital in the case of working capital deficits.

The Company does not pay dividends and has no long-term debt or bank credit facility. The Company is not subject to any externally imposed capital requirements.

10. RISK MANAGEMENT AND FAIR VALUE MEASUREMENT

The Company is exposed in varying degrees to a variety of financial instrument related risks.

Credit Risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. The Company's primary exposure to credit risk is on its cash held in bank accounts. As most of the Company's cash is held by one bank there is a concentration of credit risk. This risk is managed by using a major bank that is high credit quality financial institutions as determined by rating agencies. Receivables are due from a government agency.

Foreign Exchange Risk

Foreign currency risk is the risk that the fair values of future cash flows of a financial instrument will fluctuate because they are denominated in currencies that differ from the respective functional currency. The Company is exposed to exchange risk as its mineral property interests are located in Mexico and Peru and certain transactions are conducted in the US dollar.

Interest Rate Risk

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company's exposure to interest rate risk relates to its ability to earn interest income on cash balances at variable rates. The fair value of the Company's cash accounts is relatively unaffected by changes in short term interest rates.

Liquidity Risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company manages this risk by careful management of its working capital. Historically, the Company's sole source of funding has been the issuance of equity securities for cash, primarily through private placements. The Company's access to financing is always uncertain. There is no assurance of continued access to significant equity funding. The Company requires additional funding to continue with its ongoing operations and exploration commitments and accordingly is exposed to liquidity risks.

Fair value measurement

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

- Level 1 – Unadjusted quoted prices in active markets that are accessible at the measurement date for identical, unrestricted assets or liabilities;
- Level 2 – Quoted prices in markets that are not active, or inputs that are not observable, either directly or indirectly, for substantially the full term of the asset or liability; and
- Level 3 – Prices or valuation techniques that require inputs that are both significant to the fair value measurement and unobservable (supported by little or no market activity).

The carrying values of cash and accounts payable approximate their fair values due to their short-term to maturity. The Company records its cash at FVTPL and its amounts receivable and accounts payable and accrued liabilities at amortized cost. Cash is measured using level 1 inputs.

11. SEGMENTED INFORMATION

The Company primarily operates in one reportable operating segment being the exploration and evaluation of exploration and evaluation assets. As at December 31, 2021 and 2020, the full exploration and evaluation asset balance relates to expenditures incurred in Mexico.

12. CONTINGENCY

The Company and one of its directors have been named as defendants in a legal proceeding commenced in the Supreme Court of British Columbia. The legal proceeding claims damages against the director and the Company for a breach of an agreement. A trial date has been set for April of 2023. As of the date of these consolidated financial statements, uncertainty exists relating to the timing and amount of any possible cash settlements. Management believes that the probable ultimate resolution of any such proceedings and claims, individually or in the aggregate, will not have a material adverse effect on the financial condition of the Company.

(Expressed in Canadian dollars)

13. COMMITMENTS

On June 1, 2020 the Company entered into a management consulting agreement with the Executive Chairman of the Company whereby the Executive Chairman agreed to provide management services to the Company. The agreement provides for the payment of $10,000 per month commencing June 1, 2020 for services provided. In the event of termination of the agreement without cause or a change of control of the Company, the Company must pay severance equal to 12 months of management fees.

On July 1, 2020 the Company entered into a management consulting agreement with the Chief Executive Officer ("CEO") and President of the Company whereby the CEO and President agreed to provide management services to the Company. The agreement provides for the payment of $8,000 per month commencing July 1, 2020 for services provided. In the event of termination of the agreement without cause or a change of control of the Company, the Company must pay severance equal to 12 months of management fees.

On July 27, 2020, the Company entered into an independent consultant agreement with the Chief Financial Officer ("CFO") of the Company for the provision of financial consulting services to the Company. The agreement provides for the payment of $3,000 per month plus the goods and services tax for the months of August and September 2020. Commencing October 1, 2020, the fees will be $2,500 per month. The CFO will be entitled to a severance payment of 4 months of consulting fees in the event of early termination of the agreement without cause. The CFO was granted 250,000 common shares as a signing bonus (Note 8).

14. SUPPLEMENTAL DISCLOSURE WITH RESPECT TO CASH FLOWS

There were no significant non-cash transactions for the year ended December 31, 2021.

Significant non-cash transactions for the year ended December 31, 2020 include:

- $7,379 was recorded in share capital and reserves for the brokers warrants.
- $1,500 in exploration and evaluation assets was outstanding in accounts payable and accrued liabilities.
- $150,000 was recorded in share capital for amounts owed for outstanding management fees.

15. INCOME TAXES

A reconciliation of income taxes at statutory rates is as follows for the years ended December 31:

		2021		**2020**
Loss for the year	$	(1,107,074)	$	(761,652)
Expected income tax recovery	$	(298,610)	$	(205,646)
Permanent Difference		75,388		(26,784)
Change in unrecognized deductible temporary differences		223,222		232,430
Total income tax expense (recovery)	**$**	**-**	**$**	**-**

(Expressed in Canadian dollars)

The significant components of the Company's temporary differences, unused tax credits and unused tax losses that have not been included on the consolidated statement of financial position are as follows:

		2021		2020
Deferred Tax Assets (liabilities)				
Property and equipment	$	-	$	-
Share issue costs		10,000		-
Non-capital losses available for future period		572,000		350,000
		582,000		350,000
Unrecognized deferred tax assets		(582,000)		(350,000)
Net deferred tax asset (liability)	**$**	**-**	**$**	**-**

The significant components of the Company's temporary differences, unused tax credits and unused tax losses that have not been included on the consolidated statement of financial position are as follows:

	2021	Expiry Date Range	2020	Expiry Date Range
Temporary Differences	**$**		**$**	
Exploration and evaluation assets	37,037	No expiry date	-	No expiry date
Non-capital losses available for future period	2,117,326	2037-2039	1,296,285	2037-2038

Tax attributes are subject to review, and potential adjustment, by tax authorities.

16. SUBSEQUENT EVENT

On March 16, 2022, the Company filed its amended and restated initial public offering ("IPO") of up to 12,000,000 common shares at a price of $0.25 per common share for gross proceeds of up to $3,000,000. On April 26, 2022, the Company closed its IPO of 13,019,300 common shares, of which 1,019,300 Shares were sold pursuant to an over-allotment option, at a price of $0.25 per common share for gross proceeds of $3,254,825. As part of the IPO, the Company has entered into an engagement letter with a national brokerage house (the "Agent"). On the closing of the IPO, the Company:

- issued Agent's Warrants equal in number to 8% of the number of shares sold under the IPO, including any Shares sold upon exercise of the over-allotment option. Each Agent's Warrant will entitle the Agent to purchase one Agent's Warrant Share at an exercise price equal to $0.25 per Agent's Warrant Share. The Agent's Warrants may be exercised during a term of 24 months commencing on the Closing Date;
- paid a cash commission equal to 8% of the gross proceeds raised;
- paid the Agent a Corporate Finance Fee of $30,000 (plus GST) in cash, $15,000 of which has been paid and $15,000 (plus GST) was paid on the closing date of the IPO; and
- paid $93,130 in Agent expenses relating to the IPO.